

White-collar crime: Corrosive

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By GILBERT GEIS

Why do persons who have wealth and power take and offer bribes, cheat on their income taxes, violate antitrust laws, and knowingly market defective automobiles and airplanes?

The answers are as different as the crimes themselves. Some persons commit such offenses because they want more money or more power or a corporate promotion.

Others do such things because they

Gilbert Geis, professor of social ecology at the University of California, Irvine, has written such books as "Man, Crime and Society" (with Herbert A. Bloch), "Public Compensation to Victims of Crime" and "White Collar Crime" (edited with Robert Meier).



think that's the way business has always been conducted. And still others do it because they are lazy, or don't really see anything wrong with cheating, bribing and deception.

ONE THING is certain: The standard explanations for juvenile delinquency and criminal behavior cannot account for "white-collar crime"—the name by which such upperworld law-breaking is known.

Poverty, broken homes, reading disabilities, psychiatric disorders and

similar disadvantages fail to explain the behavior of wealthy and enterprising criminals.

Such criminals can be well-educated, happily married, devout in their church attendance, and marvelously successful in their jobs. But these conditions do not make or keep them honest.

White-collar crime is commonplace in the United States—just how common is not known because good statistics are lacking. The late Sen. Philip Hart of Michigan once estimated that the nation lost \$20 billion annually from white-collar crime, while the U.S. Chamber of Commerce gave a much lower but still startling figure—\$40 billion per year.

MOST CITIZENS take such extensive white-collar crime for granted. Indeed, public cynicism may be its most corrosive characteristic. For example, we seem to expect politicians to be subject to influence, if only by the subtle insinuations of campaign contributions.

Court-ordered sanctions against corporations and cease-and-desist orders from administrative agencies often are regarded as part of the normal price of doing business, in the same manner that prostitutes consider fines and arrests to be occupational hazards.

Professional persons, supposedly trained to altruism and ethics, engage in white-collar crime. Investors, tax authorities believe that doctors and lawyers, as self-employed persons, do much more cheating on their taxes than most of the rest of us.

Recent senate investigations have revealed widespread evidence of fraud by doctors submitting claims under Medicaid. That many lawyers do not necessarily obey the law is illustrated by the extraordinarily large roster of attorneys involved in the Watergate crimes.

HYPOCRISY is a hallmark of white-collar crime.

Offenders avoid calling what they have done by its blunt legal name. They may grant that their behavior was "illegal," but they are likely to resist having it called "criminal."

For example, an executive involved in the 1961 antitrust violations, which were flagrant crimes, issued a statement to the press saying that he was about to serve a jail term "for conduct which has been interpreted as being in conflict with the complex antitrust laws."

Former President Nixon and his attorney general called for harsh punishments for street criminals at a time when they themselves were entrenched in extensive criminal activity. Such statements characterize the double standard for underworld and upperworld crime.

WHITE-COLLAR criminals steal more money than traditional criminals. Thus, bank embezzlers steal much more from banks than robbers; a million-dollar robbery would be a sensational news event, while a million-dollar embezzlement is fairly commonplace.

The heavy electrical equipment conspiracy in 1961, one of the first major

corporate criminal cases, involved millions of dollars of overcharges to public utilities and government. Nevertheless, it was reported under "Business" news in one of the country's leading weekly magazines, with the "Crime" section reserved for "real" crime.

Similarly, illegal corporate campaign contributions and international bribes that have come to light in the last three years have generally been treated as business or political news.

Yet white-collar crime can produce more social damage than so-called "real" crime. Muggings, burglaries and robberies can unite people in moral condemnation of the behavior. As French sociologist Emile Durkheim noted, such crimes can make people behave better by emphasizing what we abhor and showing what happens to people who behave in an unacceptable manner.

White-collar crimes, on the contrary, breed social malaise. They create distrust, cynicism and greed—if others are doing it, I'll get my share, too. Tax authorities, for example, believe cheating increased sharply after revelation of Richard Nixon's tax receipts.

WHAT CAN BE done about white-collar crime?

It is essential, first, to recognize the existence and the importance of white-collar crime.

Street crimes and traditional offenses are routinely tabulated by government agencies. Every three months, the media herald their publication, noting either that the number of offenses are higher (usually they are) or are showing an encouraging, although slight, decline. These reports strongly influence public attitudes and public policy.

No government agency in the same way as the FBI's "Uniform Crime Reports" regularly proclaims how much antitrust activity is going on, whether doctors are involved in less Medicaid fraud or more, or whether bribery is on the increase.

Large federal grants, particularly from the Law Enforcement Assistance Administration in the Department of Justice, have gone to investigate street crime and strengthen police forces to deal with such crime.

The rare LEAA activities on white-collar crime have focused almost exclusively on fly-by-night consumer frauds. Crimes by the entrenched and powerful remain unexamined.

Part of the problem of arousing public and official concern lies in the diffuse character of injury from white-collar crime. Street crimes of violence produce immediate injury; illegal air pollution kills, more slowly. Steal someone's wallet and the scream of anguish is immediate. But overcharge a few pennies on a purchase and the outrage disappears.

DIFFICULT ISSUES arise, too, in regard to the most effective means of dealing with captured white-collar criminals. It is unlikely they will ever again do what they were caught at (but then, the same is true for most murderers).

Some would argue that white-collar criminals should not be imprisoned, and that the shame they reap seems punishment enough. Furthermore, if they are professional persons, they may be barred from practicing their vocations, although professional groups such as bar, medical and accountants' associations often seem more concerned with protecting prerogatives than with prosecuting miscreants.

Others differ, saying that we need to make an example of white-collar criminals to deter others. They argue, too,



Dr. Armand Hammer, chairman of Occidental Petroleum Corp., pleaded guilty in March 1976 to illegal campaign contributions and eight months later arrives at Blair House to discuss the economy with President-elect Jimmy Carter

Prof. Pitts comments: Definitions change

By JESSE PITTS
Oakland University

Prof. Geis is quite correct in asking that white collar crime receive more attention from the public, criminologists and government authorities. One reason for this lack of attention is that it is much more difficult to pin down "white collar crime." There haven't been many changes in the definitions of what "armed robbery" is, but there have been many changes in what used to be tolerated as "hard bargaining." And it is not always easy to draw the line between "hard bargaining" and "sharp practice."

When the average citizen tries to sell his house, there is a gap between his descriptions and the truth. When do the untruths become "criminal"? When do the perquisites of the trade become "embezzlement"? Think of it next time you are filling out your expense account. Did you have three martinis, especially with President Carter looking over your shoulder?

ONE CHARACTERISTIC of executiveship is its commitment to innovation. Executiveship, unless it is mere administration, is constantly at the frontiers of the unknown, where the consequences of one's actions cannot be completely foretold.

Nobody will complain if you "cut corners" and wind up a winner for the firm, its labor force and stockholders. But you to you if you "cut corners" and an unexpected turn of the market leaves you high and dry.

Nobody condones white collar crime, but it is often more difficult to identify

than the classic "Spanish trunk" swindle or "the sting" of movie fame.

Liberals are sometimes right when they say that a concern for "law and order" is a camouflage for racism. Conservatives are sometimes right when they insist that a concern for white collar crime is a camouflage for anti-business and anti-free enterprise attitudes.

IT WOULD BE nice if we could have innovation and entrepreneurship without running the risks of some white collar crime. But it seems we cannot.

What is too much crime? It is not easy to determine. A relatively high white collar crime economy—like ours—probably in the end serves the interests of the public better than a more law-abiding, more conforming, less daring economy—like Great Britain.

Again, there are no simple solutions to white collar crime, no more than to blue collar crime, and not much opportunity for exercises in moral indignation.

Some topics for discussion next Monday night might be: 1) Can we identify social factors which make white collar crime more likely to proliferate, for instance in employer-employee relations or in customer-vendor relations? 2) What do you think of the proposal to institutionalize within the federal government a permanent Watergate-type commission, with far-reaching powers and systematically staffed with lawyers belonging to the out-of-power party?

Idea homes now on view

The 1978 Idea Home Parade, representing trends in metropolitan housing, may be a prelude to what is expected to be an active spring building season.

Irvine H. Yackness, executive vice president of the sponsoring Builders Association of Southeastern Michigan, said, "Unless shortages or money conditions hurt production, we expect 1978 to be as strong as 1977. With a substantial federal income tax cut in prospect, demands for homes is certain to be high."

This year's parade, limited to 20 homes, will cover a range of designs and prices and will be scattered through the suburbs.

The idea homes in the Observer and Eclectic circulation areas include:

- Grosse Pointes at 39 Chalmers Dr. in Rochester.
- Mayfair Village at 4223 Cranberry Dr. in Canton Township.
- Streamwood Estates at 1969 Pondview Ct. in Rochester.
- Tantallon at 3450 Bunker Hill Dr. in Farmington Hills.
- Parkwood Estates at 4242 Saltz Rd. in Canton Township.
- Avon Hills Village at 1724 Danbury Lane in Rochester.
- Long Lake Estates at 2982 Winter-set in West Bloomfield.
- Trailwood at 9657 Tennyson Dr. in Plymouth Township.
- Cross Keys at 2975 Roundtree in Troy.

The Idea Home showing is the annual kick-off to the Builders' Home, Furniture and Flower Show. The homes will remain on view until the show begins March 18 at Cobb Hall in Detroit. The show will run from March 18-25.

Residents named to new MESC board

A Troy woman and Bloomfield Hills man were among four appointed last month to the newly-created Michigan Employment Security Board of Review by Gov. William Milliken. The appointments are subject to state Senate confirmation.

Jeanne Harbour, 2330 Dorchester, Troy, will represent the public on the board and serve a three-year term. Mrs. Harbour, an attorney and referee with the Michigan Employment Security Commission, is a former referee with the Wayne County Juvenile Court and former attorney for Wayne County Office of Friend of the Court.

Morris Kohl, 4262 Pine Tree Trail, Bloomfield Hills, will represent employers for a term expiring Dec. 31, 1981. A member of the Michigan Employment Security Appeal Board since 1977, he is a former referee with the Michigan Employment Security Commission.

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