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Why Do Drug Dealers Still Live with Their Moms?

The two previous chapters were built around a pair of admittedly freakish questions: *What do schoolteachers and sumo wrestlers have in common?* and *How is the Ku Klux Klan like a group of real-estate agents?* But if you ask enough questions, strange as they seem at the time, you may eventually learn something worthwhile.

The first trick of asking questions is to determine if your question is a good one. Just because a question has never been asked does not make it good. Smart people have been asking questions for quite a few centuries now, so many of the questions that *haven't* been asked are bound to yield uninteresting answers.

But if you can question something that people really care about and find an answer that may surprise them—that is, if you can overturn the conventional wisdom—then you may have some luck.

It was John Kenneth Galbraith, the hyperliterate economic sage, who coined the phrase “conventional wisdom.” He did not consider it a compliment. “We associate truth with convenience,” he wrote,

“with what most closely accords with self-interest and personal well-being or promises best to avoid awkward effort or unwelcome dislocation of life. We also find highly acceptable what contributes most to self-esteem.” Economic and social behavior, Galbraith continued, “are complex, and to comprehend their character is mentally tiring. Therefore we adhere, as though to a raft, to those ideas which represent our understanding.”

So the conventional wisdom in Galbraith’s view must be simple, convenient, comfortable, and comforting—though not necessarily true. It would be silly to argue that the conventional wisdom is *never* true. But noticing where the conventional wisdom may be false—noticing, perhaps, the contrails of sloppy or self-interested thinking—is a nice place to start asking questions.

Consider the recent history of homelessness in the United States. In the early 1980s, an advocate for the homeless named Mitch Snyder took to saying that there were about 3 million homeless Americans. The public duly sat up and took notice. More than 1 of every 100 people were homeless? That sure seemed high, but . . . well, the expert said it. A heretofore quiescent problem was suddenly catapulted into the national consciousness. Snyder even testified before Congress about the magnitude of the problem. He also reportedly told a college audience that 45 homeless people die each second—which would mean a whopping 1.4 billion dead homeless every year. (The U.S. population at the time was about 225 million.) Assuming that Snyder misspoke or was misquoted and meant to say that *one* homeless person died *every forty-five seconds*, that’s still 701,000 dead homeless people every year—roughly one-third of all deaths in the United States. Hmm. Ultimately, when Snyder was pressed on his figure of 3 million homeless, he admitted that it was a fabrication. Journalists had been hounding him for a specific number, he said, and he hadn’t wanted them to walk away empty-handed.

It may be sad but not surprising to learn that experts like Snyder can be self-interested to the point of deceit. But they cannot deceive on their own. Journalists need experts as badly as experts need journalists. Every day there are newspaper pages and television newscasts to be filled, and an expert who can deliver a jarring piece of wisdom is always welcome. Working together, journalists and experts are the architects of much conventional wisdom.

Advertising too is a brilliant tool for creating conventional wisdom. Listerine, for instance, was invented in the nineteenth century as a powerful surgical antiseptic. It was later sold, in distilled form, as a floor cleaner and a cure for gonorrhea. But it wasn't a runaway success until the 1920s, when it was pitched as a solution for "chronic halitosis"—a then obscure medical term for bad breath. Listerine's new ads featured forlorn young women and men, eager for marriage but turned off by their mate's rotten breath. "Can I be happy with him in spite of *that?*" one maiden asked herself. Until that time, bad breath was not conventionally considered such a catastrophe. But Listerine changed that. As the advertising scholar James B. Twitchell writes, "Listerine did not make mouthwash as much as it made halitosis." In just seven years, the company's revenues rose from \$115,000 to more than \$8 million.

However created, the conventional wisdom can be hard to budge. Paul Krugman, the *New York Times* columnist and devout critic of George W. Bush, bemoaned this fact as the President's reelection campaign got under way in early 2004: "The approved story line about Mr. Bush is that he's a bluff, honest, plainspoken guy, and anecdotes that fit that story get reported. But if the conventional wisdom were instead that he's a phony, a silver-spoon baby who pretends to be a cowboy, journalists would have plenty of material to work with."

In the months leading up to U.S. invasion of Iraq in 2003, dueling

experts floated diametrically opposite forecasts about Iraq's weapons of mass destruction. But more often, as with Mitch Snyder's homeless "statistics," one side wins the war of conventional wisdom. Women's rights advocates, for instance, have hyped the incidence of sexual assault, claiming that one in three American women will in their lifetime be a victim of rape or attempted rape. (The actual figure is more like one in eight—but the advocates know it would take a callous person to publicly dispute their claims.) Advocates working for the cures of various tragic diseases regularly do the same. Why not? A little creative lying can draw attention, indignation, and—perhaps most important—the money and political capital to address the actual problem.

Of course an expert, whether a women's health advocate or a political advisor or an advertising executive, tends to have different incentives than the rest of us. And an expert's incentives may shift 180 degrees, depending on the situation.

Consider the police. A recent audit discovered that the police in Atlanta were radically underreporting crime since the early 1990s. The practice apparently began when Atlanta was working to land the 1996 Olympics. The city needed to shed its violent image, and fast. So each year thousands of crime reports were either downgraded from violent to nonviolent or simply thrown away. (Despite these continuing efforts—there were more than 22,000 missing police reports in 2002 alone—Atlanta regularly ranks among the most violent American cities.)

Police in other cities, meanwhile, were spinning a different story during the 1990s. The sudden, violent appearance of crack cocaine had police departments across the country scrapping for resources. They made it known that it wasn't a fair fight: the drug dealers were armed with state-of-the-art weapons and a bottomless supply of cash. This emphasis on illicit cash proved to be a winning effort, for

nothing infuriated the law-abiding populace more than the image of the millionaire crack dealer. The media eagerly glommed on to this story, portraying crack dealing as one of the most profitable jobs in America.

But if you were to have spent a little time around the housing projects where crack was so often sold, you might have noticed something strange: not only did most of the crack dealers still live in the projects, but most of them still lived at home with their moms. And then you may have scratched your head and said, “Why is that?”

The answer lies in finding the right data, and the secret to finding the right data usually means finding the right person—more easily said than done. Drug dealers are rarely trained in economics, and economists rarely hang out with crack dealers. So the answer to this question begins with finding someone who *did* live among the drug dealers and managed to walk away with the secrets of their trade.

Sudhir Venkatesh—his boyhood friends called him Sid, but he has since reverted to Sudhir—was born in India, raised in the suburbs of upstate New York and southern California, and graduated from the University of California at San Diego with a degree in mathematics. In 1989 he began to pursue his PhD in sociology at the University of Chicago. He was interested in understanding how young people form their identities; to that end, he had just spent three months following the Grateful Dead around the country. What he was not interested in was the grueling fieldwork that typifies sociology.

But his graduate advisor, the eminent poverty scholar William Julius Wilson, promptly sent Venkatesh into the field. His assignment: to visit Chicago’s poorest black neighborhoods with a clipboard and a seventy-question, multiple-choice survey. This was the first question on the survey:

How do you feel about being black and poor?

- a. Very bad
- b. Bad
- c. Neither bad nor good
- d. Somewhat good
- e. Very good

One day Venkatesh walked twenty blocks from the university to a housing project on the shore of Lake Michigan to administer his survey. The project comprised three sixteen-story buildings made of yellow-gray brick. Venkatesh soon discovered that the names and addresses he had been given were badly outdated. These buildings were condemned, practically abandoned. Some families lived on the lower floors, pirating water and electricity, but the elevators didn't work. Neither did the lights in the stairwell. It was late afternoon in early winter, nearly dark outside.

Venkatesh, who is a thoughtful, handsome, and well built but not aberrationally brave person, had made his way up to the sixth floor, trying to find someone willing to take his survey. Suddenly, on the stairwell landing, he startled a group of teenagers shooting dice. They turned out to be a gang of junior-level crack dealers who operated out of the building, and they were not happy to see him.

"I'm a student at the University of Chicago," Venkatesh sputtered, sticking to his survey script, "and I am administering—"

"Fuck you, nigger, what are you doing in our stairwell?"

There was an ongoing gang war in Chicago. Things had been violent lately, with shootings nearly every day. This gang, a branch of the Black Gangster Disciple Nation, was plainly on edge. They didn't know what to make of Venkatesh. He didn't *seem* to be a member of a rival gang. But maybe he was some kind of spy? He certainly wasn't a

cop. He wasn't black, wasn't white. He wasn't exactly threatening—he was armed only with his clipboard—but he didn't seem quite harmless either. Thanks to his three months trailing the Grateful Dead, he still looked, as he would later put it, “like a genuine freak, with hair down to my ass.”

The gang members started arguing over what should be done with Venkatesh. Let him go? But if he *did* tell the rival gang about this stairwell hangout, they'd be susceptible to a surprise attack. One jittery kid kept wagging something back and forth in his hands—in the dimming light, Venkatesh eventually realized it was a gun—and muttering, “Let me have him, let me have him.” Venkatesh was very, very scared.

The crowd grew, bigger and louder. Then an older gang member appeared. He snatched the clipboard from Venkatesh's hands and, when he saw that it was a written questionnaire, looked puzzled.

“I can't read any of this shit,” he said.

“That's because you can't *read*,” said one of the teenagers, and everyone laughed at the older gangster.

He told Venkatesh to go ahead and ask him a question from the survey. Venkatesh led with the how-does-it-feel-to-be-black-and-poor question. It was met with a round of guffaws, some angrier than others. As Venkatesh would later tell his university colleagues, he realized that the multiple-choice answers A through E were insufficient. In reality, he now knew, the answers should have looked like this:

- a. Very bad
- b. Bad
- c. Neither bad nor good
- d. Somewhat good
- e. Very good
- f. Fuck you

Just as things were looking their bleakest for Venkatesh, another man appeared. This was J. T., the gang's leader. J. T. wanted to know what was going on. Then he told Venkatesh to read him the survey question. He listened but then said he couldn't answer the question because he wasn't black.

"Well then," Venkatesh said, "how does it feel to be *African American* and poor?"

"I ain't no African American either, you idiot. I'm a *nigger*." J. T. then administered a lively though not unfriendly taxonomical lesson in "nigger" versus "African American" versus "black." When he was through, there was an awkward silence. Still nobody seemed to know what to do with Venkatesh. J. T., who was in his late twenties, had cooled down his subordinates, but he didn't seem to want to interfere directly with their catch. Darkness fell and J. T. left. "People don't come out of here alive," the jittery teenager with the gun told Venkatesh. "You know that, don't you?"

As night deepened, his captors eased up. They gave Venkatesh one of their beers, and then another and another. When he had to pee, he went where they went—on the stairwell landing one floor up. J. T. stopped by a few times during the night but didn't have much to say. Daybreak came and then noon. Venkatesh would occasionally try to discuss his survey, but the young crack dealers just laughed and told him how stupid his questions were. Finally, nearly twenty-four hours after Venkatesh stumbled upon them, they set him free.

He went home and took a shower. He was relieved but he was also curious. It struck Venkatesh that most people, including himself, had never given much thought to the daily life of ghetto criminals. He was now eager to learn how the Black Disciples worked, from top to bottom.

After a few hours, he decided to walk back to the housing project. By now he had thought of some better questions to ask.

Having seen firsthand that the conventional method of data gathering was in this case absurd, Venkatesh vowed to scrap his questionnaire and embed himself with the gang. He tracked down J. T. and sketched out his proposal. J. T. thought Venkatesh was crazy, literally—a university student wanting to cozy up to a crack gang? But he also admired what Venkatesh was after. As it happened, J. T. was a college graduate himself, a business major. After college, he had taken a job in the Loop, working in the marketing department of a company that sold office equipment. But he felt so out of place there—like a white man working at Afro Sheen headquarters, he liked to say—that he quit. Still, he never forgot what he learned. He knew the importance of collecting data and finding new markets; he was always on the lookout for better management strategies. It was no coincidence, in other words, that J. T. was the leader of this crack gang. He was bred to be a boss.

After some wrangling, J. T. promised Venkatesh unfettered access to the gang's operations as long as J. T. retained veto power over any information that, if published, might prove harmful.

When the yellow-gray buildings on the lakefront were demolished, shortly after Venkatesh's first visit, the gang relocated to another housing project even deeper in Chicago's south side. For the next six years, Venkatesh practically lived there. Under J. T.'s protection he watched the gang members up close, at work and at home. He asked endless questions. Sometimes the gangsters were annoyed by his curiosity; more often they took advantage of his willingness to listen. "It's a war out here, man," one dealer told him. "I mean, every day people struggling to survive, so you know, we just do what we can. We ain't got no choice, and if that means getting killed, well shit, it's what niggers do around here to feed their family."

Venkatesh would move from one family to the next, washing their dinner dishes and sleeping on the floor. He bought toys for their

children; he once watched a woman use her baby's bib to sop up the blood of a teenaged drug dealer who was shot to death in front of Venkatesh. William Julius Wilson, back at the U. of C., was having regular nightmares on Venkatesh's behalf.

Over the years the gang endured bloody turf wars and, eventually, a federal indictment. A member named *Booty*, who was one rank beneath J. T., came to Venkatesh with a story. *Booty* was being blamed by the rest of the gang for bringing about the indictment, he told Venkatesh, and therefore suspected that he would soon be killed. (He was right.) But first *Booty* wanted to do a little atoning. For all the gang's talk about how crack dealing didn't do any harm—they even liked to brag that it kept black money in the black community—*Booty* was feeling guilty. He wanted to leave behind something that might somehow benefit the next generation. He handed Venkatesh a stack of well-worn spiral notebooks—blue and black, the gang's colors. They represented a complete record of four years' worth of the gang's financial transactions. At J. T.'s direction, the ledgers had been rigorously compiled: sales, wages, dues, even the death benefits paid out to the families of murdered members.

At first Venkatesh didn't even want the notebooks. What if the Feds found out he had them—perhaps he'd be indicted too? Besides, what was he supposed to do with the data? Despite his math background, he had long ago stopped thinking in numbers.

Upon completing his graduate work at the University of Chicago, Venkatesh was awarded a three-year stay at Harvard's Society of Fellows. Its environment of sharp thinking and bonhomie—the walnut paneling, the sherry cart once owned by Oliver Wendell Holmes—delighted Venkatesh. He went so far as to become the society's wine steward. And yet he regularly left Cambridge, returning again and again to the crack gang in Chicago. This street-level research made

Venkatesh something of an anomaly. Most of the other young Fellows were dyed-in-the-tweed intellectuals who liked to pun in Greek.

One of the society's aims was to bring together scholars from various fields who might not otherwise have occasion to meet. Venkatesh soon encountered another anomalous young Fellow, one who also failed the society stereotype. This one happened to be an economist who, instead of thinking grand macro thoughts, favored his own list of offbeat micro curiosities. At the very top of his list was crime. And so, within ten minutes of their meeting, Sudhir Venkatesh told Steven Levitt about the spiral notebooks from Chicago and they decided to collaborate on a paper. It would be the first time that such priceless financial data had fallen into an economist's hands, affording an analysis of a heretofore uncharted criminal enterprise.

So how *did* the gang work? An awful lot like most American businesses, actually, though perhaps none more so than McDonald's. In fact, if you were to hold a McDonald's organizational chart and a Black Disciples org chart side by side, you could hardly tell the difference.

The gang that Venkatesh had fallen in with was one of about a hundred branches—franchises, really—of a larger Black Disciples organization. J. T., the college-educated leader of his franchise, reported to a central leadership of about twenty men that was called, without irony, the board of directors. (At the same time that white suburbanites were studiously mimicking black rappers' ghetto culture, black ghetto criminals were studiously mimicking the suburbanites' dads' corp-think.) J. T. paid the board of directors nearly 20 percent of his revenues for the right to sell crack in a designated twelve-square-block area. The rest of the money was his to distribute as he saw fit.

Three officers reported directly to J. T.: an enforcer (who ensured the gang members' safety), a treasurer (who watched over the gang's

liquid assets), and a runner (who transported large quantities of drugs and money to and from the supplier). Beneath the officers were the street-level salesmen known as foot soldiers. The goal of a foot soldier was to someday become an officer. J. T. might have had anywhere from twenty-five to seventy-five foot soldiers on his payroll at any given time, depending on the time of year (autumn was the best crack-selling season; summer and Christmastime were slow) and the size of the gang's territory (which doubled at one point when the Black Disciples engineered a hostile takeover of a rival gang's turf). At the very bottom of J. T.'s organization were as many as two hundred members known as the rank and file. They were not employees at all. They did, however, pay dues to the gang—some for protection from rival gangs, others for the chance to eventually earn a job as a foot soldier.

The four years recorded in the gang's notebooks coincided with the peak years of the crack boom, and business was excellent. J. T.'s franchise quadrupled its revenues during this period. In the first year, it took in an average of \$18,500 each month; by the final year, it was collecting \$68,400 a month. Here's a look at the monthly revenues in the third year:

| | |
|------------------------|--------------|
| Drug sales | \$24,800 |
| Dues | 5,100 |
| Extortionary taxes | <u>2,100</u> |
| Total monthly revenues | \$32,000 |

“Drug sales” represents only the money from dealing crack cocaine. The gang did allow some rank-and-file members to sell heroin on its turf but accepted a fixed licensing fee in lieu of a share of profits. (This was off-the-books money and went straight into J. T.'s pocket; he probably skimmed from other sources as well.) The \$5,100 in dues came from rank-and-file members only, since full gang mem-

bers didn't pay dues. The extortionary taxes were paid by other businesses that operated on the gang's turf, including grocery stores, gypsy cabs, pimps, and people selling stolen goods or repairing cars on the street.

Now, here's what it cost J. T., excluding wages, to bring in that \$32,000 per month:

| | |
|-----------------------------|--------------|
| Wholesale cost of drugs | \$ 5,000 |
| Board of directors fee | 5,000 |
| Mercenary fighters | 1,300 |
| Weapons | 300 |
| Miscellaneous | <u>2,400</u> |
| Total monthly nonwage costs | \$14,000 |

Mercenary fighters were nonmembers hired on short-term contracts to help the gang fight turf wars. The cost of weapons is small here because the Black Disciples had a side deal with local gunrunners, helping them navigate the neighborhood in exchange for free or steeply discounted guns. The miscellaneous expenses include legal fees, parties, bribes, and gang-sponsored "community events." (The Black Disciples worked hard to be seen as a pillar rather than a scourge of the housing-project community.) The miscellaneous expenses also include the costs associated with a gang member's murder. The gang not only paid for the funeral but often gave a stipend of up to three years' wages to the victim's family. Venkatesh had once asked why the gang was so generous in this regard. "That's a fucking stupid question," he was told, "'cause as long as you been with us, you still don't understand that their families is our families. We can't just leave 'em out. We been knowing these folks our whole lives, man, so we grieve when they grieve. You got to respect the family." There was another reason for the death benefits: the gang feared community back-

lash (its enterprise was plainly a destructive one) and figured it could buy some goodwill for a few hundred dollars here and there.

The rest of the money the gang took in went to its members, starting with J. T. Here is the single line item in the gang’s budget that made J. T. the happiest:

| | |
|---------------------------------------|---------|
| Net monthly profit accruing to leader | \$8,500 |
|---------------------------------------|---------|

At \$8,500 per month, J. T.’s annual salary was about \$100,000—tax-free, of course, and not including the various off-the-books money he pocketed. This was a lot more than he earned at his short-lived office job in the Loop. And J. T. was just one of roughly 100 leaders at this level within the Black Disciples network. So there were indeed some drug dealers who could afford to live large, or—in the case of the gang’s board of directors—*extremely* large. Each of those top 20 bosses stood to earn about \$500,000 a year. (A third of them, however, were typically imprisoned at any time, a significant downside of an up position in an illicit industry.)

So the top 120 men on the Black Disciples’ pyramid were paid very well. But the pyramid they sat atop was gigantic. Using J. T.’s franchise as a yardstick—3 officers and roughly 50 foot soldiers—there were some 5,300 other men working for those 120 bosses. Then there were another 20,000 unpaid rank-and-file members, many of whom wanted nothing more than an opportunity to become a foot soldier. They were even willing to pay gang dues to have their chance.

And how well did that dream job pay? Here are the monthly totals for the wages that J. T. paid his gang members:

| | |
|---|--------------|
| Combined wages paid to all three officers | \$2,100 |
| Combined wages paid to all foot soldiers | <u>7,400</u> |
| Total monthly gang wages (excluding leader) | \$9,500 |

So J. T. paid his employees \$9,500, a *combined* monthly salary that was only \$1,000 more than his own official salary. J. T.'s hourly wage was \$66. His three officers, meanwhile, each took home \$700 a month, which works out to about \$7 an hour. And the foot soldiers earned just \$3.30 an hour, less than the minimum wage. So the answer to the original question—if drug dealers make so much money, why are they still living with their mothers?—is that, except for the top cats, they *don't* make much money. They had no choice but to live with their mothers. For every big earner, there were hundreds more just scraping along. The top 120 men in the Black Disciples gang represented just 2.2 percent of the full-fledged gang membership but took home well more than half the money.

In other words, a crack gang works pretty much like the standard capitalist enterprise: you have to be near the top of the pyramid to make a big wage. Notwithstanding the leadership's rhetoric about the family nature of the business, the gang's wages are about as skewed as wages in corporate America. A foot soldier had plenty in common with a McDonald's burger flipper or a Wal-Mart shelf stocker. In fact, most of J. T.'s foot soldiers also held minimum-wage jobs in the legitimate sector to supplement their skimpy illicit earnings. The leader of another crack gang once told Venkatesh that he could easily afford to pay his foot soldiers more, but it wouldn't be prudent. "You got all these niggers below you who want your job, you dig?" he said. "So, you know, you try to take care of them, but you know, you also have to show them you the boss. You always have to get yours first, or else you really ain't no leader. If you start taking losses, they see you as weak and shit."

Along with the bad pay, the foot soldiers faced terrible job conditions. For starters, they had to stand on a street corner all day and do business with crackheads. (The gang members were strongly advised against using the product themselves, advice that was enforced by beatings if necessary.) Foot soldiers also risked arrest and, more worri-

some, violence. Using the gang's financial documents and the rest of Venkatesh's research, it is possible to construct an adverse-events index of J. T.'s gang during the four years in question. The results are astonishingly bleak. If you were a member of J. T.'s gang for all four years, here is the typical fate you would have faced during that period:

| | |
|---|--------|
| Number of times arrested | 5.9 |
| Number of nonfatal wounds or injuries (not including injuries meted out by the gang itself for rules violations) | 2.4 |
| Chance of being killed | 1 in 4 |

A 1-in-4 chance of being killed! Compare these odds to being a timber cutter, which the Bureau of Labor Statistics calls the most dangerous job in the United States. Over four years' time, a timber cutter would stand only a 1-in-200 chance of being killed. Or compare the crack dealer's odds to those of a death row inmate in Texas, which executes more prisoners than any other state. In 2003, Texas put to death twenty-four inmates—or just 5 percent of the nearly 500 inmates on its death row during that time. Which means that you stand a greater chance of dying while dealing crack in a Chicago housing project than you do while sitting on death row in Texas.

So if crack dealing is the most dangerous job in America, and if the salary is only \$3.30 an hour, why on earth would anyone take such a job?

Well, for the same reason that a pretty Wisconsin farm girl moves to Hollywood. For the same reason that a high-school quarterback wakes up at 5 a.m. to lift weights. They all want to succeed in an extremely competitive field in which, if you reach the top, you are paid a fortune (to say nothing of the attendant glory and power).

To the kids growing up in a housing project on Chicago's south side, crack dealing was a glamour profession. For many of them, the job of gang boss—highly visible and highly lucrative—was easily the best job they thought they had access to. Had they grown up under different circumstances, they might have thought about becoming economists or writers. But in the neighborhood where J. T.'s gang operated, the path to a decent legitimate job was practically invisible. Fifty-six percent of the neighborhood's children lived below the poverty line (compared to a national average of 18 percent). Seventy-eight percent came from single-parent homes. Fewer than 5 percent of the neighborhood's adults had a college degree; barely one in three adult men worked at all. The neighborhood's median income was about \$15,000 a year, well less than half the U.S. average. During the years that Venkatesh lived with J. T.'s gang, foot soldiers often asked his help in landing what they called "a good job": working as a janitor at the University of Chicago.

The problem with crack dealing is the same as in every other glamour profession: a lot of people are competing for a very few prizes. Earning big money in the crack gang wasn't much more likely than the Wisconsin farm girl becoming a movie star or the high-school quarterback playing in the NFL. But criminals, like everyone else, respond to incentives. So if the prize is big enough, they will form a line down the block just hoping for a chance. On the south side of Chicago, people wanting to sell crack vastly outnumbered the available street corners.

These budding drug lords bumped up against an immutable law of labor: when there are a lot of people willing and able to do a job, that job generally doesn't pay well. This is one of four meaningful factors that determine a wage. The others are the specialized skills a job requires, the unpleasantness of a job, and the demand for services that the job fulfills.

The delicate balance between these factors helps explain why, for instance, the typical prostitute earns more than the typical architect. It may not seem as though she should. The architect would appear to be more skilled (as the word is usually defined) and better educated (again, as usually defined). But little girls don't grow up dreaming of becoming prostitutes, so the supply of potential prostitutes is relatively small. Their skills, while not necessarily "specialized," are practiced in a very specialized context. The job is unpleasant and forbidding in at least two significant ways: the likelihood of violence and the lost opportunity of having a stable family life. As for demand? Let's just say that an architect is more likely to hire a prostitute than vice versa.

In the glamour professions—movies, sports, music, fashion—there is a different dynamic at play. Even in second-tier glamour industries like publishing, advertising, and media, swarms of bright young people throw themselves at grunt jobs that pay poorly and demand unstinting devotion. An editorial assistant earning \$22,000 at a Manhattan publishing house, an unpaid high-school quarterback, and a teenage crack dealer earning \$3.30 an hour are all playing the same game, a game that is best viewed as a tournament.

The rules of a tournament are straightforward. You must start at the bottom to have a shot at the top. (Just as a Major League shortstop probably played Little League and just as a Grand Dragon of the Ku Klux Klan probably started out as a lowly spear-carrier, a drug lord typically began by selling drugs on a street corner.) You must be willing to work long and hard at substandard wages. In order to advance in the tournament, you must prove yourself not merely above average but spectacular. (The way to distinguish yourself differs from profession to profession, of course; while J. T. certainly monitored his foot soldiers' sales performance, it was their force of personality that really counted—more than it would for, say, a shortstop.) And finally, once

you come to the sad realization that you will never make it to the top, you will quit the tournament. (Some people hang on longer than others—witness the graying “actors” who wait tables in New York—but people generally get the message quite early.)

Most of J. T.’s foot soldiers were unwilling to stay foot soldiers for long after they realized they weren’t advancing. Especially once the shooting started. After several relatively peaceful years, J. T.’s gang got involved in a turf war with a neighboring gang. Drive-by shootings became a daily event. For a foot soldier—the gang’s man on the street—this development was particularly dangerous. The nature of the business demanded that customers be able to find him easily and quickly; if he hid from the other gang, he couldn’t sell his crack.

Until the gang war, J. T.’s foot soldiers had been willing to balance the risky, low-paying job with the reward of advancement. But as one foot soldier told Venkatesh, he now wanted to be compensated for the added risk: “Would you stand around here when all this shit is going on? No, right? So if I gonna be asked to put my life on the line, then front me the cash, man. Pay me more ’cause it ain’t worth my time to be here when they’re warring.”

J. T. hadn’t wanted this war. For one thing, he was forced to pay his foot soldiers higher wages because of the added risk. Far worse, gang warfare was bad for business. If Burger King and McDonald’s launch a price war to gain market share, they partly make up in volume what they lose in price. (Nor is anyone getting shot.) But with a gang war, sales plummet because customers are so scared of the violence that they won’t come out in the open to buy their crack. In every way, war was expensive for J. T.

So why did he start the war? As a matter of fact, he didn’t. It was his foot soldiers who started it. It turns out that a crack boss didn’t have as much control over his subordinates as he would have liked. That’s because they had different incentives.

For J. T., violence was a distraction from the business at hand; he would have preferred that his members never fired a single gunshot. For a foot soldier, however, violence served a purpose. One of the few ways that a foot soldier could distinguish himself—and advance in the tournament—was by proving his mettle for violence. A killer was respected, feared, talked about. A foot soldier's incentive was to make a name for himself; J. T.'s incentive was, in effect, to keep the foot soldiers from doing so. "We try to tell these shorties that they belong to a serious organization," he once told Venkatesh. "It ain't all about killing. They see these movies and shit, they think it's all about running around tearing shit up. But it's not. You've got to learn to be part of an organization; you can't be fighting all the time. It's bad for business."

In the end, J. T. prevailed. He oversaw the gang's expansion and ushered in a new era of prosperity and relative peace. J. T. was a winner. He was paid well because so few people could do what he did. He was a tall, good-looking, smart, tough man who knew how to motivate people. He was shrewd too, never tempting arrest by carrying guns or cash. While the rest of his gang lived in poverty with their mothers, J. T. had several homes, several women, several cars. He also had his business education, of course. He constantly worked to extend this advantage. That was why he ordered the corporate-style bookkeeping that eventually found its way into Sudhir Venkatesh's hands. No other franchise leader had ever done such a thing. J. T. once showed his ledgers to the board of directors to prove, as if proof were needed, the extent of his business acumen.

And it worked. After six years running his local gang, J. T. was promoted to the board of directors. He was now thirty-four years old. He had won the tournament. But this tournament had a catch that publishing and pro sports and even Hollywood don't have. Selling drugs, after all, is illegal. Not long after he made the board of directors, the

Black Disciples were essentially shut down by a federal indictment—the same indictment that led the gangster named Booty to turn over his notebooks to Venkatesh—and J. T. was sent to prison.

Now for another unlikely question: what did crack cocaine have in common with nylon stockings?

In 1939, when DuPont introduced nylons, countless American women felt as if a miracle had been performed in their honor. Until then, stockings were made of silk, and silk was delicate, expensive, and in ever shorter supply. By 1941, some sixty-four million pairs of nylon stockings had been sold—more stockings than there were adult women in the United States. They were easily affordable, immensely appealing, practically addictive.

DuPont had pulled off the feat that every marketer dreams of: it brought class to the masses. In this regard, the invention of nylon stockings was markedly similar to the invention of crack cocaine.

In the 1970s, if you were the sort of person who did drugs, there was no classier drug than cocaine. Beloved by rock stars and movie stars, ballplayers and even the occasional politician, cocaine was a drug of power and panache. It was clean, it was white, it was pretty. Heroin was droopy and pot was foggy but cocaine provided a beautiful high.

Alas, it was also very expensive. Nor did the high last long. This led cocaine users to try jacking up the drug's potency. They did this primarily by freebasing—adding ammonia and ethyl ether to cocaine hydrochloride, or powdered cocaine, and burning it to free up the “base” cocaine. But this could be dangerous. As Richard Pryor famously proved—he nearly killed himself while freebasing—chemistry is best left to chemists.

Meanwhile, cocaine dealers and aficionados across the country,

and perhaps also in the Caribbean and South America, were working on a safer version of distilled cocaine. They found that mixing powdered cocaine in a saucepan with baking soda and water, and then cooking off the liquid, produced tiny rocks of smokeable cocaine. It came to be called crack for the crackling sound the baking soda made when it was burned. More affectionate nicknames would soon follow: Rock, Kryptonite, Kibbles 'n Bits, Scrabble, and Love. By the early 1980s, the class drug was ready for the masses. Now only two things were needed to turn crack into a phenomenon: an abundant supply of raw cocaine and a way to get the new product to a mass market.

The cocaine was easy to come by, for the invention of crack coincided with a Colombian cocaine glut. During the late 1970s, the wholesale price of cocaine in the United States fell dramatically, even as its purity was rising. One man, a Nicaraguan émigré named Oscar Danilo Bandon, was suspected of importing far more Colombian cocaine than anyone else. Bandon did so much business with the budding crack dealers of South Central Los Angeles that he came to be known as the Johnny Appleseed of Crack. Bandon would later claim that he was selling the cocaine to raise money for the CIA-sponsored Contras back home in Nicaragua. He liked to say that the CIA was in turn watching his back in the United States, allowing him to sell cocaine with impunity. This claim would spark a belief that still seethes to this day, especially among urban blacks, that the CIA itself was the chief sponsor of the American crack trade.

Verifying that claim is beyond the purview of this book. What *is* demonstrably true is that Oscar Danilo Bandon helped establish a link—between Colombian cocaine cartels and inner-city crack merchants—that would alter American history. By putting massive amounts of cocaine into the hands of street gangs, Bandon and others like him gave rise to a devastating crack boom. And gangs like the Black Gangster Disciple Nation were given new reason to exist.

As long as there have been cities, there have been gangs of one sort or another. In the United States, gangs have traditionally been a sort of halfway house for recent immigrants. In the 1920s, Chicago alone had more than 1,300 street gangs, catering to every ethnic, political, and criminal leaning imaginable. As a rule, gangs would prove much better at making mayhem than money. Some fancied themselves commercial enterprises, and a few—the Mafia, most notably—actually did make money (at least for the higher-ups). But most gangsters were, as the cliché assures us, two-bit gangsters.

Black street gangs in particular flourished in Chicago, with membership in the tens of thousands by the 1970s. They constituted the sort of criminals, petty and otherwise, who sucked the life out of urban areas. Part of the problem was that these criminals never seemed to get locked up. The 1960s and 1970s were, in retrospect, a great time to be a street criminal in most American cities. The likelihood of punishment was so low—this was the heyday of a liberal justice system and the criminals’ rights movement—that it simply didn’t cost very much to commit a crime.

By the 1980s, however, the courts had begun to radically reverse that trend. Criminals’ rights were curtailed and stricter sentencing guidelines put in place. More and more of Chicago’s black gangsters were getting sent to federal prisons. By happy coincidence, some of their fellow inmates were Mexican gang members with close ties to Colombian drug dealers. In the past, the black gangsters had bought their drugs from a middleman, the Mafia—which, as it happened, was then being pummeled by the federal government’s new anti-racketeering laws. But by the time crack came to Chicago, the black gangsters had made the connections to buy their cocaine directly from Colombian dealers.

Cocaine had never been a big seller in the ghetto: it was too expensive. But that was before the invention of crack. This new product was

ideal for a low-income, street-level customer. Because it required such a tiny amount of pure cocaine, one hit of crack cost only a few dollars. Its powerful high reached the brain in just a few seconds—and then faded fast, sending the user back for more. From the outset, crack was bound to be a huge success.

And who better to sell it than the thousands of junior members of all those street gangs like the Black Gangster Disciple Nation? The gangs already owned the territory—real estate was, in essence, their core business—and they were suitably menacing to keep customers from even thinking about ripping them off. Suddenly the urban street gang evolved from a club for wayward teenagers into a true commercial enterprise.

The gang also presented an opportunity for longtime employment. Before crack, it was just about impossible to earn a living in a street gang. When it was time for a gangster to start supporting a family, he would have to quit. There was no such thing as a thirty-year-old gangster: he was either working a legitimate job, dead, or in prison. But with crack, there was real money to be made. Instead of moving on and making way for the younger gangsters to ascend, the veterans stayed put. This was happening just as the old-fashioned sort of lifetime jobs—factory jobs especially—were disappearing. In the past, a semi-skilled black man in Chicago could earn a decent wage working in a factory. With that option narrowing, crack dealing looked even better. How hard could it be? The stuff was so addictive that a fool could sell it.

Who cared if the crack game was a tournament that only a few of them could possibly win? Who cared if it was so dangerous—standing out there on a corner, selling it as fast and anonymously as McDonald's sells hamburgers, not knowing any of your customers, wondering who might be coming to arrest or rob or kill you? Who cared if your product got twelve-year-olds and grandmothers and

preachers so addicted that they stopped thinking about anything except their next hit? Who cared if crack killed the neighborhood?

For black Americans, the four decades between World War II and the crack boom had been marked by steady and often dramatic improvement. Particularly since the civil rights legislation of the mid-1960s, the telltale signs of societal progress had finally taken root among black Americans. The black-white income gap was shrinking. So was the gap between black children's test scores and those of white children. Perhaps the most heartening gain had been in infant mortality. As late as 1964, a black infant was twice as likely to die as a white infant, often of a cause as basic as diarrhea or pneumonia. With segregated hospitals, many black patients received what amounted to Third World care. But that changed when the federal government ordered the hospitals to be desegregated: within just seven years, the black infant mortality rate had been cut in half. By the 1980s, virtually every facet of life was improving for black Americans, and the progress showed no sign of stopping.

Then came crack.

While crack use was hardly a black-only phenomenon, it hit black neighborhoods much harder than most. The evidence can be seen by measuring the same indicators of societal progress cited above. After decades of decline, black infant mortality began to soar in the 1980s, as did the rate of low-birthweight babies and parent abandonment. The gap between black and white schoolchildren widened. The number of blacks sent to prison tripled. Crack was so dramatically destructive that if its effect is averaged for all black Americans, not just crack users and their families, you will see that the group's postwar progress was not only stopped cold but was often knocked as much as ten years backward. Black Americans were hurt more by crack cocaine than by any other single cause since Jim Crow.

And then there was the crime. Within a five-year period, the homi-

cide rate among young urban blacks *quadrupled*. Suddenly it was just as dangerous to live in parts of Chicago or St. Louis or Los Angeles as it was to live in Bogotá.

The violence associated with the crack boom was various and relentless. It coincided with an even broader American crime wave that had been building for two decades. Although the rise of this crime wave long predated crack, the trend was so exacerbated by crack that criminologists got downright apocalyptic in their predictions. James Alan Fox, perhaps the most widely quoted crime expert in the popular press, warned of a coming “bloodbath” of youth violence.

But Fox and the other purveyors of conventional wisdom were wrong. The bloodbath did not materialize. The crime rate in fact began to fall—so unexpectedly and dramatically and thoroughly that now, from the distance of several years, it is almost hard to recall the crushing grip of that crime wave.

Why did it fall?

For a few reasons, but one of them more surprising than the rest. Oscar Danilo Bandon, the so-called Johnny Appleseed of Crack, may have been the instigator of one ripple effect, in which by his actions a single person inadvertently causes an ocean of despair. But unbeknownst to just about everybody, another remarkably powerful ripple effect—this one moving in the opposite direction—had just come into play.

In Levitt's abortion paper, published in 2001, he and his co-author John Donohue warned that their findings "should not be misinterpreted as either an endorsement of abortion or a call for intervention by the state in the fertility decisions of women." They even suggested that crime might just as easily be curbed by "providing better environments for those children at greatest risk for future crime."

Still, the very topic managed to offend just about everyone. Conservatives were enraged that abortion could be construed as a crime-fighting tool. Liberals were aghast that poor and black women were singled out. Economists grumbled that Levitt's methodology was not sound. As the media gorged on the abortion-crime story, Levitt came under direct assault. He was called an ideologue (by conservatives and liberals alike), a eugenicist, a racist, and downright evil.

In reality, he seems to be very much none of those. He has little taste for politics and even less for moralizing. He is genial, low-key and unflappable, confident but not cocky. He speaks with a considerable lisp. His appearance is High Nerd: a plaid button-down shirt, nondescript khakis and a braided belt, brown

sensible shoes. His pocket calendar is branded with the National Bureau of Economic Research logo. "I wish he would get more than three haircuts a year," says his wife, Jeannette, "and that he wasn't still wearing the same glasses he got fifteen years ago, which weren't even in fashion then." He was a good golfer in high school but has so physically atrophied that he calls himself "the weakest human being alive" and asks Jeannette to open jars around the house.

There is nothing in his appearance or manner, in other words, that suggests a flamethrower.

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