

Econ-316: The Underground Economy, Fall 2023 – Course Syllabus¹

Time and place	Mondays and Wednesdays, 16:05-17:25; STBIO S3/3
Instructor and TAs	<p><u>Instructor information</u>: Julian Karaguesian; Email: Julian.karaguesian@mcgill.ca; Office: TBC; Mondays 14:00-15:35, Wednesdays 13:30-14:30</p> <p><u>Teaching Assistant</u>: Charles Guay-Boutet, PhD Candidate; Office hours TBC</p>
Pre-requisites²	Prerequisites ECON-208 and ECON-209; contact me for possible exceptions
Subject matter	<p>The origins, structures, operations, and evolution of the "underground" sectors of modern economies around the world. The general theme of the course is the extent, causes, and consequences of underground (or shadow or illicit or non-observed) economic activities, as well as the history of thinking about the underground economy – which is primarily a modern concept that evolved rapidly with the Industrial Revolution. It is noteworthy that the evolution of thinking about the underground economy includes controversial aspects, including the question of whether there is an underground economy, how various approaches to measurement of its extent may have been influenced by political and even geopolitical factors, which activities to include and so forth.</p> <p>Other specific topics include the causes of black marketeering in Western economies, international contraband trade in guns and drugs, money laundering through the world financial system, organized crime generally (including how to define this), supply chains that include formal and informal (legal and illicit) activities, corruption, fraud, and tax evasion within the formal economy, and a wide range of other activities, including cybercrime.</p> <p>Of the 26 classes, some 3 lectures will include guest speakers from the Royal Canadian Mounted Police and other government agencies on cyber-crime, organized crime, and other possibly experts (current or retired) on different aspects of the underground economy.</p> <p>This course will also raise questions about the sometimes-blurred lines between the official (formal or “legal”) sectors of the economy and those deemed officially illegal or informal, and the implications for policy and politics.</p>

¹ The structure of this syllabus draws heavily from those prepared by Professor William Watson. The content draws heavily from Professor Tom Naylor.

² If you are not sure about prerequisites, or have a question, contact the instructor at julian.karaguesian@mcgill.ca

	<p>This course will be analytical and essay heavy, as opposed to mathematically challenging – though some basic frameworks of how to measure the informal economy will be presented.</p> <p>Overview of lecture schedule:</p> <p>Part I: First 6-8 lectures</p> <ul style="list-style-type: none"> • Introduction to the course and global context: definitions and beyond. Comparing and contrasting different approaches to the Underground Economy: what does the Establishment say? Comparing approaches to the Underground Economy: political economy and ideological aspects of the underground economy, including Tom Naylor’s key question, “Is there an underground economy?” Part 1 also includes the evolution of and the very Big Picture of the underground and above-ground economies. Part 1 also addresses the question, “What is the difference between illegal, illicit, immoral, unethical, and other forms of economic activities, and how do these relate to the “official sector”, including via complex supply chains? PhD Candidate Charles Guay-Boutet, my colleague and TA for this course, will present some of this material. <p>Part II: Next 14-16 lectures</p> <ul style="list-style-type: none"> • The range of “underground economy” activities: towards a General Theory of Profit-Driven Crime; the illegal trade in wildlife and broader endangered species racket; tax evasion; financial crimes; cybercrime (guest speaker Mike Sforza, Cybercrime Investigative Team, RCMP); the business of sex, smuggling, culture and Politics; alcohol, tobacco, and firearms; narcotics, drugs and big pharma (from the illicit to the legal), counterfeit currencies, cybercurrencies and more; environmental / ecological crimes: Guest Speaker TBA; diamonds, gold and other precious goods. We plan to cover as many of these topics as possible. <p>Part III: Final 2-4 lectures</p> <ul style="list-style-type: none"> • Consequences for Policy, political economy section 3, and wrap-up
<p>Required readings</p>	<p>TBC in Lectures 1 – Required and suggested readings will be presented in the first lecture.</p>
<p>Evaluation³</p>	<p>Grading: (1) Term paper – 55 per cent; (2) Final – 45 per cent. Term paper due date and instructions to be posted on <i>mycourses</i> this week. Weights of evaluations subject to minor changes (5-10 percentage points). I reserve the right to introduce another evaluation in the form of a verbal presentation that could be worth up to 15 per cent of the final grade, or make small changes (up to 10 percentage points, to the weighting. December Final Exam TBC</p>

³ Please inform me if you are on a special scholarship and there are timing conflicts with exams.

<p>Course delivery, and classroom participation and etiquette</p>	<p>This course will be taught in-person in accordance with all of McGill's COVID-19 and other health and safety guidelines.</p> <p>Participation is strongly encouraged. Feel free to question all that you are presented, not only on technical grounds, but also on logical grounds. One of my key objectives is to have a dialogue on the nature, evolution, political economy, politics and policy consequences of the underground economy.</p> <p>This course is lecture heavy. Attendance is recommended.</p> <p>I realize many have hectic schedules and that it's a busy planet, but please do your best to arrive on time and stay through until the end to minimize class disruption. Please keep all your devices turned off during class.</p>
<p>Academic Integrity</p>	<p>McGill University values academic integrity. Therefore, all students must understand the meaning and consequences of cheating, plagiarism and other academic offences under the Code of Student Conduct and Disciplinary Procedures. McGill's policy on Academic Integrity can be found here.</p> <p>L'université McGill attache une haute importance à l'honnêteté académique. Il incombe par conséquent à tous les étudiants de comprendre ce que l'on entend par tricherie, plagiat et autres infractions académiques, ainsi que les conséquences que peuvent avoir de telles actions, selon le Code de conduite de l'étudiant et des procédures disciplinaires (pour de plus amples renseignements, veuillez consulter le guide pour l'honnêteté académique de McGill</p>
<p>Language of submission</p>	<p>In accord with McGill University's Charter of Student Rights, students in this course have the right to submit in English or in French any written work that is to be graded. This does not apply to courses in which acquiring proficiency in a language is one of the objectives.</p> <p>Conformément à la Charte des droits de l'étudiant de l'Université McGill, chaque étudiant a le droit de soumettre en français ou en anglais tout travail écrit devant être noté, sauf dans le cas des cours dont l'un des objets est la maîtrise d'une langue.</p>