

Objectives

after completing this lesson, YOU will be able to



- » Define the term **white-collar crime**; and
- » Understand how researchers and others have *used the term*.

For this lesson, please read:

- » Rosoff, Pontell and Tillman, *White-collar Crime*:

- **Chapter 1. Introduction**

- » Pontell and Shichor, *Contemporary Issues in Crime and Criminal Justice*:

- **Meier, "Geis, Sutherland and White-collar Crime."**

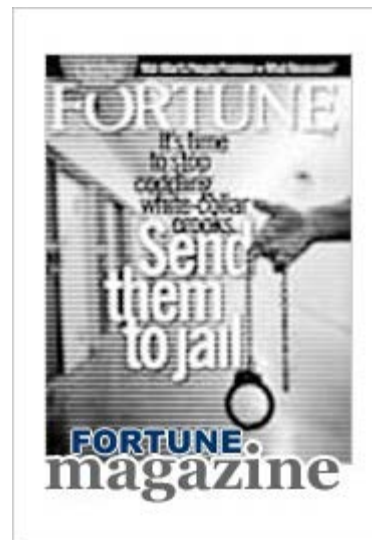
This course is designed to familiarize you with what is commonly referred to as

white-collar crime.

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As you will soon learn, this topic is seen and considered in various ways by the **public, scholars, the legal profession**, and those who work in the criminal justice system.

We will consider a number of areas of interest, including *definitional issues, the origins and usefulness of the term white-collar crime, victimization issues, costs to society, forms of white-collar crime, etiological concerns, and social control issues related to prevention, enforcement, sanctioning, and social control.*



This lesson will explore many types of economic crimes and frauds.

We'll pay particular attention to two of the most costly sets of white-collar crimes in history: ***the savings and loan debacle of the 1980s and the more recent corporate and accounting scandals of 2002***, which led to the meltdown of worldwide financial markets and trillions of dollars in losses.



After your successful completion of this course, you will have an **excellent fundamental background in the area of white-collar crime**. You will also understand why this topic is important in the study of crime, as well as how it relates to society more generally.

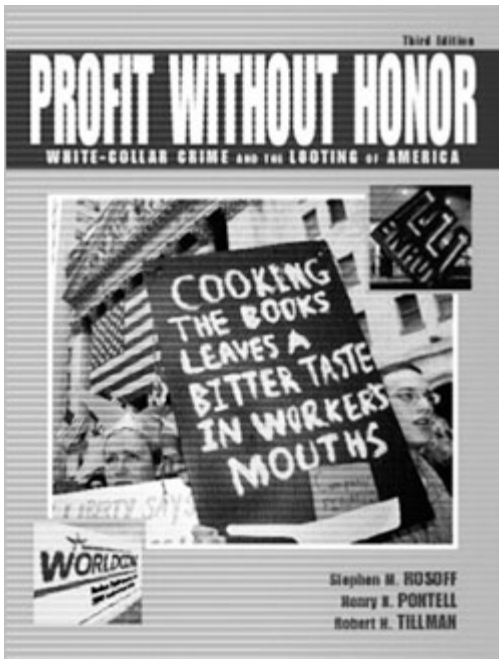
We hope you will find interesting and new material here that helps inform not only your viewpoints about crime and its control, but your future studies as well.

The two required books for the course include all of the necessary readings:

1.

Profit Without Honor: White-Collar Crime and the Looting of America (3rd Edition),

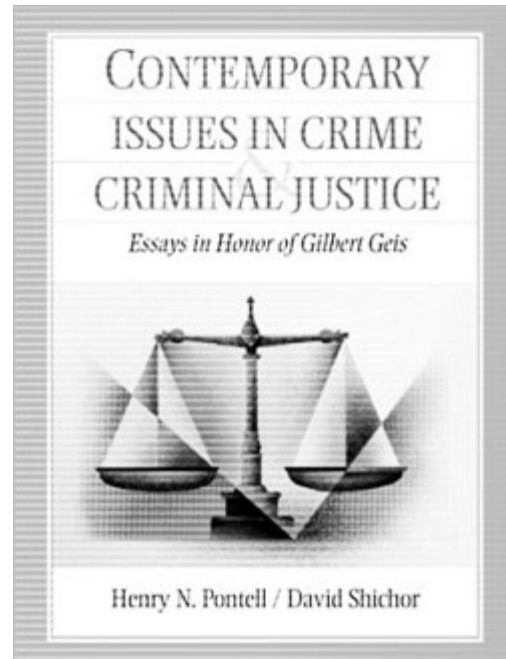
by Stephen Rosoff, Henry Pontell, and Robert Tillman.



2.

Contemporary Issues in Crime and Criminal Justice: Essays in Honor of Gilbert Geis,

by Henry Pontell and David Shichor (editors).



You'll find the assigned readings at the beginning of each lesson.

"White-collar crime: *What is it?*"

This question — and the title of our topic — was actually used by the world-renowned scholar, **Gilbert Geis** — *one of the foremost authorities on crime and criminal justice* — in a recent review article on the topic of white-collar crime.

It is similar to a title used by **Edwin Sutherland**, who created the term over a half-century ago — "*Is White-Collar Crime, Crime?*" — as he attempted to justify his conceptualization of the term in the criminological lexicon.



Why is this relevant?

The reasons are a good starting point for our course.

First, the original formulation of the term, *white-collar crime*, has never been completely satisfactory for some, as we will discuss soon.

» **Second**, it has come to mean different things to persons in different social and academic quarters, as we will also investigate.

» **Third**, the forms of white-collar crime continue to evolve, and new crimes have recently come to the fore — especially with the advent of computers and the proliferation of the Internet, which we will also spend time discussing in this course.

» **Finally**, it is quite telling that, after a half-century of existence and use of the term white-collar crime, one of its most famous scholars would find it necessary to again set the record straight as to what it actually "is."

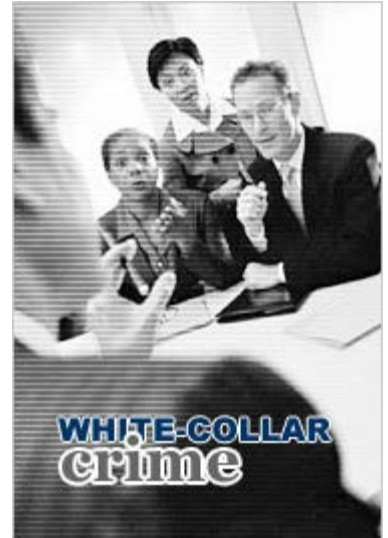
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Such is the mixture of confusion, misuse, and controversy that surrounds the subject matter of this course.

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White-collar crime may seem to you like an intellectually exciting area that should attract many **scholars** — not only in criminology, but in related fields such as **sociology, business, or economics**. But as we shall see, despite its importance as a social problem and its inherent complexities as a phenomenon, ***white-collar crime has not occupied a central place in criminology, related disciplines, or public policy discussions.***



In fact, *almost the opposite* is the case: White-collar crime **does not have a central place in academic or public policy circles** (with the exception of times of necessary discussions after major debacles).



The truth is, it has essentially been relegated to the fringes of social science. Despite its massive costliness to society, **very few criminologists work in this area.**

As a colleague once jokingly observed,



*If criminology is the bastard stepchild of sociology,
then white-collar crime is the bastard stepchild of criminology!*



Forum *discussion*



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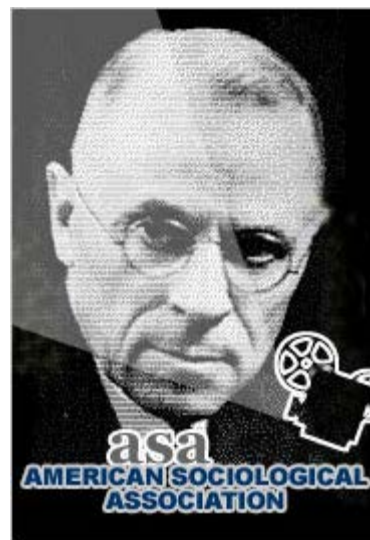


Given what we have just discussed, and the readings for this lesson, *why do you think **white-collar crime receives so little attention** in the field of criminology and in social science in general?*

» Discuss your ideas with your classmates in the Forum.

Edwin Sutherland introduced the term white-collar crime in his **1939 Presidential Address to the American Sociological Society**. It garnered much media attention, a rare occurrence for sociologists. It also created controversy and debate in academic circles, however short-lived.

As a related historical sidenote, the **American Sociological Society (ASS)** later (finally!) changed its name to the **American Sociological Association (ASA)**.

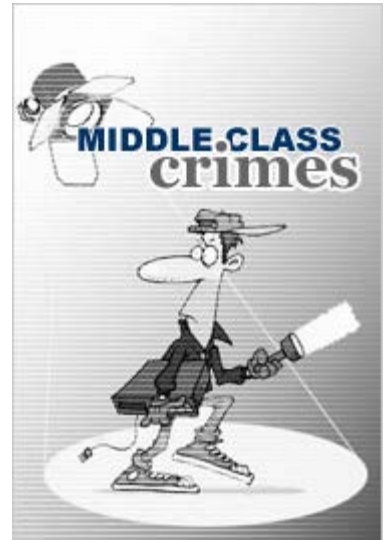


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Both the term and the reality of white-collar crime have broadened the scope of traditional criminology and sociology to include acts that — both then and now — are a rather small segment of what most social scientists study.

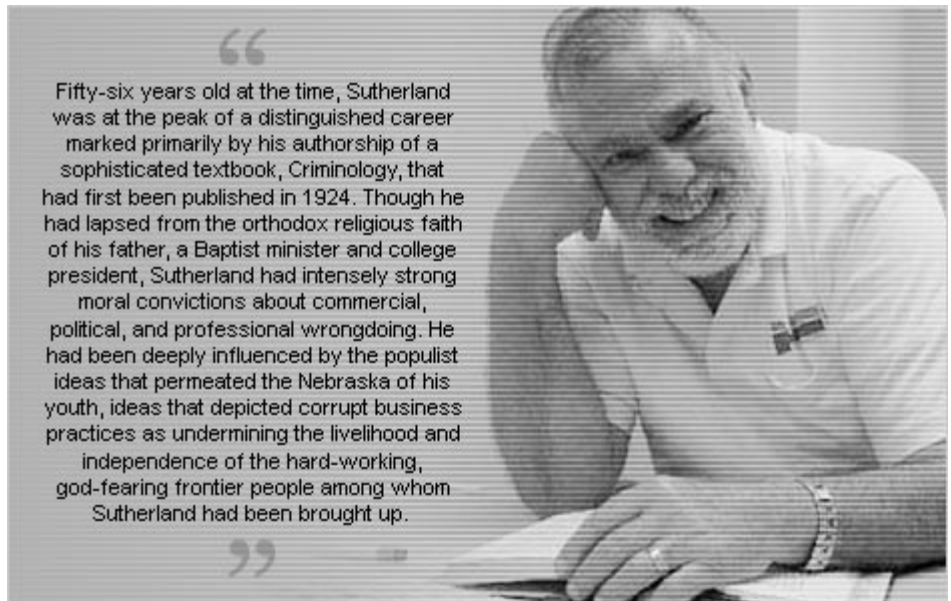
Criminology, for example, is still a discipline that focuses mostly on the crimes of the underclass or middle class, not on the acts of the powerful.

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For some further background regarding Sutherland's introduction of the term, consider the following, written by *Gilbert Geis*:

...»



Fifty-six years old at the time, Sutherland was at the peak of a distinguished career marked primarily by his authorship of a sophisticated textbook, *Criminology*, that had first been published in 1924. Though he had lapsed from the orthodox religious faith of his father, a Baptist minister and college president, Sutherland had intensely strong moral convictions about commercial, political, and professional wrongdoing. He had been deeply influenced by the populist ideas that permeated the Nebraska of his youth, ideas that depicted corrupt business practices as undermining the livelihood and independence of the hard-working, god-fearing frontier people among whom Sutherland had been brought up.

In Sutherland's presidential address, he insisted that he had undertaken his work on

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crime in the upper, white-collar class, which is composed of respectable, or at least respected, business and professional men

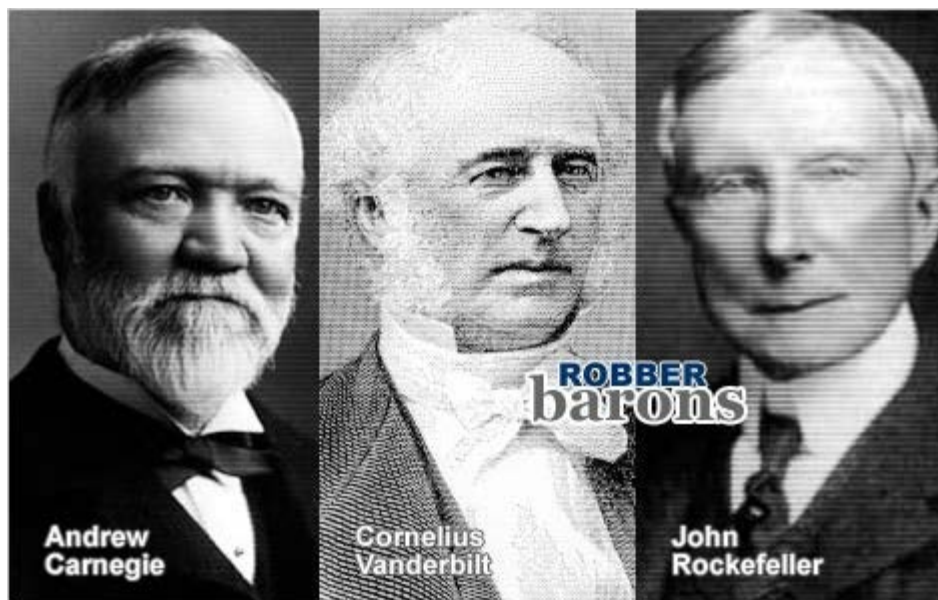
[only] for the purpose of developing the theories of criminal behavior, not for the purpose of muck-raking or of reforming anything except criminology.

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This patently disingenuous disclaimer was primarily a bow to the ethos of sociology at the time, an ethos that insisted on a "**value-free**" and "**neutral**" research stance.

A proper definition of his subject matter did not occupy Sutherland's attention in this paper.

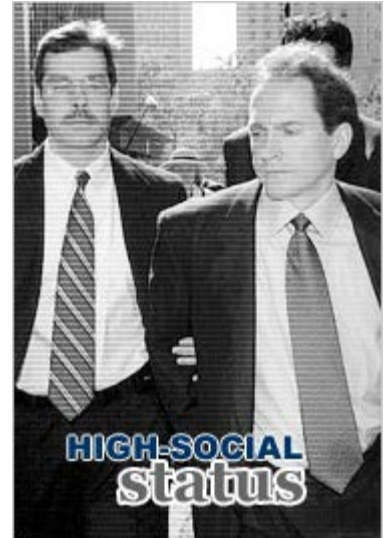


Rather, he used anecdotal stories of rapacious acts by America's notorious *"robber barons"* and their successors to flay *then-popular explanations of criminal activity such as poverty, low intelligence, and offender psychopathy.*

It wasn't until 10 years later that Sutherland wrote his seminal book, ***White-collar Crime***, in which he attempted to refine the term.



Part of the exact definition was buried in a footnote, which would appear to indicate his real feelings on the issue, but he does say that white-collar crime "may be defined approximately as a ***crime committed by a person of respectability and high social status in the course of his occupation.***"



Sutherland's definition is quite broad, and could include everything from such crimes as embezzlement and industrial espionage to the bribing of government officials.

In his work, **he focused on the crimes of business**, and especially on violations of federal economic regulations. Offenses such as price fixing and false advertising are usually handled as administrative matters, and violators seldom face criminal penalties.



Because of this, Sutherland's critics claimed that **white-collar offenses weren't really crimes at all**, or at least that white-collar criminals weren't really criminals.



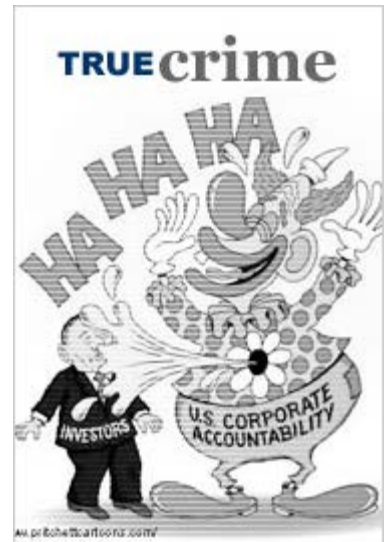
One of Sutherland's critics, sociologist/lawyer **Paul Tappan**, called the term white-collar crime ***“loose, invective, and doctrinaire.”*** He claimed that white-collar crime was simply an ***“occupational behavior to which some particular criminologist takes exception.”***



Despite such objections, the term has survived. Moreover, it would appear somewhat strange by today's standards to argue that those who have enough political or economic power to prevent the government from prosecuting them are therefore not criminals. But many were persuaded at the time of Sutherland's writings, and some still are.

» For example, **price-fixing was prohibited by relatively new legislation.** Moreover, like many white-collar crimes, its victims seldom knew they were being victimized. Thus it was easy to argue that it wasn't a "true" crime, comparable to theft or assault.

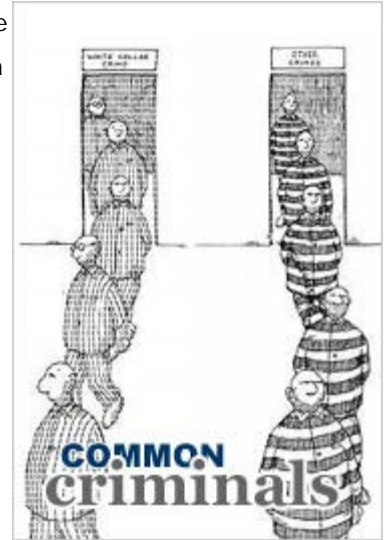
However, had the argument focused on flammable clothing that burned helpless children, or on industrial poisons that threatened people with slow death, that line of reasoning would not have been acceptable.



One could also argue, however, that no matter how Sutherland conceptualized the term, he was bound to encounter strong resistance. In other words, the very idea that *the "captains of industry" in the United States should be considered "criminals" had a very un-American ring to it.*



Moreover, his call for tough action to deal with such individuals was also threatening. Proposals to treat corporate executives like "*common criminals*" were hardly likely to **win praise from powerful segments of society.**



Forum *discussion*



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Given what was just said about white-collar crime,

*do you think it is perceived **much differently today than in earlier decades?***

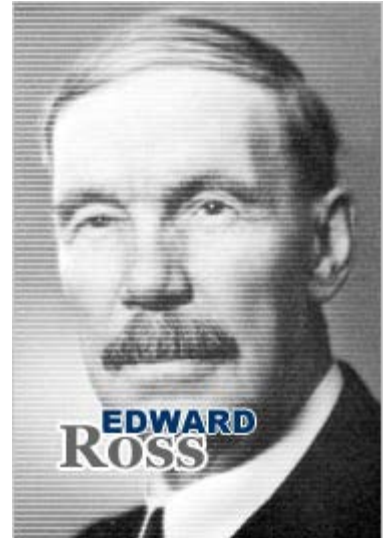
***How?
Why?***

» Read and comment on your classmates' responses after you have posted yours.

In 1907, *Edward Ross* wrote about a similar phenomenon, which he labeled "**the criminaloid.**"

This term referred to those individuals who would prosper through criminal activities during the course of their occupation, but were never publicly labeled as criminals.

» Examples included corporate executives, dishonest bank inspectors, food adulterators, corrupt judges, and labor leaders involved in such schemes as bribery and kickbacks.



The key element of the criminaloid was the *preference to victimize an anonymous public* and, when accused, to willingly make restitution for the **"mistake."**

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The criminaloid is not necessarily antisocial in nature, Ross argued, but rather has a double-standard of morality, demonstrating high virtues in the family and unethical behavior in the civic and commercial spheres.

Often piously religious, the criminaloid **"counterfeits the good citizen"**:
for example, being patriotic, while at the same time evading taxes and corrupting government officials.

Ross concludes that the criminaloid will flourish until

“

the growth of morality overtakes the growth of opportunities to prey.

”

This, of course, doesn't appear to be happening anytime soon.



Summary

a brief overview of what you learned



» **Confusion, misuse, and controversy** still surround the term white-collar crime, which was coined more than a half-century ago by Edwin Sutherland.

» Despite its importance as a social problem and its inherent complexities as a phenomenon, **white-collar crime has not occupied a central place in criminology**, related disciplines, or public policy discussions.

» Sutherland's definition of white-collar crime as **"a crime committed by a person of respectability and high social status in the course of his occupation"** is very broad, and has been redefined many times.