

# Armed groups and the organization of work in the real estate market

Os grupos armados e a organização do trabalho no mercado imobiliário

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## Abstract

The article results from a broader investigation into the real estate market in slums. Here, I focus on characterizing the actions of armed groups and their mode of organization in this market. In the first section, I argue that the armed groups are not the only ones active in real estate promotion in the slums; on the contrary, there is a diversity of agents, and I ground the growth and profitability of this activity in the very dynamics of accumulation inherent in the capitalist society. In the second and third sections, I characterize the organizational structures of drug trafficking and the militia in the real estate market. In the conclusion section, I defend the hypothesis that these organizational structures, in fact, mirror the neoliberal organization of work and are justified by it.

**Keywords:** real estate promotion; armed groups; militia; drug trafficking; work.

## Resumo

*Este artigo é resultado de uma investigação mais ampla sobre o mercado imobiliário em favelas. Aqui me limito a caracterizar a ação dos grupos armados e o seu modo de organização nesse mercado. Na primeira parte, defendo que os grupos armados não são os únicos atuantes na promoção imobiliária nas favelas, ao contrário, há uma diversidade de agentes, e fundamento o crescimento e a lucratividade dessa atividade na própria dinâmica de acumulação inerente à sociedade capitalista. Na segunda e na terceira, busco caracterizar as estruturas organizativas do tráfico e da milícia no mercado imobiliário. Na conclusão, defendo a hipótese de que essas estruturas organizativas, na realidade, espelham a organização neoliberal do trabalho e se justificam a partir dela.*

**Palavras-chave:** promoção imobiliária; grupos armados; milícia; tráfico de drogas; trabalho.



## Introduction

This article is the outcome of research on the real estate market in favelas that I have been carrying out over the last seven years (2016-2023) in my master's thesis (Kawahara, 2018) defended at the Urban and Regional Planning Research Institute of the Federal University of Rio de Janeiro (2016-2018) and in my doctoral thesis (Kawahara, 2023) developed in the Graduate Program in Architecture and Urbanism at the Fluminense Federal University (2019-2023), which is being continued within the scope of the Rio de Janeiro branch of the Observatory of the Metropolis.

I address, specifically, the action of armed groups and their mode of organization in the real estate market of Rio de Janeiro's slums. Over the first part, I advocate there is a diversity of real estate developers in slums who are frequently neglected by common sense, public policies and academic or technical studies, what ended up cementing the discourse, recently mobilized by Rio de Janeiro's City Hall, that the armed groups are alone the detainers of sufficient means to work out those types of investments in slums. I also characterize real estate development as a specific mode of rentist accumulation, which footing can be found in capitalist accumulation dynamics that, on the one hand, tend to increase land rent, generating a specific type of monopoly income as result of the increment in demand right on that market share. In the second and third parts, I'm looking for characterizing organizational structures of drug traffic and the *militia* in the real estate

market, identifying relevant agents, their functions and the interdependence relations that guarantee the consistency of the activities performed by those groups. In conclusion, I claim the hypotheses that those organizational structures actually mirror the neoliberal organization of labor and justify themselves as from it.

From the scarcity of continuous and of broader amplitude data on the real estate market in slums<sup>1</sup> and the escalation of that hardship with regard to the action of armed groups over that market, follows that the empirical survey and the material from secondary sources utilized in this article are of pretty heterogeneous kinds.<sup>2</sup>

- Survey and systematization of the bibliography produced in Brazil and Latin America on the real estate market in slums;
- Survey and systematization of studies produced by institutions, like city halls, Fundação Getulio Vargas (FGV) and the World Bank, on the real estate market in slums;
- Monitoring media's production and circulation on the topic; 746 media contents have been categorized and archived;
- Semi-structured in-depth interviews – seven of them with officials and scholars active in areas of interest, three with slum residents qualified insiders, five with landlords, one with a business owner, three with real estate agents and two with spokesmen from resident's associations active in slums;
- Analysis and systematization of complaints filed by ministério público against the militias and with complaints on those groups real estate production.

Here also, was mobilized, even though under a less systemized shape, my field experience, specially on the registration of housing units in the land regularization programs in Rocinha, Complexo da Tijuca (which houses the Turano, Formiga, Borel, Tijuçu and Mata Machado slums), Manguinhos, Tijuquinha, Babilônia and Chapéu Mangueira between 2013 and 2015.

## Real estate developers

Abramo and Faria (1998, p. 144) claim that the migratory processes, poverty's rise, land appreciation and the discontinuity of state-owned housing production generated demand that, appended to state-owned urbanization investments and *autourbanização*, resulted in a competitive real estate market in slums. As in their interpretation: "so, the slum ceases to be a remedy to the low income family's housing problems, to become just as like in the 'legal' city a place of market" (ibid.). Later, Abramo's model (2003, p. 1) divides the access to land into the logics of market, State and necessity. The logic of necessity would result from the incapacity of rendering universal access to housing by the logics of State and of market. Housing necessity's growth joined by the elasticity of housing stocks produced by this logic would generate the competitive "informal" market. It follows that the logic of the market would split into legal and illegal (ibid.).

Such a model does have important implications in its reading. If the totality of "informal production" is mobilized by the logic of necessity and, consequently, the building finality always is family occupation, the real

estate stocks are limited to the existent stock produced under those molds and to the small subdivisions and extensions. Real estate production oriented towards the market is, *a priori*, interdicted.

The same argument is present in the works of various authors that take part in the research networks organized by Abramo (Info-Solo and InfoMercados-AL). According to Sugai (2009, p. 109): "Visibly the estate's attributes as use value supplant its interest as exchange value, which means, immediately the house is of interest more by its use qualities than by possibility of commercialization and investment". Jaramillo claims that (2008, p. 29): "[...] this form of production isn't oriented towards the market, neither the assets produced in it destined to become commodities". According to Briceño-Leon (2008, p. 105), that which prevented the perception that there is a real estate market in slums was the "necessity ethics", i.e: "the informal market was bad because it disrupted the ethical sustenance which justified, or at least rendered comprehensible and condoned the existence of informal urban housing". However, he argues that: "the existence of a landlord dedicated to the exploitation of others is not the case, the case is equally poor families looking for making an asset of theirs profitable" (ibid., p. 117). It's curious that the same ethical presupposition utilized to justify the blindness of other authors to the existence of the real estate market in slums would be utilized to negate any type of market-oriented real estate production. The question to make, in this case, is: Why would landowners in slums limit themselves to income supplement and formation of sources for retirement? Briceño-Leon's answer is: to not exploit poorer families (ibid.). Just like the author accuses the others of

justifying slums by means of poverty, he justifies the real estate market as a form of survival and condemns profit as misuse of occupied land. Subsidizes the restriction of the right to property in slums. The idea of illegality conducts implicit morals that, in one case, limit property to the direct use of producers and, in another case, to the circulation of estate produced, initially, for housing (admitting only small extensions).

The reduction of slums to family ownership, effectively, goes on as Pressuposto of public policy formulation and of slum's comprehension in a broader way. The work developed by Abramo and other scholars dedicated to the real estate market in slums is fundamental for its rupture. However, numerous are the contributions also, some of them previous, indicating that the market-oriented real estate production is not something new, what should not be used for questioning the legitimacy of the occupation of land by slums, but to understand that real estate development, in those spaces, is not born with the *militia* or with the ruling of armed groups in general and, much less, is their exclusive activity.

Generalization of the relationship between real estate development and the action of drug traffickers and *militianos* had effect, for instance, in public policies. In 2020 municipal elections, the great deed publicized by ex-mayor Marcelo Crivella in repressing *militia's* activity was the demolition of more than 200 buildings supposedly associated with those groups actions. When taking over in 2021, Eduardo Paes enters into a partnership with Ministério Público do Estado do Rio de Janeiro (MPRJ) towards the demolition of buildings still not occupied, announcing more than three

thousand demolitions by 2023. The mayor even justified previous evictions like the one on Vila Autódromo as a way of repressing criminal groups (Eduardo Paes, 2021). Under the same justification, there were demolitions in Maré slum. Local newspaper, *Maré de Notícias*, questioned such involvement, indicating still, that the buildings have been occupied for over a year (Euclides, 2021). Mayor's justification for establishing a relationship between all new buildings and crime is blatantly related to the idea that the poverty condition in slums would prevent the development of a market-oriented real estate production. In his own ironic words: "Never in my life have I seen the poor amass so much money to build slabs".

Actually, the direct exploitation of real estate production by criminal groups seems to, quite the contrary, mirror an existent dynamic. According to one of the *ex-militianos* interviewed by Manso, whom the author call by the nickname Lobo, in 2002, when the group was limited to the security market, they already noticed the potential of the real estate sector:

When I started working with the militias, we used to see a *paraíba* with a brand-new car, coming from Rio das Pedras. We'd do our survey, asked around if he was a militiaman and people would say: "No, the guy owns thirty *lajes* in the slum". Then the militias started doing as such. (Manso, 2020, p. 13)

An emblematic case is the *Empire State* of Rocinha, an eleven-story-tall building, with 77 *quitinetes*, that can be seen by satellite images since at least the year 2000. That is an exception in terms of magnitude, but, in the land regularization projects I've worked on, the presence of buildings housing six or

eight different properties wasn't rare. Among the landowners interviewed by me there was a civil servant; he inherited land from his mother-in-law, bought some more and built six apartments, which he intends to split in a larger quantity of *quitinetes* so he can rent them more easily. Another interviewee was a partner of a hardware store, he sold the house where he used to live, in a slum, and bought land in another slum where he built four *quitinetes* and two apartments for rent. A civil servant and community leader affirms he bought and reformed a building, which resulted in ten apartments for rent. According to Magalhães et al. (2012, p. 5): "in the cases studied [Quinta do Caju e Parque Royal], some 'big landowners' appear already, like a businessman that has twenty properties listed under his name on the city hall records, not to speak of the ones registered under his son's". A civil servant related knowing of a Rocinha slum resident that, beyond his business, accumulated 22 *quitinetes* for rent:

[...] I interviewed a guy there that told me he arrived penniless at Rocinha when he was thirteen, fourteen years old, and had no one to give him shelter. He didn't know anybody, he came to Rio from the Northeast and went to Rocinha. When I met him, he had two hardware stores, a delivery truck and 22 *quitinetes* for rent. He said one line, that I even wrote on the research proposal, "if the guy is stubborn here in Rocinha he gets rich". (Kawahara, 2023, pp. 246-247)

Identifying real estate development in slums (and the illustrated situations seem, actually, very common) has some important consequences. Firstly, real estate development

has a mode of expanded reproduction that tends to generalize itself. Profits from each enterprise enable future production, and the competition between various developers push an emergent production. In second place, real estate development has an important share of its profits based upon the increment of ground rent derived from the transformation and intensification of land use. The growing preoccupation with the verticalization of slums might be related to the stronger presence of the real estate developers. In third place, the real estate development expansion tends to produce, in other land, a befitting ground rent with the transformation produced by those agents, thence, the added rent becomes a barrier to other types of production (unifamiliar housing, for instance), reinforcing such generalization. At last, the rent has a homogenizing character upon the constructive typology. In identifying a more profitable type of real estate product, the developers tend to reproduce it until its substitution by another one that will generate even more gains. The recurrence of the *quitinetes* for rent on the testimonies of real estate developers might have this foundation.

The preference for rent has been highlighted by the real estate developers I interviewed. Their justifications are: the guarantee of permanent gain, the favorable rental value in relation to sale and the ease to find tenants in relation to buyers, due to the capacity to pay that the demanding public presents. Moreover, other interviewees indicate that the ease for evictions and the increase of workers in temporary jobs could be factors working towards the rental of property.

For Abramo (2007), one of the mysteries of the slum's real estate market is the high sale price compared to the rest of the city and that rent price is even higher.<sup>3</sup> The hypothesis which I've been working with is that the capital's own dynamic and the way the real estate market is structured in the rest of the city can justify the high earnings in slums. For Marx (2011, pp. 588-589), capital is a contradiction in process because by means of technical development it "presses to reduce labor time to a minimum, while it posits labor time on the other side, as sole measure and source of wealth". Relative superpopulation production is the general law of capitalist accumulation (Marx, 2013). The other side of the same process is the ground rent continuous growth result of the capital embedded to land at each technical revolution (differential rent). Topalov (1984, pp. 242-243) adds that allotment and housing production, in cities limits, generate a sudden increase of invested capital by surface unit in those areas (absolute rent), what lowers the productivity and the rental advantages of land that serves as fundament for the differential rents, i.e, each new allotment embedded in housing production elevates the differential rents in the rest of the city. Labor's dispensability (that has, as consequence, the relative reduction of salaries), added to the tendency of ground rent elevation, generates an increasing demand, precisely in houses produced for the poorest is, according to Marx, where predominate the monopoly price (2017, pp. 833-834). Ribeiro (2015, p. 208) identifies the same process in XIX century's Rio de Janeiro cortiços. For the author, the early emergence of the reserve army of labor and the low mobility generated a monopoly situation

favorable to rentier housing production. In our case, the mobility, although restricted, is much bigger. However, in relation to other sectors of the real estate market the barrier remains significant, not only because of the prices, but we must consider a set of costs attached to the place of residence, the imposed requirements for the rent of a property or for loan assignment and even the means of social insertion of certain people in certain environments.

That type of monopoly rent exacts the real estate promoter to consider its demand payment capacity and, at the same time, allows it to extract the most out of that capacity. The incidence of *quitinetes* could be the result of that type of calculation. If the monopoly rents depend more on the payment capacity of the demand than the real estate product, considering the impossibility of that demand flowing to other markets, producing the maximum amount of housing units in the minimal space can be a means of potentializing profit. Nevertheless, even in slums' interior, a segmentation of the real estate market seems to exist. Though developers' power of monopoly enables them to reduce housing conditions in order to increase gains, rooms to rent, housing in the basement and in high geological risk areas, for instance, must be established limits that the promoter cannot trespass as to keep the demand. Also indicated, however, was that bigger housing units prevail in real estate development in certain areas, receiving people that "moved up in the world" out of other slums, people from other spots and people expelled from higher sectors of the real estate market due to the increase of prices or the deterioration of living conditions.

In this context, real estate development is not just a barrier preventing the poorest people from accessing housing in the favela. Even though it restricts access to land, the verticalization capacity and gains in scale can make the real estate product cheaper, as well as increasing real estate stocks, often meaning the only means of access to housing for part of the population without the resources even for self-building. In other words, even though it may result in a drop in general living conditions, in order to ensure profitability, real estate development must be established as a means of access to housing. The predominance of *quitinetes* for rent has been justified as a way of adapting the product to demand.

What from the point of view of the real estate market in general is unsolvable real estate demand (referring to the housing needs of cities) is converted into potential real estate market demand in favelas. Demand's inability to flow to other types of housing production results in an additional difficulty in restricting real estate development, even in cases where its activity is intertwined with drug trafficking or the militia. The occupation of these properties constitutes a kind of "human barrier" that makes it difficult to demolish them. Even the anticipation of inspection seems to be prevented from becoming widespread by the force of this demand. Benmergui and Gonçalves (2019) have already pointed out this difficulty. For the authors, in the city government's attempt to demolish buildings produced by the militia, the Public Defender's Office found itself at a crossroads, where defending residents who have legally acquired their properties seems to result in indirect benefits for the militia.

Considering the public authorities' lack of capacity to provide alternatives for the affected population, the right to housing also seems to be at risk at this crossroads.

## Militia's real estate development

On January 14, 2019, a complaint was filed by the MPRJ's Special Action Group to Combat Organized Crime (Gaeco) (2019) based on an investigation carried out through wiretaps, breach of cell phone confidentiality and bank and tax data<sup>4</sup> and reports of crimes received through the *Disque-Denúncia* complaint line. The main faction under investigation is the "Escritório do Crime", active in Muzema, Rio das Pedras and the surrounding areas, accused of criminal organization.<sup>5</sup> In order to carry out the arrests of the *militia* members under investigation, the following operations were carried out: on January 22, 2019, Operation "Intocáveis I"; on January 30, 2019, Operation "Intocáveis II"; and on September 2, 2020, Operation "Intocáveis III".

On 13/6/2019, a complaint was issued by the Specialized Environmental Action Group (Gaema) of the MPRJ (2019), as a result of the authorization to share the evidence collected throughout the process involving the "Untouchables" operation and the work of Gaema/MPRJ in the areas in question. This complaint is the outcome of an investigation launched in 2014 by Civil Inquiry MA n. 7925, which investigates the practice of irregular suppression of vegetation and mineral extraction in and around Muzema.<sup>6</sup>



It is worth noting, as will be seen below, that the real estate market is central to both complaints. Although the final report of the Parliamentary Commission of Inquiry (CPI) into the militias, in 2008, contains numerous mentions of crimes linked to this market, there is a greater emphasis on taxing businesses and services and on dominating alternative means of transportation. The *militias* end up being known for this type of economic exploitation. It's hard to say whether we have long ignored the importance of the real estate market for the *militias* or whether this is an effective change in their practice; perhaps both.

The fact that the CPI investigating the militias was based on complaints raised by *Disque-Milicias* and other anonymous accusations, and that the most recent material produced by the MPRJ had access to communications between the *militia* members, may also be an important element, considering that the allegations against the militias, to this day, focus on the ways in which these groups extort people. For Manso (2020, p. 96), the population avoided denouncing the militias' real estate production because: "the militiamen, after all, provided residents with basic necessities, something that the state was unable to do".

According to the IBGE Census, the population of Rio das Pedras grew from 39,506 in 12,101 households in 2000 to 54,776 in 18,692 households in 2010. Muzema's growth is more impressive, from 358 people in 110 households in 2000 to 4,503 people in 1,528 households in 2010. The question is how much of this production was carried out by the militia.

Although we don't have enough data to measure the militia's production, we can claim that in addition to being a highly profitable business, real estate production boosts local consumption, increasing the number of developments and the profit of each one, which increases the possibility of taxation, both on businesses and directly on consumption (gas, transportation, cable TV, among others) and on the security service offered directly by the militia. Another result of the population increase is the increase in political power, considering the electoral control frequently exercised. Once territorial dominance has been established, real estate development becomes the engine of the militias' economic and political growth.

The complaint produced by Gaema/MPRJ (2019) indicates a corporate structure that provides coherence for the practice of apparently atomized agents. The organization does not appear to be centralized, although a well-defined functional division was identified:

- the *entrepreneur associates* work in probing for new land to be occupied, occupation, land allotment, construction management, division, sale, rental, administration and financing of real estate, suppression of vegetation, dismantling and hauling of soil and minerals, concealment of acquired assets, forgery, bribery and use of political influence with public officials, use of clandestine water and energy connections and all other activities necessary for the exploitation of the real estate business (ibid., pp. 15-16);
- the *investor associates* acquire real estate units from the entrepreneur associates, in the planning or construction phase, at lower



prices, seeking future profits from the sale and rental of these properties<sup>7</sup> (ibid., pp. 16-17). These agents guarantee liquidity for the armed groups and the organization of labor... for the entrepreneurial partners, they facilitate the management of rented properties and speed up the dispatch of production;

- the *real estate agents* search for clients and land that can be occupied, and manage the sale and rental of properties (ibid., p. 17); in addition to speeding up the sale of properties, this can be a means of increasing the number of properties that each owner is able to manage;

- *engineers and architects* (some of whom are state employees) work on projects, technical reports regarding construction risk and other documents and studies necessary for the regularization of properties, consult real estate registers and carry out legalization processes (ibid.);

- the *receivers* acquire and dispose of the assets and credit rights acquired as part of the payment of real estate units and other debts, in addition to the assets seized by the militia (ibid., p. 18);

- the *money mules* assume legal ownership of land properties, contracts with energy and water concessionaires,<sup>8</sup> companies, bank accounts and rental contracts, and responsibility for the construction work in the eyes of the site inspectors, in order to conceal the true owners and the group's organization, as well as acting as building inspection agents and monitoring the movements of police and government officials;

- *site inspectors and foremen* coordinate and supervise construction workers and other construction service providers (ibid., p. 19);

- the *administrative staff* manage the condominiums, advertise the properties to be sold or rented and provide logistical support to the owners, such as the delivery and deposit of securities, valuables and documents related to real estate negotiations (ibid., pp. 18 and 19).

The center of the operation seems to be the entrepreneur associates. They seek out investor associates to raise funds to carry out the construction work, activate the receivers to release the assets and bonds received as part of the payment, use the funds from the investor associates to buy supplies from partner companies and hire professionals (companies which often belong to the entrepreneurs themselves, albeit in the names of money mules), manage the construction sites and pass on the management of the projects to the administrative staff, real estate agents and money mules. During and after construction, the group of owners (entrepreneur associates and investor associates) sells and rents the properties, relying on real estate agents and other professionals and companies in the field.<sup>9</sup> In the sales and rental contracts, money mules are also used to conceal the ownership of the developments. In this process, the money mule can also become one of the rent administrators.

The money mules, although not central to the process, are present in most of the operation and are fundamental to the concealment of the criminal organization. They are the rightful owners of construction companies, hardware stores, tool and machinery rental companies, brokers and other companies involved in the development of real estate and consumer goods exploited by the militias. As well as extending the militias' domination over as

much of the production chain as possible, the use of this resource makes it possible to open up several companies in the same field in order to reduce suspicion and the impact of arrests. Furthermore, the dispersion of resources and operations reduces the tax burden on the enterprises.<sup>10</sup> The money mules are also used to assume ownership and the contracts for buying, selling and renting the properties.<sup>11</sup> This makes it difficult to identify the real estate developers, both for the public authorities and researchers – who find in the records a much more diffuse ownership than is actually the case – and for the residents who, when buying or renting a property, may never come into contact with its real owner. Moreover, money mules can allow the administration of a much larger number of properties, since in many cases this responsibility is outsourced.<sup>12</sup>

A specific characteristic of favelas is that contracts with water and electricity suppliers are often used as proof of ownership of properties before the government, especially in land regularization processes. For this reason, the owners often retain ownership of these contracts.<sup>13</sup> In the case of militia real estate production, ownership of the contracts is also passed on to money mules. Often, the same money mule assumes ownership of the properties, the companies and the contracts with the suppliers.<sup>14</sup>

The reports in the mainstream newspapers assume, partly because they are in a rush to report that the buildings are in danger of collapsing, that the militias' projects are being built without technical supervision. This assumption is somewhat naïve, considering that the lack of access to these professionals would only be possible if they were incorruptible and if

it wasn't possible for the militiamen themselves to be trained in these areas, or that the militia didn't care about the quality of construction and the repercussions of possible collapses. One of the interviewees indicates the opposite: the militia in Muzema and Rio das Pedras, in order to avoid collapses that would attract the attention of the public authorities, punishes the builders responsible for possible accidents by expropriating the land.<sup>15</sup> This, at the same time, increases the militia's dominance over real estate production. The hiring of qualified professionals in the fields of engineering, architecture and urban planning was also revealed by the complaints. In the document issued by Gaema/MPRJ, one of the accused is an engineer and state employee who oversees the processes and bears technical responsibility for the studies and plans needed to regularize the developments. She seems to be an organic member of the militia, since, as well as providing technical work, she is a partner in the group's companies and the wife of one of the militia members indicted. In another excerpt from the complaint, one of the militiamen says that he is sending a subdivision plan designed by an architect to the city hall for approval.<sup>16</sup> Another excerpt indicates that one of the militia's entrepreneurs has direct contact with an engineer who is a building designer for the criminal organization.<sup>17</sup> Another militiaman says that he is carrying out a survey with an engineer and that he already has the topography and probing of the land done.<sup>18</sup>

Although there is a functional division, the agents seem to have a certain amount of autonomy. Each of them invests and builds as they see fit, but there are internal rules that prevent more open conflicts from occurring that

could harm the armed groups or even make the militia's real estate development unfeasible, and various convergences of interests arising from the mutual dependence of the agents. For example, the investor partners, while pressuring the developer partners to hand over the properties as quickly as possible, are obliged to collaborate with the execution of the works and with preventing investigations and inspections by the public authorities, since an embargo or demolition, in practice, means the deterioration or complete loss of the sums invested throughout the process. The investor associates also help in the search for new receivers in order to guarantee the liquidity needed to carry out the constructions in the shortest possible time.<sup>19</sup> Prices are also agreed so that the investor associates or entrepreneur associates do not harm competitors, either by lowering general prices or by delaying sales by other agents.<sup>20</sup> The establishment of these internal rules, however, seems to be the result of a strongly hierarchical structure, including, in several cases, arbitrary decisions and personal favoritism without any possibility of challenge.<sup>21</sup>

The means by which the Muzema and Rio das Pedras militia acquire land and property are diverse. The reports indicate: purchase,<sup>22</sup> exchange for part of the property produced,<sup>23</sup> occupation of public land<sup>24</sup> and expropriation through the regulatory mechanisms of the residents' association or through debts resulting from the extortion system. Purchase is the most recurrent means in the complaint. Often, entire plots of land are bought from one or more squatters.<sup>25</sup> The exchange has a complicating factor to be taken into account: by giving part of the property to the landowner, he ends up becoming an investor associate, i.e. this

mechanism requires a certain level of trust and insertion of the seller in the militia's schemes so as not to "contaminate", an expressive term used in one of the phone calls, the enterprises. Land is often broken up, especially if it is a large plot, and parts of it can be sold to investor associates, either in land or in shares, to be delivered in the form of apartments to make the investment viable. Occupying public land is seen as the most insecure way of acquiring land. According to one of the people investigated, "[...] construction in public areas... squares, setbacks... people who have properties in these conditions will be forever worried about it" (Gaema, 2019, p. 83). Perhaps for this reason, these areas are often used for parking lots, nightclubs or for sale to third parties, especially traders.<sup>26</sup> Expropriation has a dual character: it is a means of expanding militia real estate production and a means of punishing residents who don't fulfill their "commitments". As we have already seen, the militia seizes land from owners responsible for buildings that have collapsed. In this way, the militiamen manage to reduce the occurrence of collapses that could affect their production and territorial domain and, at the same time, increase their real estate stocks when they do occur. It's like a charge for the damage caused by the stoppage of work and an investment in concealing the criminal practice, in addition to the political cost caused. Expropriation is also a means of collecting debts<sup>27</sup> that generates land for the militias and avoids the use of overt physical violence in cases of non-payment. The key here is to "clean up" criminal activity through a monetary relationship, i.e. expropriation is justified by debt, even if the basis of the debt is as shady as the extortion schemes practiced. One possibility

that should not be ignored is that the militia generates unpayable debts, knowing that they are unpayable, in search of new land for which they either don't want to be charged, or don't want to submit to the owner's choice of whether or not to sell.

A fundamental means of territorial domination by the militias seems to be control over residents' neighborhood associations. In Muzema and Rio das Pedras, the residents' association, as well as being the mediating institution in the collection of security fees, also organizes the charges imposed on commerce, transportation, gas and other services. Nonetheless, the residents' association is also an important means of mediating the relationship between criminal groups and public authorities (they are even sought out to negotiate the implementation of projects with criminal groups) and regulating construction.

The reports collected by the MPRJ on *Disque-Denúncia* indicate that the Rio das Pedras residents' association organizes extortion of businesses and residents,<sup>28</sup> clandestine internet provision, illegal sales of gas cylinders,<sup>29</sup> real estate transactions and production of documentation,<sup>30</sup> home invasions, homicide, robbery and rape,<sup>31</sup> construction of stores on public roads,<sup>32</sup> sale of public spaces<sup>33</sup> and levying security fees.<sup>34</sup> The material also indicates that the accused Beto Bomba, who is listed as the president of the residents' association, has held the position since at least 2008, when he was mentioned in the CPI on militias.<sup>35</sup> In this sense, the residents' association seems to be a central institution in the organization of the Rio das Pedras militia's activities. This centrality, at least with regard

to real estate activity and the levying of taxes, may be the result of possible control that the residents' association already exercises in this type of regulation. The concentration of information on residents and real estate transactions may have been convenient for the militias' territorial control. In addition, the association's relative legitimacy before the government in registering this information – including the collection of certain fees – could end up covering up militia activity.

Nevertheless, the residents' association is not the only institution in which the militia provides the appearance of legality in the mechanisms of territorial domination. Its insertion within public power is a fundamental part of its legitimization and concealment strategies. Their umbilical relationship with police and military institutions immediately gives them advantages in terms of repression and monitoring. According to a report drawn up by the Study Group on New Illegalisms at the Fluminense Federal University (Geni/UFF) and the Observatory of the Metropolis (Ippur/UFRJ, 2021, pp. 10-17), among the areas dominated by armed groups or in dispute, those under militia control have a lower incidence of police operations. Even when raids, inspections or investigations do take place, the militia seems to have privileged information and is therefore in a better position to hide its criminal activities.<sup>36</sup> Furthermore, at least since the CPI on the militias, the close association of several parliamentarians with the militias has become evident.<sup>37</sup> They use their territorial dominance to form electoral turfs based on coercion, and the election of these congressmen allows them to favour and even legalize their enterprises.

For Geni and Observatório das Metrôpoles (2021, p. 31), one example of this strategy was the approval of Complementary Law (LC) n. 188, of June 12, 2018 (overturned by the Rio de Janeiro Court of Justice – TJRJ), authored by councilmen Chiquinho Brazão and Willian Coelho, which facilitated the legalization of properties in cases where they were already occupied. According to Gaema's complaint, trusted people from the legislative and executive branches of government are also used by the militia to facilitate legalizations and avoid demolitions. The people mentioned are: Agnaldo Timóteo, councillor for the Brazilian Democratic Movement (MDB) party; Marcelo Bezerra Crivella, mayor for the Republicans (2017-2020); Marcelo Hodge Crivella, the mayor's son.

The complaint filed by Gaeco also reports numerous cases of bribery of public officials to legalize companies<sup>38</sup> and so that the militia's real estate developments<sup>39</sup> are not denounced. The dialogues show, for example, that the militiamen hide the water installations, cut off the supply when they know there is going to be an inspection, hire water trucks and forge water installation requests to justify the lack of a contract and payment,<sup>40</sup> because, when they are caught, they have to “pay off the expert and lose money” (Gaema/ MPRJ, 2019, p. 67). The militia, as in the example of LC 188/2018, tries as much as possible to regularize the buildings to reduce the risk of demolition and ongoing losses by bribing public officials. The following were mentioned: private instrument of assignment of acquisition rights, construction safety report, deed of promise of assignment of rights, regularization of extension plans, Urban Property Tax (IPTU),

real estate registry, habitation permit, among others. Apparently, regularization also increases the price of the property. According to one of the dialogues, “with RGI, it sells a little better than 220” (ibid., p. 59). However, even though the militia's developments have a higher level of regularization than the rest of the favela, this doesn't seem to free them from the need to bribe the inspectors. In another of the intercepted conversations, one of the business partners tells another how to proceed:

So, let me tell you... this is a bunch of fucking bums. It's all about fucking money, you know? They want a little pittance. Then you fix it... then you can't give them a big deal... a deal, like this... PUF! All at once... You have to give it to them like this... brother, every month you come here and get two thousand, because then we do the construction and we keep giving it to them... when it's finished, you stop handing it out, man. Now, if they ask for a big deal, they order someone else to come in, like this, they take it and then they order someone else to come... (Ibid., p. 45)

We should highlight that, apparently, it is important for the militia to keep the inspectors within this relationship, since getting paid all at once could remove the inspector's commitment to concealing the enterprises. Furthermore, this way of operating allows silence to be bought regardless of the alternation of inspectors. It can also be inferred that the absence of payment after the project has been carried out means that the militiamen understand that the risk is reduced at that point. In another conversation, it becomes clear that the militiamen are aware of the increased political, legal and financial costs of demolition after the occupation.

But they're already built, they've been there for three years, there are people living in it... so the city hall is going to run the risk of mitigating its own right, the social function of the property... it's very complicated for the city hall, it has no interest because there's a shortage of housing there and it has a legal problem to overcome, right? Even though they'll have to pay compensation for the construction afterwards. So I think it's unlikely. (Ibid., p. 84)

It's clear that compensation costs and legal problems are important issues that are taken into account in militia strategies, but what he calls the "housing market shortage" is central to this debate. As well as being the legal basis for preventing demolitions and demands for compensation, it is what generates the political costs, the high profitability of real estate production in the favelas and their almost immediate occupation. At the end of the day, the systemic inability to provide housing universally is the foundation of this type of housing production, which makes repression of it a way of removing access to urban space from a significant portion of the population and means not only the withdrawal of a right, but also something that directly affects the availability of labor and the consumer market. Apparently, the militiamen know this and grow stronger with each round in which the chains of accumulation dispense with what is their foundation, namely work.

Territorial control and control over the population is intensified by maintaining power over the condominiums, appointing the militiamen themselves as administrators,<sup>41</sup> which allows the group to be the first to become aware of problems, including disputes involving

the local population that could be brought to court, being able to "settle" them without the involvement of official agents. In addition, the administration of condominiums allows them to direct the funds raised by this means to investments that are in the interest of the local militia.<sup>42</sup> The administration of sales and rents can also lead to an intensification of their rule because, in addition to the close contact established by the monthly collection of rents, this activity allows them to collect residents' documents, which can include sources of income and previous place of residence. This may be one of the ways of controlling the population that can access the territory, as well as being able to deny undesirable residents by analyzing their documents, there are ways of evicting them, via the real estate market, that appear to be more legitimate than the open use of violence, even though the agile restitution of properties presupposes fear and often carries a good dose of violence.<sup>43</sup> Access to the population's income also makes it possible to monitor the possibilities of extortion, and the population's own access to the territory may be mediated by these possibilities.

## Drug traffickers' real estate development

The real estate production of drug traffickers seems to be more diversified and driven by specific circumstances, mainly related to public policies on urbanization and regulation. In a favela in the south of Rio de Janeiro,<sup>44</sup> it was reported that, from 2009 onwards, there was an increase in state regulation, including

construction embargoes and demolitions. As a result, the residents' association's ability to regulate was reduced, as it could come into conflict with government orders. At the same time, the urbanization works carried out under the Morar Carioca Program resulted in vacant spaces which, after the reduction of state regulation around 2016, began to be occupied by developments carried out or approved by drug traffickers in return for payment. In Rocinha, one interviewee said that, with the ban on new constructions over five storeys high, drug traffickers became the predominant agents in the production of properties that exceeded the permitted height and in the occupation of new areas around the favela, selling the authorization to build under these conditions. Lia Rocha (Rocha, 2008, p. 12) reports that, in the favela she calls Abacateiro, the Urban and Social Guidance Post (Pouso), based on the decree establishing the urban standards for the area, started to prevent any new construction, which also happened with the residents' association, which was not in a position to disobey the government's rules. As a result, residents who needed to build now needed the protection of the traffic to avoid losing their investments. In Nova Jaguaré, in São Paulo, Nazareth and Zuquim (2016, p. 15) indicate that the free areas opened up by the urbanization works were occupied by "Crime" and "[...] in a short time it will become a large real estate park". This impression that drug trafficking's role in real estate production is more occasional may be the result of a lack of more precise information on how it is organized, considering that the growth of drug trafficking's real estate production may be more evident to residents and researchers than the regular way

in which these groups operate. Even considering that drug traffickers have taken advantage of these circumstances to expand their sources of funding, it's hard to imagine that this situation can recede solely with the old forms of regulation, whether by public authorities or residents' associations.

In Rocinha, one interviewee indicates that the drug traffickers also use money mules to boost real estate production and ensure greater secrecy. For this interviewee, however, the muling scheme differs from what can be deduced from the MPRJ's accusations in the case of the militias. In his testimony, there are the mules who take over the properties produced directly by the drug traffickers, but there are also those who build, sell and rent to them. In the second arrangement, it seems difficult to draw the line between who is in fact a mule who builds for the drug traffickers and who is an independent entrepreneur coerced into paying a protection fee to the traffickers in order to be able to build in conditions outside the norms established by the public authorities. This also happens with the companies established in the favela. For the interviewee, many of them are run by drug traffickers' mules, but there are also those who are forced to pay fees in order to get their businesses up and running.<sup>45</sup> In any case, in addition to the secrecy necessary for drug trafficking activity, the organization of a muling network who open companies, build and run the businesses increases the administrative capacity of the drug trafficking and allows them to control a much larger number of enterprises.

There was no indication that the real estate agents present in Rocinha are organic members of the drug trade, but according to



the interviewee, some are linked to the group, which, for him, is an advantage when it comes to collecting rents and installments, given the fear of direct intervention by the drug traffickers.<sup>46</sup> The possible relationship between real estate agents and drug traffickers seems to affect not only properties that have such a relationship, since the fear of violent intervention by the armed group can facilitate collection even in cases where the owners are not involved. Reports of low non-payment are common, even though violent evictions with water and electricity cuts or break-ins are also present. One hypothesis is that this is due to the fact that landlords are generally older neighbors and have a closer relationship with the community as a whole, while tenants tend to be more mobile, giving the eviction greater legitimacy, even in the face of the drug lords. Low non-payment and ease of eviction, in this context, are important elements that allow guarantees such as proof of income and ownership not to be required, which can increase demand for properties and, consequently, increase prices.

Just as drug trafficking's housing production seems to be more related to specific contexts, the modes of domination and regulation of the territory also seem to be much more related to a whole complex of institutions present in the favelas. As the examples given demonstrate, the regulation of construction and the real estate market takes place, in certain situations, with a predominance of residents' associations, drug trafficking or institutions of public power, such as the Pousos, the Pacifying Police Units (UPPs)<sup>47</sup> and, in many cases, the ordinary law.<sup>48</sup> Identifying the predominance of a certain agent in a specific situation does not mean

that it has a monopoly on regulation. In reality, what is found in many cases is the opposite: there is an overlap or juxtaposition of agents, and the practice is marked by complementarity or antagonism (Corrêa, 2016, p. 48). For example, ownership registrations and transfers can continue to be carried out by the residents' association even in cases where there is stronger regulation by the public authorities or in land regularization processes; the UPPs, the Pousos, residents' associations or the drug trade can be called upon to resolve conflicts of the same nature, depending on the network of contacts of the agents involved; in many cases, the residents' association or the public authorities act independently in regulation, but only under certain limits imposed by the drug trade. The charging of protection fees by the drug trade and the militia on buildings threatened by the public authorities illustrates these limits. The dominance of the drug trade over the residents' association has often been pointed out. In the real estate market, this means, in addition to charging fees on products and services and controlling conflict mediation, the production of internal rules and a more direct way of negotiating with the government, which can range from influencing urban planning projects to negotiating specific cases of embargoes and demolitions. It was also reported that drug traffickers use violent means to prevent the inspectors from taking action on their enterprises, which ends up demoralizing them in a broader context. One of the residents indicated, albeit with little conviction, that there are cases in which both drug traffickers and ordinary residents have bribed inspectors to break the established rules. In this case, it was indicated that

payment is made for authorization, unlike what occurs with the *Escritório do Crime*, which does so by negotiating each flagrant, as suggested in the telephone conversation reproduced.

Charging fees is usually a practice associated with militias and, in recent years, the idea has spread that drug traffickers are imitating militia practices. However, in some favelas, we have already found a fairly advanced scheme for taxing products and services, whether or not it involves control over the residents' association. We found taxes on gas, water, beer, coal, vans and motorcycle cabs, shopkeepers and street traders, cable TV, internet and condominiums, as well as a protection tax on real estate production. Some of the products and services are taxed when they are supplied to local shops; others are taxed to guarantee a monopoly for a particular retailer. The production of commercial real estate for rent in public spaces was also identified in Maré. According to one resident, local commerce is also being used to sell products from cargo theft.<sup>49</sup>

At a seminar organized by the Rio de Janeiro City Hall, a resident of Indiana, in Tijuca, indicated that the distribution of apartments produced for the relocation of the population removed from the favela was negotiated with drug traffickers:

One house, up to 11 apartments, were distributed and people from the housing department also negotiated apartments with the "parallel powers". This doesn't only happen in Indiana, but in Indiana it was very explicit. [...] They would hand it out to the president of a residents' association: - "look, when you want your apartments, you take them from the president of the Residents' Association". Is that how you distribute apartments? (Kawahara, 2018, p. 118)

Control over the housing estates produced by the public authorities is also usually attributed exclusively to the militia, but this testimony indicates that this practice is not so uncommon in the case of drug trafficking. The strategies are different in both cases. Generally, there is a report of a later entry by the militias with the implementation of extortion schemes and the expulsion of residents. In the case of Indiana, the drug traffickers negotiated the distribution of the apartments directly with the government.

## Conclusion

For Marx, capital is a homogenizing mode of equality that constitutes the universal equalization of the heterogeneous, i.e. the universal equalization between the products of labour is the universal equalization between human individuals, and capitalism's mode of universality constitutes "comparison in place of real communality and generality" (Marx, 2011, p. 109). In *Nation, Race, Class*, Balibar and Wallerstein (2021) argue that Enlightenment universalism carries a classificatory impulse on which the hierarchization of humanity is based. In "The Value of the Poor", Feltran (2014) suggests that scrutinizing and essentializing the sections produced is the primary function of the "machinery of government" and that this allows groups to be valued. Although bandits, workers, policemen, playboys and other groups are represented in different moral universes, the monetization of relationships guarantees a common way of life, in other words, "Money is objectively elevated to the status of a mediating form between population groups in conflict" (ibid., p. 497). For the author, the centrality

of the “social question” is shifted from the “workers” and universal social rights to the “outlaws” and the prevention of violence. In this context, the population is divided between the criminal to be imprisoned and the “consumer” or “entrepreneur” to be inserted via the market.

This model is quite explicit in the discourse of some public policy makers, such as Hernando de Soto, at the World Bank; Marcelo Neri, at FGV; Ricardo Henriques, at the Rio de Janeiro State Secretariat for Social Assistance (SEASDH). What does integration mean in this context? For De Soto (2019), the favela is a cyclopean reserve of dead capital which, if reactivated, could generate virtuous economic cycles, benefiting society as a whole. For Neri (2011), the key point is capital gains and revenue, the sustainability of public policies - in his specific case, the UPP - depends on the state revenue surplus. The fundamental idea is that the favela is home to a consumer market and productive capacity that can be “incorporated” and encouraged. For De Soto (2019), the legalization of real estate could generate an asset to be invested in all kinds of ventures. For Neri (2011), “pacification” is the starting point for creating a stable environment favorable to investment. It's curious that, even within the paradigm of integration, the starting point for analysis is a natural vocation of favela residents for entrepreneurship. Henriques, in an interview for the newspaper *O Globo* (Rocha, 2010), is even more surprising in his analysis. For the former secretary, the “pre-salt” of this state onslaught is the young person who, trained by the drug traffickers, brings together the main virtues needed for the labor market. In his words:

Young people have great vulnerabilities, such as very poor schooling, but a great ability to take initiative, to work as part of a team and to get others to work, everything that the labor market values today. And they learned all this in the world of drug trafficking and illegality.

For Botelho (2013, p. 202), in effect, pacifying and serving the favelas in order to encourage economic activities that will soon be taxed is already an old practice of drug trafficking and the militia and, after all, these groups are the vanguard of the type of operation put into practice by the UPP.

If even a representative of the government of one of the country's largest states refers to drug trafficking as an efficient way of training young people for the labor market, we should analyze drug trafficking and the militia as business structures and, as such, what they mobilize is labor. Here, what was separated by the government into “target groups” to be incarcerated or absorbed comes together again under the banner of labor. This occurs in two senses: in the first sense, already indicated by Feltran (2014), the relationships between police and criminals, criminals and residents, landlords and tenants are mediated by money, that is, by labor, in the form of “arregos”, fees and rents, and the removal of this mediator results in conflicts, such as police operations, expulsions and evictions; in the second sense, the effectiveness of criminal activity depends on it being understood as a form of labor. According to Arantes (2011, p. 35), when analyzing the neoliberal mechanism of mediation between oppressors and the

exploited, Christophe Dejours was able to see that “[...] the source of the banality of evil is less the emptiness of thought [...] than work”. According to the author, Dejours, in his redefinition of the work process, “[...] sheds light on the two historical epochs [the Nazi holocaust and neoliberal accumulation today] without amalgamating them”, highlighting a variant of his description: “labor is zeal” (ibid.). If the Holocaust would have been impossible without the spirit of instrumental rationality, for Arantes, the dynamics shed their bureaucratic shell, but increased their capacity for coordination; it wasn't enough for the workers in the death camps to follow orders, collaboration was needed for efficient execution. In a word, “In the name of labor, a disgrace can always be valued. This is the secret of all ‘collaboration’” (ibid., p. 38).

The claim that labor is also central to the activity of criminal groups, both in justifying morally reprehensible actions in other spheres and in the “fair” exchange established in the monetary mediation of conflicts, is reinforced by the perception of the members of these groups themselves. A resident of Maré says that, in one episode, a drug trafficker demanded his right to silence, arguing that he had spent the night working:

[...] I heard a man's voice: “You there, taxi driver, turn that stereo off, don't think that just because I'm a lowlife, that I'm a drug trafficker, that I don't work, I'm a worker too, and I've been up all night, now I want to sleep”. Then the guys looked up, a drug trafficker was giving orders, they tucked their tails between their legs... and fortunately there's no longer that loud music pounding in the window every Saturday. (Kawahara, 2023, p. 330; my emphasis)

In a conversation between the militiamen intercepted by Gaeco, both demonstrate that they feel wronged by the high price charged by public officials to legalize the companies and cooperate with the schemes to conceal criminal activity.

MANOEL: Were you able to talk to the guy? FÁBIO: I spoke to him, he called me. [...] He said that first he approves it, then we'll settle it with him, you settle it with him, you understand [...]. MANOEL: But he just wants Five the other guy. FÁBIO: Man, *this is turning into a mafia*. MANOEL: They put a stop to it, he asked for, do you know how much, twenty, I said twenty and I'd quit the business. FÁBIO: Twenty, damn it. MANOEL: From what you've said, he can fix it quickly, when he doesn't take the money right away, it's because he does. FÁBIO: [...] This has to be settled soon, I've never taken so long to settle a permit, in fact I've never had to pay for a permit, this is the first time. MANOEL: But that's the world we live in. FÁBIO: *This country here is fucked, this country sucks*. (Gaeco/MPRJ, 2019, p. 59; my emphasis)

The morality laid bare in the discourse presupposes, on the one hand, that the risk involved in the operation establishes a fair price and that violating equivalence is reprehensible even in activities that are already criminal in principle. On the other hand, the notion that the public official's ill-gotten gains depend on the prosperity of the militia's enterprises is also put on the bargaining table. In this situation where armed groups extort the population, depending on their earnings to maintain their own sources, and public authorities establish the same type of relationship with factions, there are two paths to pacification, already highlighted by Feltran (2014): extermination

and incarceration, and the monetization of social conflicts. Money is used to buy time, and the removal of this mediating element can explode, as it often does, into conflicts of extreme violence.

At the same time, if real estate development in the favela predates the rule of the armed groups and, in the way these groups act, it is possible to detect an entrepreneurial structure in which elements such as investor autonomy and mutual collaboration can be found in a very highly sophisticated fashion, it is not surprising that our neoliberal representatives of public policies in the

favelas have this kind of apologetic reaction to the entrepreneurial potential found in their incursions, especially in the figure of the armed groups. It seems that in their quest to insert the favelas into the existing market circuits, they find a much more complete realization of their own ideal of the working man, that is, someone capable of solving problems creatively and “making others work” (Ricardo Arantes, in an interview with Rocha, 2010). This is, for Arantes (2011), the meaning of collaboration in neoliberalism; in the name of its effective execution, labor values itself, regardless of how unimaginable what it achieves is.

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## Acknowledgements

I would like to thank my advisors Cristina Lontra Nacif, Fabrício Leal de Oliveira, Lia de Mattos Rocha and Maria Lais Pereira da Silva, without whom this work would not have been possible, and Adauto Lúcio Cardoso, who made it possible for me to continue with my research.

## Notes

- (1) Today, the only broader data we can mobilize for the analysis of the real estate market in the slums of Rio de Janeiro are: the census of the Instituto Brasileiro de Geografia e Estatística (IBGE) and the aerophotogrammetric image analyses carried out by the Instituto Pereira Passos – IPP.
- (2) For a more complete presentation of the survey and analysis of the sources presented, refer to Kawahara (2023).
- (3) According to the author, the rental price in the favelas of Brazil in 2006 was on average 2.37% of the sales price, while property prices in the rest of the city tend to be below 1% (Abramo, 2007, pp. 40-41).
- (4) Authorized by Process n. 0243673-27.2018.8.19.0001.

- (5) The complaint indicates that, during the investigations, the following crimes were identified: “parallel power to the State, involving land grabbing, construction, real estate business with illegal sale and rental of properties, reception of stolen goods, illegal possession and carrying of firearms, extortion of residents and merchants in the area by charging fees for ‘services’ provided by the gang, concealment of assets acquired with proceeds from illegal activities through the use of “straw men”, falsification of public documents, bribery of public officials, loan sharking, use of illegal water and electricity connections to supply illegally constructed real estate projects, homicide, use of force as a means of intimidation and demonstration of power, and maintenance of territorial domination” (Gaeco/MPRJ, 2019, pp. 11-12).
- (6) The complaint adds the crimes of: “suppression of protected vegetation, damage to the areas surrounding the Parque da Tijuca, extraction of mineral resources without authorization from the competent authority, illegal subdivision of land for urban purposes, falsification of documents, bribery of public officials, illegal water and electricity connections to supply illegally constructed real estate projects, concealment of assets acquired with the proceeds of illegal activities, and other crimes necessary for the success of illegal real estate exploitation, in order to promote the occupation, construction, sale, rental, regularization, financing, and other activities related to properties” (Gaema/MPRJ, 2019, p. 11).
- (7) “Renato says he passed on the amount of R\$150,000.00 (one hundred and fifty thousand reais) to them, but that at the investor price the property is R\$120,000.00 (one hundred and twenty thousand reais)”. (Gaema/MPRJ, 2019, p. 82)
- (8) “VM: Boss. MANUEL: Speak. VM: This watch here next to João, under whose name will it be? MANUEL: Put any name there. VM: I'll put it under Izamar's name then”. (Gaeco/MPRJ, 2019, p. 30)
- (9) Moreover, one of the entrepreneurial partners, worried about a possible drop in prices, says: “What am I going to do? I hired a marketing agency, right? They are doing the boosting on Google, Facebook, Instagram... I will get that thing going, you know? Then I'm putting two brokers who will take turns... to rent the garage, to rent the apartment, to sell the apartment. I'll put yours in the package too, for us to rent...”. (Gaema/MPRJ, 2019, pp. 63-64)
- (10) As demonstrates the speech of one of the entrepreneurial partners: “And the other one I also need because I buy a lot of things, I need a bunch of CNPJs\* to avoid taxes, you know”. (Gaeco/MPRJ, 2019, p. 58)
- (11) “In this sense, the breaking of banking and tax secrecy demonstrates the existence of eight deposits in favor of an account held by BRUNO, totaling R\$67,727.10, whose sender was Escavusca Comércio de Alimentos (owner of the aforementioned Domino's franchise), while no deposit in favor of FERNANDO was detected”. (Gaema/MPRJ, 2019, pp. 38-39)
- (12) A section of the wiretaps reveals a negotiation between a straw man and a broker, followed by the actual owner's authorization for the sale of the property: “BROKER: Talk to me. MANOEL: Doesn't the guy give a hundred and twenty in cash? BROKER: No, he only has a hundred and ten. [...] MANOEL: Man, see if you can add your commission on top. BROKER: He doesn't have any more money, he doesn't have any more money, he doesn't have a penny more, he has a hundred and ten ready. MAURÍCIO: Hello my friend, it's Maurício. BROKER: Hello Maurício! MAURÍCIO: Does the guy want to pay the hundred and ten? BROKER: He only has the hundred and ten ready, no more money. MAURÍCIO: You can take it”. (Gaeco/MPRJ, 2019, p. 19)
- (13) “The electricity bill is usually in the owner's name and then the guy ends up being sued by the utility company, his name goes to the SPC\*, the tenant goes there, sets up an illegal connection, and then what can you do?”. (Kawahara, 2018, p. 149)

- (14) “The aforementioned dialogue reveals that one of the maneuvers used by the criminal organization to supply electricity to the real estate projects was to register the meters in the names of third parties, ‘straw men’ of the gang. One of the main ‘straw men’ is Isamar Moura, one of the partners of the company ConstruoRio Mz, another venture of the criminal organization”. (Gaeco/MPRJ, 2019, p. 30)
- (15) “If I'm the builder, I build, and my building collapses, the residents' association takes the land away from me”. (Kawahara, 2023, p. 162)
- (16) “We are subdividing it at the City Hall. It's a plan that must be approved at the City Hall. The architect has already done it...”. (Gaema/MPRJ, 2019, p. 37)
- (17) “An unidentified individual, possibly the engineer responsible for the various real estate projects of the criminal organization, reports the sale of one of the gang's stores in the Muzema community to the Universal Church”. (Gaeco/MPRJ, 2019, p. 28)
- (18) “Okay, I'm surveying there to do it, I already have topography, soil testing, I have everything there. I'm working with the engineer, which is the construction part, right. But you also already have this experience, right, Thiago? You did it there, right? Did you do it or subcontract it?”. (Gaema/MPRJ, 2019, p. 58)
- (19) In conversation with an investor partner, an entrepreneurial partner requests help to find new receivers to handle the cash flow: “I receive, for example, the market. The market, I'm delivering to them now, in December, right? Except for this little bit of work, they must pay me 700 thousand in ten installments, ten checks or ten promissory notes, with the property's guarantee. Man, if you have someone... sometimes I need, right brother... because my business here, my cash flow is heavy, brother, sometimes it mismatches. [...] Sometimes I need to burn one of these checks... or two, or three. I sold something to a church now, not an evangelical church, it's a Catholic church, they bought a floor of that garage from me. [...] So I sold them something... 10 installments of 100 thousand. They gave a down payment of 50, then they'll give another 50 at the deed, which is the broker's, and I'll have nine of 100. Man, it's also something that if you have someone to exchange, make some money, you know? Exchange one, exchange two, we'll talk brother, we have a lot of business to do”. (Gaema/MPRJ, 2019, pp. 56-57)
- (20) “Yeah, man, otherwise, it'll look really bad, me selling cheaper. If it's a... timely deal, you know? And also I couldn't tell them... they pay immediately, but then the guys will get spoiled, you know? They pay 130 there, it's one percent income for them, you know, brother?”. (Gaema/MPRJ, 2019, p. 56).
- (21) “MANOEL: My ten are with you, it's yours you know, you can leave yours there, I'm with you, it's yours, now I can't go and tell Mauricio that Marquinhos can't come in. FRANK: But Mauricio didn't know about the agreement, right? MANOEL: He runs everything, how can he not run the building, you know?”. (Gaeco/MPRJ, 2019, p. 20)
- (22) “Antônio: The area is very good. It's solid. You can make a fantastic subdivision. [...] Bruno: And how much is he asking for? Antônio: No... the old man is crazy... they're imagining things... there are six squatters... each squatter wants seven hundred thousand and it seems like we also have to give three million to Alfredo”. (Gaema/MPRJ, 2019, p. 46)
- (23) “Biagio: [...] So, well, for that, we have to do: we have to give 2 and 100 to the guy who's selling, and we're going to make a document that says we own 2/3 of the enterprise and 1/3 is for his recovery”. (Gaema/MPRJ, 2019, p. 58)
- (24) Regueira, Boasson, and Brasil (2018) report that a square was invaded by the militia, which built a nightclub there.



- (25) "The involved parties collect fees related to unauthorized cable TV signal (fifty reais), internet (seventy reais), gas (ninety reais), and illegal electricity connections (one hundred reais) per residence. It is reported that residents who do not pay are expelled from their homes, which are then rented out irregularly by the involved parties". (Gaeco/MPRJ, 2019, p. 83)
- (26) "They are selling the sidewalks of houses for the placement of stalls and have also sold spots by the river for stalls. At the beginning of the sandpit, where there was a municipal school that collapsed, they occupied the land and turned it into a parking lot". (Gaeco/MPRJ, 2019, p. 35)
- (27) "They charge about R\$50.00 per month from each merchant, practice "loan sharking", and appropriate land to resell". (Gaeco/MPRJ, 2019, p. 22)
- (28) "In the Rio das Pedras community, the residents' association can be found where, daily from 1 pm, the militiamen 'Dalmir Pereira Barbosa', 'Mauricio Silva da Costa', 'Adriano Magalhães da Nóbrega', and 'Jorge Alberto Moretti', aka 'Beto Bomba' (in plain clothes), extort the local merchants and residents". (Gaeco/MPRJ, 2019, p. 40)
- (29) "They commit crimes such as homicide, extortion of merchants, illegal internet installations, and the illegal sale of gas cylinders. It is reported that they can also be found at the association square on Wednesdays after 5 pm". (Gaeco/MPRJ, 2019, p. 40)
- (30) "The accused Jorge Alberto Moreth, known as 'Beto Bomba', is the president of the Residents' Association of the Rio das Pedras community, where illegal real estate transactions are consolidated, and the necessary documents for illicit operations are manipulated". (Gaeco/MPRJ, 2019, p. 51 e 52)
- (31) "Rio das Pedras. At the mentioned address is the residents' association, where the president "Roberto Moreti," aka 'Beto Bomba', the vice-president 'Fabrício', and an individual known as 'Laerte', are militiamen. With a group, they invade homes, claiming to be looking for weapons and drugs, but steal the residents' belongings. Some militiamen abuse teenage girls in front of their families, and out of fear, the families do not report them and flee the area. The militiamen are executing homeless people in the community and teenagers who are drug users". (Gaeco/MPRJ, 2019, p. 53)
- (32) "It adds that the aforementioned individuals charge fees ranging from R\$100.00 to R\$1,000.00 per month from local merchants. It concludes by informing that they are constructing stores on public roads and selling the store locations". (Gaeco/MPRJ, 2019, p. 53)
- (33) "Inside the Rio das Pedras community is the residents' association, where the president 'Jorge Alberto Moreti', aka 'Beto Bomba or Beto Moreti', and his right-hand man 'Fabrício' sell the sidewalks of the community residents. He sold the square located on Turmalina street, next to the Serra Grande restaurant". (Gaeco/MPRJ, 2019, pp. 53-54)
- (34) "It supplements the complaint 4603.3.2016 and reports that on the mentioned street is the residents' association, whose president 'Beto Bomba', along with unidentified local militia members, is charging the residents security fees". (Gaeco/MPRJ, 2019, pp. 53-54)
- (35) "According to the Final Report of the CPI\* on militias, the accused Jorge Alberto was allegedly elected, by militia force, president of the Residents' Association of Rio das Pedras on 17/10/2008, where he has been exercising his control to this day". (Gaeco/MPRJ, 2019, p. 52)
- (36) "Then the guy called here and said that Beto Bomba said there will be an Operation tomorrow, asked to remove the ladder here, asked for no one to work here on the construction". (Gaeco/MPRJ, 2019, p. 52)

- (37) Five parliamentarians were mentioned in the CPI of militias; three of them were convicted.
- (38) “An intercepted dialogue on 10/16/2018 at 4:56:30 PM reveals the accused Manoel suggesting that the accused Fábio offer an illicit advantage to a public official in exchange for the release of a company controlled by the criminal gang”. (Gaeco/MPRJ, 2019, p. 65)
- (39) “A conversation between the accused ANTÔNIO and a person identified as Rafael demonstrates not only the connection between the accused BRUNO, ANTÔNIO, and THIAGO in the execution of illegal subdivisions and constructions but also proves that the activity is carried out through the corruption of public officials who receive money not to stop the illicit enterprises”. (Gaema/MPRJ, 2019, p. 44)
- (40) “The documents are there, with Thiago's lawyer. Talk to Bruno, who is with Thiago's lawyer... and all the water trucks are there, as well as the requests made to CEDAE, you know... we are using water trucks because Ricardo has already removed all the piping...”. (Gaema/MPRJ, 2019, p. 67)
- (41) “From the intercepted conversations, it is noted that the accused Manoel not only negotiated the rental and sale values of the properties but also acted as a true manager of the condominiums belonging to the group, resolving any kind of problems for the residents”. (Gaeco/MPRJ, 2019, p. 28)
- (42) “You have gated communities, and then you go to the booth of... I saw this, the guys with booklets for the payment of the condos. The way it is, that is financed by the militia, imagine how much money the militia makes with each of those booklets. And surely the guard there is someone from this militia network, it's not just any guy handling that amount of money. I saw the condo booklets on the table”. (Kawahara, 2023, p. 308)
- (43) “[...] so tell those two, if they don't pay today, no one will get in tomorrow night if they don't pay”. (Gaeco/MPRJ, 2019, p. 30)
- (44) Not identified to protect the interviewees.
- (45) “No, this is a... the drug trade has many things in the names of other people, these people are fronts, you have a building being constructed, and it's João who is there, but in reality, it belongs to Joaquim. Everyone knows João as the owner, he issues receipts and everything, but it belongs to the drug trade. There's João who is the real owner, but he has the permission of the drug trade to build, but there are many guys who are front men. There's a big furniture store here, it's owned by the drug trade, but everyone knows who the guy there is. He has a lifestyle, he gets a good percentage for himself, different from a common front man, because he lives in São Conrado, has a car with a driver, has a life, you know? I don't know if he's really a front man, maybe more like a partner”. (Kawahara, 2023, pp. 253-254)
- (46) “I don't know of any glaring cases [of default]. I know that some real estate agencies are also connected to the drug trade, and then no one will stop paying, right? You either pay or move. [...] Now, regarding evictions, I think it is possible that... only one real estate agency, I only know of one that is connected, it is likely that this connected real estate agency carries out forced evictions. I don't know of any cases, but it is possible that they do”. (Kawahara, 2023, p. 166)
- (47) According to a resident of a favela in the South Zone: “The UPP\* solved everything, the guy needed a culvert, talked to the major, the next day it was ready, 'but it's not his job, you have to talk to the RA [...], but talking to the RA is the same as nothing.' You remove the drug trade and put the police, they decide everything, but it's not their job to solve things”. (Kawahara, 2018, p. 116).

- (48) According to a residents' association representative, there are "many evictions, all the time, several times in the same month, almost every day. The court officer goes to the association. They also look for the association to mediate, but the association has no authority to remove anyone. [...] we tell them to go to court". (Kawahara, 2018, p. 151)
- (49) "In the last two or three years, there has been cargo theft. I saw a truck coming in, and we always had a market on a certain day called the "Itaipava market" selling clothes, but now they also sell stolen goods. Horrible, right? Much cheaper. We found out because many clothes come with the store tag. On the corner, there was a bunch of beautiful dresses; I went to look, and there was the C&A tag with the price. Then the boy who was there taking care of it said, 'Hey auntie, half the price here, see?'" (Kawahara, 2023, p. 183)

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Received: December 14, 2023  
Approved: April 15, 2024

