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Crime in Decline? Not Necessarily

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In the wake of the recent release of the FBI's annual report on crime trends there has been considerable commentary on an unexpected decline in crime in the United States. At least some criminologists had anticipated that crime would rise, not fall, during a deep economic recession. Various explanations have been put forth, then, for the numbers reported by the FBI, with an overall drop in violent crime rates to less than half of what they were in the early 1990s.

There is a fundamental problem with the claim that crime is in decline, however. The FBI's report says absolutely nothing about a major form of crime -- a form of crime reported on virtually every day by the business media -- namely, white-collar crime. It is far from obvious that this form of crime is in decline. Indeed, there have been indications that it is on the rise.

There are challenges involved in the measurement of all forms of crime, but these challenges are especially great in relation to white-collar crime. This familiar but famously contentious term here refers to a broad range of illegal and harmful activities, from corporate price-fixing to insider trading to bank-related fraud, and countless other

activities as well. Although such crime is typically thought of in financial terms, some of the most significant forms of white-collar crime have violent consequences -- complicit in illness, injury and death -- with corporate pollution, unsafe working conditions, and the sale and distribution of harmful products as examples. That white-collar crime has been complicit in losses not just in the billions of dollars but by some measures in the trillions has been widely documented, not only by daily journalistic accounts but by the many books published in the wake of the financial meltdown of 2008.

It is more difficult to measure white-collar crime because victims are often unaware that they have been victims of a crime. The lines of demarcation between "sharp" (but legal) business practices, unethical practices, and blatantly illegal practices can be quite blurred, far more so than in the case of conventional crimes such as assault, theft and burglary. When victims are aware of their victimization they will often refrain from reporting this victimization (for reasons ranging from embarrassment to a sense of futility). When they do report it they may report it to a range of entities other than the local police, including: a consumer protection board; a regulatory agency; or a private lawyer, in anticipation of a civil lawsuit, among others. And there is no centralized reporting entity, as in the case of "index" (or conventional) crimes that are reported to the FBI. Accordingly, we should acknowledge that we presently have no truly reliable way of determining whether white-collar crime is on the rise, or declining.

But there are some reasons to believe that it may indeed be on the rise. Pressure to perform well or to simply survive has intensified in a deep recession economy, for the whole range of those who occupy the "white-collar" class, from retailers to professionals to hedge fund managers. If goals cannot be met by legal means, unethical and illegal means are more likely to be adopted. In an increasingly complex financial world, and in the context of an exponential growth of transactions in cyberspace, opportunities for fraudulent conduct expand. Although shifts in cultural values are admittedly difficult to define and measure, we have many indicators that the corporate and financial sector culture of the current era is more conducive to white-collar crime than that of the mid-twentieth century era.

We have ramped up materialism, a shift from engineering and science to financial management, a "greed is good" mentality, exemplified by ever more extravagant compensation packages for those at the top and larger homes, yachts, and so forth. The privileging of winning over integrity would appear to be widespread. And since the Reagan era we have witnessed a broad erosion of regulatory oversight. Granted, regulation is a fiercely contentious issue, as readers of this website well know, but there is much evidence that fraudulent conduct is facilitated by the absence of "capable guardians" on behalf of the public interest. Finally, there is the demographic factor: Conventional crime is disproportionately a crime of the young, whereas white-collar crime is disproportionately a crime of middle-aged and older people, so as the population ages we should expect more white-collar crime and less conventional crime.

If indeed less conventional violent crime is occurring today, this is surely something to celebrate. Such crime causes real harm. But we should be very leery of claims that "crime is in decline," since this is far from clear. We have experienced recent major waves of white-collar crime, and have reason to believe that such crime -- with many devastating consequences -- may well be on the rise.

white collar crime

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