

**Economics 154-316A**  
**THE UNDERGROUND ECONOMY**  
**Autumn 2020 Syllabus**

All students are required to understand the meaning and consequences of cheating, plagiarism and other academic offenses under the Code of Student Conduct. All written material may be submitted in French or in English. "In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change." While this warning is always added to McGill academic activities, it has a special significance this year. In these times and circumstances there is no way to anticipate at any point in the academic year what may go wrong or what might have to be changed on short notice.

*Students need to understand the meaning and consequences of cheating, plagiarism, and other academic offenses under the Code of Student Conduct. Students can submit written work in English or French. If you have a disability (confirmed by a professional) that might affect your academic work, Professor Naylor will find a reasonable accommodation to help meet your needs while respecting the structure and timetable of the course.*

*In the event of extraordinary circumstances beyond the University's control, the content and/or evaluation scheme in this course is subject to change. All slides, video recordings, lecture notes, etc. remain the instructor's intellectual property. As such, you may use these only for purposes of your own learning (and research, with proper referencing/citation). You are not permitted to disseminate or share these materials; doing so may violate the instructor's intellectual property rights and could be cause for disciplinary action. By enrolling in a remote course, you accept that fixed sessions will be recorded.*

*You must consent to being recorded if you attend a lecture or participate in a component of a course that is being recorded. You will be notified through a "pop-up" box in Zoom if a lecture or portion of a class is being recorded. If you are not comfortable being in a class that is recorded, you may decide to not take part by logging off Zoom. Students who log off will be able to later watch the video recording in MyCourses.*

*For pedagogical reasons and for the enrichment of the experience of all students, attendance may be monitored and/or active participation may be expected or required during fixed (synchronous) class time. As such, you may be asked to turn on your camera and audio. If you do not have the necessary resources (e.g., adequate Internet bandwidth or equipment) to do so, inform your instructor at the beginning of term so appropriate accommodations can be made.*

*In addition to the recording of your image and voice, your name (or preferred name) may be displayed on screen, and your instructor may call your name during the lecture. As such, this personal information will be disclosed to classmates, whether during the lecture or in viewing the recording. By remaining in classes that are being recorded, you accept that personal information of this kind may be disclosed to others, whether during the lecture or when viewing the recording.*

**Class Times: Mon Wed 2:35-3:55**  
**Classroom: ZOOM**

**Instructor: R .T. Naylor**  
**TA: Charles Guay-Boutet**  
**cgboutet@hotmail.ca**

**TWELVE PRELIMINARY WARNINGS:**

- 1) **U-1 students in a 90-credit program are NOT admitted.** U-1 students in 2nd year of a 120-credit program are allowed to take it but **do badly**. Wait one more year!
- 2) **Formal Prerequisite:** Six credits of University Level Economic Principles. **NO Exemptions!** (Note this is a **pre**-requisite not a **co**-requisite.)
- 3) **Informal Prerequisite:** Students are **strongly advised** to have finished three credits of university **macro** economics. A **micro** perspective is insufficient.
- 4) **The Course requires original research** perhaps with in-person interviews and analysis of court documents. The key to success is quality of research, ability to be critical of sources, logic of exposition, and credibility of conclusions.
- 5) **There are few A's.** This year the amount of work you are subjected to is lower than in past, **so standards applied will be higher.**
- 6) **Be on time.**
- 7) **Classroom Etiquette.** Under normal circumstances if you are involved in a Zoom session you are expected to remain until the end when most questions and answers take place.
- 8) **Most essential material** is shown in class; **most will be available on MyCourses.** The **key** to proper learning is four-fold: listen, read, write, and think about what you are being told. Each uses different brain functions. In addition to slides in class each module has at least one key source of additional information that you are expected to read and understand.
- 9) Check **MyCourses** for emergency announcements.
- 10) **E-mail restrictions:** I am flooded with e-mail and some gets lost. So use it only as a last resort. If we are not locked down, use my office (Leacock 321D) hours or time after class. If we are locked down for the term I will arrange alternative procedures.
- 11) **Consult your McGill e-mail** for messages. Those will include official notification of changes in class times or procedures.
- 12) **The criteria for final grades are clear, and progress of your grade will be evident over the term. You are supposed to earn marks not negotiate them.**

**COURSE CONTENT** and priority readings are available on MyCourses under the particular module to which they best represent – or else accessible via the Library under the Underground Economy course reserves. Students are encouraged early in the term to go skim ALL readings to get a general overview of the wide variety of illicit economic activities before intensive study. See the names of the modules below:

**1) Is there an “Underground Economy?”**

Naylor: “A Ruse by Any Other Name - The Underground Economy” *Challenge* 07

Dec 2014 **OR** “The Rise and Fall of the Underground Economy” *Brown Journal of World Affairs*, 2005, pp. 131-143. **OR** for more detail “The Underground Economy” *Counterfeit Crime*, chapter 2: pp. 50-75. You need only study one, depending on which is more available.

## 2) Crimes of Business & the Business of Crime

Naylor: “Towards a General Theory of Profit-Driven Crime” *British Journal of Criminology*, Volume 43, Issue 1, 2003 **AND** Naylor “Violence and illegal economic activity: a deconstruction” *Crime, Law & Social Change*, Volume 52, Issue 3, pp. 231-242

## 3) Organ-ized Crime?

Naylor “Dissecting the Traffic in Human Body Parts” *Unpublished manuscript PDF*

## 4) Vice Squad?

Peter Andreas “Sex, Smugglers, and Purity Crusaders” *Smuggler Nation*, chapter 11, pp. 191-207 and “Rumrunners and Prohibitionists” *Smuggler Nation* Chapter 13 227-249 <https://mcgill.on.worldcat.org/oclc/839305290> Use [EBook Central Link](#)

## 5) The Smoke Ring

Naylor “The Cigarette Smuggling Business” *manuscript, PDF* 18 pp.

## 6) Reefer Madness

Robert Macoun & Peter Reuter “Other Substances” *Drug War Heresies*, chapter 8, pp. 156-182

## 7) Snowstorm!

Thoumi, F. E. “The Size of the Illegal Drug Industry” *Illegal drugs, economy and society in the Andes*, chapter 5, pp. 141-158

## 8) Opiates for the Masses!

Alfred McCoy “Marseilles: American’s Heroin Laboratory” *The Politics of Heroin in South East Asia*, chap 2

## 9) All Washed Up?

Naylor “Treasure Island: Offshore Havens, Bank Secrecy and Money Laundering” *Wages of Crime*, chap. 4, pp. 133-246

## 10) Tax Evasion for Fun and Profit

Naylor: “On the Track of the Black Greenback” *Counterfeit Crime* chapter 4

## 11) Theory and Practice of Black-Collar Crime

Naylor: “The Geopolitics of Theopolitics and the Rise of Black-Collar Crimes” *Counterfeit Crime* chapter 6, pp. 137-177

<https://mcgill.on.worldcat.org/oclc/867897589>

## 12) Meet the Banksters

Naylor: “Fraud cops and bank robbers: The S&L debacle revisited,” *Crime, Law and Social Change*, Volume 45, pp. 231-239; **PLUS** *The Big Short*, Film, directed by Adam McKay, 2015 130 minutes.

## 13) How to REALLY make money!

Naylor: “Counterfeit Currency” *PDF manuscript*.

**14) Con Artists**

Naylor: “*The underworld of art*” *Crime, Law and Social Change*, Volume 50, pp. 263-291; **OR**: “*Sketchy Business: Art Connoisseurs and Con Artists*”, *Crass Struggle* chapter 4 pp. 113-141  
<https://ebookcentral.proquest.com/lib/mcgill/reader.action?docID=3332438&ppg=118>

**15) The Gold Diggers**

Naylor: “*The alchemy of fraud: Investment scams in the precious-metals mining business*” *Crime, Law & Social Change* 2007, pp. 89-120

**16) Whose Best Friend?**

Naylor: “*Icecapades: The Diamond’s Darker Facets*” *Crass Struggle*: chapter 3, pp. 80-110 <https://mcgill.on.worldcat.org/oclc/806255306>  
<https://ebookcentral.proquest.com/lib/mcgill/reader.action?docID=3332438&ppg=118>

**17) Wasted! The Traffic in Hazardous Waste**

Naylor: “*Dirty Business*” *manuscript PDF*

**18) Flags of CON-venience:**

Naylor: “*Ghosts of Terror Wars Past*” *Counterfeit Crime* Chap 5 Pp118-137  
<https://mcgill.on.worldcat.org/oclc/867897589>

**19) Fishy Business**

Naylor: “*Afashionados: On Fishy Business in the Fishing Business*” *Crass Struggle*: chapter 9, pp. 259-288 <https://mcgill.on.worldcat.org/oclc/806255306>

**20) The Endangered Species Racket**

Naylor: “*The Hunter-Gatherer Society: From Law of the Jungle to the Maw of the Market*” *Crass Struggle* chapter 11, pp. 315-342  
<https://ebookcentral.proquest.com/lib/mcgill/reader.action?docID=3332438&ppg=296> <https://mcgill.on.worldcat.org/oclc/806255306>

**21) Gunrunning for Fun and Profit!**

Naylor: “*Loose Cannons: Covert Commerce and Underground Finance in the Modern Arms Black Market, Wages of Crime*: chapter 3, pp. 88-132 <https://www-deslibris-ca.proxy3.library.mcgill.ca/ID/407554>

**OR** “*Gunsmoke and Mirrors: Financing the Illegal Trade*” *Running guns: the global black market in small arms*, London, New York 2000

**MARKING SCHEME:**

Grades are based on three pieces of written work: **See further instructions on MyCourses.**

1. First Takehome Essay (30%)
2. Second Takehome Essay (30%)
3. Third Takehome Essay (40%)

Students do three short-answer essays. See on **MyCourses** a separate handout with several essay questions: one group for the first short essay; a second group for the second; and **one** longer more complex essay question for the third.

In preparation for the first two essays students should prepare answers to **both** topics for each set. **There is no need for footnotes or references in the first two essays, although a maximum of two references may help you strengthen the credibility of your essay.** Which of the two has to be submitted will be determined by vote of the members of the class who are present on the day it needs to be submitted.

The third essay stands alone – it necessitates a thorough review and understanding of class material as covered throughout the term but is best done with some footnotes and reliable data.

In all cases just repeating class and lecture material is unacceptable. Everyone submits their own but there is no law against forming an informal group to work together. Timetable for submission is given below. Remember: Do Not Submit PDF's. They will give you a mark of ZERO.

*If you wish to have feedback from the class TA on potential answers to the short essay questions, you must first give him/her a serious outline of what you intend to submit. Affable chit-chat is no substitute. The TA is fully able to change her/his mind between your original outline and her/his decision when marking the final version.*

**First short essay:** On Tues October 13 in class there will be a vote during the class to select ONE of the two questions listed for the first essay-exam. They are to be sent in by 5:00 PM Thursday October 15 to MyCourses sent by e mail to the Teaching Assistant. **Times New Roman 12-point font in WORD!** THE TA will deduct marks for late submission. That can mean a loss of up to **5** marks out of **30 per day**.

**Second short essay:** On Tuesday Nov. 3 there will be a vote during class to select one of the two questions listed for the second essay-exam. Follow the same procedure as the first.

The answer prepared for the first two questions should be no more than three double spaced pages using a Times New Roman 12-point font in WORD. **Late submission penalties** are five marks per day out of a 30 possible total starting 6:01 on the due date. After five days past due date your top mark is ZERO. **To repeat there is no need for footnotes or bibliography although the credibility of very original strategies can be supported with credible material.**

**Final short essay:** On Tuesday November 24 the final short essay is to be sent by 5:00 PM Tuesday, November 24 to the TA via MyCourses in 12-point font Times New Roman WORD format. **The final essay is also three pages maximum but you can, in fact should, submit an extra page of data and/or sources.** Late submission penalties are again **five** marks per day starting 6:01 on the due date. After five days past due date your top mark is ZERO.

**VIRTUAL Course Packs:**

There are no *textbooks* in the strict sense. However the syllabus lists many readings that cover all topics discussed in lectures. Most readings will be available on MyCourses wherever possible, or in a few cases via the library. Class slides will introduce you to **some** issues; but you are expected to use your own initiative to round out your knowledge using additional articles on MyCourses and others you find yourself. Most essential materials for essay-exams will come from your own searches of journal literature, news sources, and sometimes interviews with people whose knowledgability you have researched. i.e. Explain why you believe them. **Keep in mind that the slides shown in class are the intellectual property of Professor Naylor. They are provided to you only for use in the course.**

**Library Resources:** Many journals and newspapers are available via McGill libraries and the web at large. The university also has e-access to publications from all over the world. **Michael David Miller** at the Library is excellent in assisting on these searches. He will be introduced to you in mid October. He has already created a research guide for this course: <http://libraryguides.mcgill.ca/economics/undergroundeconomy>

### **Class Assistants:**

The teaching assistant, Charles Guay-Boutet (cgboutet@hotmail.ca) is there to help you. He will have regular office time. If you **really** can't make those times, he can create special times for you within reason. He, too, has academic responsibilities and is not obligated to deal with people who are rude, pushy, or inconsiderate. Failure to turn up for an appointment without giving the TA notice will mean you fall to the back of the queue.