

## Afterword: finance crime and the big picture: making connections, future directions

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**Abstract** This special issue of *Crime, Law & Social Change*, which comes out of the RIT International Workshop on Finance, harm and white collar crime, provides a point of departure for considering some dimensions of the intersection of these core concepts and the larger context within which the matters addressed here need to be considered. Some of the contributors to this special issue are criminologists, some are not, but what they address can be linked with significant contemporary developments within the field of criminology. At the same time white-collar crime in the finance sector is situated in relation to other developments in the larger society and political economy. Some references are made to the diverse disciplinary backgrounds and substantive interests of the contributors. The core objective of this “afterword” is to provide useful points of departure for further exploration of the immensely consequential matters addressed in this special issue of *Crime, Law & Social Change*.

### Preface

The present author appreciated an invitation to participate as a keynote speaker in the Finance, harm and white collar crime International Workshop at the Royal Institute of Technology in Stockholm, October 15–16, 2015, and regretted that due to teaching commitments and other considerations he was unable to accept the invitation. But he did accept the invitation of the workshop convener, Vania Ceccato, to submit a manuscript for and to co-edit this special issue of *Crime, Law & Social Change* that has come out of RIT workshop. In relation to this project, what follows is a rumination on some of the themes addressed in the workshop, taking the form of an afterword and selective commentary on the contributors to this special issue.

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## The “big picture”

I have in my files a Calvin and Hobbes cartoon which features Calvin putting the question to his teacher, why should he and his classmates bother to learn about integers when we are all going to die someday, the teacher disregarding this query and proceeding with the math lesson, and a disgruntled Calvin observing “Nobody likes us ‘big picture’ people.” There may be some truth to this. Yes, there are many valuable projects pertaining to finance and white collar crime that take a specialist approach and are narrowly focused. But for what it is worth I will here focus more on the larger issues that surround and intersect with the core issues of finance and white collar crime, suggesting some connections and future directions.

On the “big picture” one can begin with Vincenzo Ruggiero’s [1] *Crimes of the Economy*. Ruggiero in this book advances the argument that the very nature of a free market or capitalist economy is inherently criminogenic in the sense that it generates much demonstrable harm. Furthermore, he seeks to demonstrate that the economists who have promoted this model for the economy have provided fundamental rationales for harmful business-related policies and practices and have been complicit in the encouragement of white collar crimes. Ruggiero’s book is not “linear” in its analysis, and has some idiosyncratic dimensions, as is true of the present article which is at least partially inspired by Ruggiero’s approach. Ruggiero is the quintessential “big picture” criminologist. A sophisticated “big picture” approach to crime, including white collar crime in the context of the world of finance, is both profoundly transdisciplinary in its approach and is mindful of the ultimate complexity of making sense of such crime. My impression is that most criminologists avoid engaging with such work because they do not see a practical value in doing so in relation to their own more narrowly focused projects. Also, in the specific case of Ruggiero, his erudite exegeses of classic texts may be experienced as intimidating. But at the end of the day the “big picture” that Ruggiero takes on matters greatly.

## Finance, harm and white collar crime

The Royal Institute of Technology workshop was entitled: *Finance, harm and white collar crime*. I will here comment briefly on each of these core concepts. First, on finance: One of the striking developments in the recent era has been the dramatic expansion of the finance sector in relation to the political economy of the United States, and other developed countries. As the Nobel Prize winning economist Joseph Stiglitz ([2]:14) has noted, “In the years before the [2008 financial] crisis, the financial sector absorbed an increasing share of the economy—8 percent of GDP, 40 percent of all corporate profits—with little to show for it.” Unlike the industrial sector, the financial sector does not really “make” anything. It is too much dominated by “paper entrepreneurs” who effectively move around—and manipulate—“paper” in ways that disproportionately benefits financial sector insiders and disproportionately either provides limited benefits for everyone else, or all-too-often negative (and sometimes devastating) losses. An article published in *The New Yorker* in 2010 was entitled “What Good is Wall Street?” with the subtitle “Much of what investment bankers do is socially worthless” [3]. The overriding focus of the financial sector has not been long-term

growth of the economy, the creation of jobs and a future for a younger generation and some measure of economic security for their parents and grandparents; it has been to generate the largest possible returns in the shortest possible time, with a hugely disproportionate share of these returns going to the personnel of the financial sector itself, not ordinary investors. Fast trading (or “flash trading”) is an extreme manifestation of this mentality [4]. In 2014 “the Wall Street bonus pool was roughly double the total earnings of all Americans who work full time at the federal minimum wage” ([5], p. A3). Beyond the specific white collar crimes that occur— indeed, are quite pervasive—within this sector, the argument can be made that the very architecture of the sector is such that it is inherently criminogenic, in the sense that it fosters vast and unwarranted transfers of the common wealth of society from a broad swath of citizens to a narrow band of financial sector insiders [6]. By all accounts, the pressures in all segments of the financial sector to produce these fast, high returns, are immense, for those who want to retain their jobs, to say nothing of their bonuses. That being the case, it inevitably produces a very significant amount of fraudulent and other forms of criminal activity [7–10]. So we have seen in recent years case after case of major investment banks having to pay billions of dollars to settle charges on a broad range of different forms of fraudulent conduct, including but not limited to gross misrepresentations of securitized mortgages, currency manipulations, corrupt dealings with Ponzi schemers (e.g. Bernard Madoff) as well as the leadership of whole countries (e.g. China), money-laundering, facilitating of large-scale tax evasion, complicity with payday money lenders, evasion of U.S. sanctions, and fixing of the Interbank exchange rate (Libor) [11–15]. Sociologist Steven Mandis [16], in *What Happened to Goldman Sachs: An Insider’s Story of Organizational Drift and its Unintended Consequences*, documents a transformation in the culture of this famous investment bank from its professed “clients come first” principles to the privileging of profit growth at all costs, with conflicts of interest, self-dealing, and excess risk-taking as core manifestations of this shift. Within this context, activities that are unambiguously illegal and at a minimum exemplifications of questionable ethics are far more likely to occur. An upsurge of prosecutions of insider trading cases on Wall Street has been just one more manifestation of the pervasiveness of white collar crime in this setting. One high-profile case involved a billionaire hedge fund manager who received an eleven-year prison sentence; multiple traders working for another high-profile billionaire hedge fund manager were convicted in insider trading cases [17, 18]. The institutions and individuals involved in these cases are highly sophisticated. The many cases that surface, it could be reasonably conjectured, are simply the tip of the iceberg.

On the concept of “harm”: Logically one would think that the level of demonstrable harm of some form of activity is proportionally reflected in the level of response by the criminal justice system and the level of attention accorded to the activity by criminologists. But this has never been the case, with some monstrosly harmful activities attracting little or no formal attention, and some relatively trivial forms of harm being the focus of a harsh criminal justice system response and much criminological attention. Indeed, on the latter point, I have somewhat facetiously proposed an “inverse” hypothesis: i.e., the level of criminological attention to a form of crime varies inversely with the amount of demonstrable harm involved. I have included in my *Trusted Criminals* text a box on Nikos Passas and Neva Goodwin’s [19, 20] book *It’s Legal But It Ain’t Right: Harmful Social Consequences of Legal Industries*, that identifies the

many industries that engage in legal activities or produce legal products but unambiguously inflict multiple forms of harm on the larger society. The tobacco industry is an especially obvious candidate for a list of industries that cause immense harm not proscribed by law, but other legal industries that also cause great harm include those that produce or promote weapons, gambling, cheap food, and pesticides. Passas and Goodwin embrace the term “negative externalities” for the huge costs that society must pay in some form for the inevitably harmful consequences of such legal products or services. The financial “industry” also generates “products” and “services” (e.g. derivatives; securitization) that were starkly exposed during the 2008 financial crisis as imposing immense harm on the larger society.

In response to the fundamental disproportionality in relation to “crime” and “harm” some criminologists have called for a shift away from the former concept as the primary focus of concern to the latter concept, and a replacement of criminology with zemiology [21, 22]. Indeed, the author of the present article, along with Martin D. Schwartz, co-edited a Special Issue of this journal, in 2007, on “Social Harm and a Twenty-First Century Criminology.” One of the participants in the RIT Workshop, David Whyte, was co-author of one of the articles published in that issue. In our introduction to the special issue Schwartz and I expressed some reservations about displacing “crime” with “harm” as a core focus for self-identified criminologists, but acknowledged the value of engaging with harm more fully as an essential mission for a viable twenty-first century criminology [23]. More recently, Greenfield and Paoli [24] have produced a framework to assess the harms of crime.

As to white collar crime, the present author has published quite extensively on many different dimensions of such crime and its control over a period of some twenty-five years, and so is disinclined to address the topic in any depth here. The core point in the present context is as follows: The concept of “white collar crime” embraces a broad range of activities, some quite limited in terms of harmful consequences (e.g. petty employee theft). The white collar crimes of the financial sector, which in at least some instances have vast and devastating consequences, have not historically been accorded the proportional attention they merit. The workshop held at the Royal Institute of Technology is but one of various recent indicators of much needed greater attention to such white collar crime.

### **Finance crime, state-corporate crime, and crimes of globalization**

White collar crime in the financial sector—or the most significant forms of such crime—does not fit neatly into the two principal categories of white collar crime: corporate crime and occupational crime. In my *Trusted Criminals* book I came up with the term *finance crime* “to refer to large-scale illegality that occurs in the world of finance and financial institutions [6]. Finance crime may be committed on behalf of major financial institutions, such as banks, or for the benefit of individuals occupying financially privileged statuses, such as investment bankers. Even though students of white collar crime have typically classified some activities discussed here as forms of corporate crime or occupational crime, it may make more sense to consider finance crime separately for three reasons. First, vast financial stakes are involved; single individuals or financial organizations may illegally acquire tens of millions, hundreds

of millions, or billions of dollars. Second, finance crime may have parallels with corporate crime and is closely entwined with corporations and finance networks but has some different dimensions as well. Finally, finance crime quite directly threatens the integrity of the economic system itself.” This claim, made in the first edition of this text published in 1996 was quite fully realized in the financial crisis of 2008.

The term “state-corporate crime,” introduced by Kramer and Michalowski [25, 26] acknowledges the profoundly cooperative nature of some of the most significant white collar crime, between government and corporate entities. Tombs [27] has contended that the concept of state-corporate crime fails to acknowledge the fundamentally “symbiotic” nature of crime in this realm. He argues that the state and the corporation are intrinsically intertwined and inter-dependent. The concept of state-corporate crime suggests, in his view, that the state and the corporation are wholly independent phenomena. On the other hand, Friedrichs and Rothe [28] have argued that the state-corporate crime concept has focused almost exclusively on traditional industrial corporations, and has largely if not wholly disregarded financial sector entities, including huge investment banks as well as government-sponsored enterprises, such as the USA mortgage giants Fannie Mae and Freddie Mac. The public sector-private sector ties in this realm are especially pronounced and complex. So inquiries on white collar crime in relation to finance must in particular take into account state-financial institution crime. We also here drew attention to a form of crime historically almost wholly neglected by criminologists, that of international financial institutions such as the World Bank and the International Monetary Fund. The concept of “crimes of globalization” was introduced in 2000 by the author in an American Society of Criminology paper co-authored by his daughter, and published two years later in *Social Justice* [29]. A book providing an overview of what has been learned about crimes of globalization since the term was first introduced has now been published [30]. Students of white collar crime within the finance sector have not typically attended to the role of international financial institutions. But one can identify exceptions to this. Passas [31] —one of the participants (via Skype) in the RIT workshop—in his analysis of the complex of factors producing the devastating Hellenic crisis in his native country, mentions various illicit and illegal activities as part of this. And he notes “the IMF’s awareness in 2010 that the [Greek] debt was unsustainable – as the IMF can only participate in sustainable programs, it apparently violated its own rules by going along with the Troika plan” [31]. The policies and practices of the IMF and the World Bank, while they have surely had various productive and beneficial effects, have also been complicit in devastating losses and multiple forms of suffering, especially in developing countries and those countries that are not among the world’s elite countries (e.g. the G8).

## E. H. Sutherland and finance crime

Edwin H. Sutherland [32] is widely credited with having introduced the concept of “white collar crime” in his 1939 presidential address to the American Sociological Society in Philadelphia, with that address published the following year, in the *American Sociological Review*. And then ten years after his 1939 address, with a series of articles and talks related to white collar crime produced in between, Sutherland [33] (the year before his death) published his landmark book *White Collar Crime*. So Sutherland is in

this view the founding father of the criminology of white collar crime. As important as his contributions have been, there are some limitations to these contributions worth noting. First, he defined “white collar crime” in different ways, and did not sufficiently attend to the definitional issues. As a consequence there has ever since been and continues to be some confusion about the meaning of this core term. Second, his theory of differential association as applied to white collar crime is limited in what it can explain, and disregards many clearly important factors, from structural to personality-related, that are involved. Just as Gottfredson and Hirschi’s [34] general theory is limited in what it can explain, this is true of Sutherland’s attempt at a general theory as well. And third, Sutherland’s book *White Collar Crime* addressed the financially-related crimes of industrial corporations. It did not address at all “corporate violence,” including the monumental crimes of corporations in this realm against citizens (e.g. pollution), consumers (e.g. unsafe products), and workers (e.g. unsafe working conditions). For that matter, it did not address the crimes of the financial sector, or banks of all kinds. In some respects this is a little surprising, insofar as Sutherland has been described as having been inspired to attend to white collar crime at least in part due to his outrage over the manipulations on Wall Street that led to the famous Stock Market crash of 1929, which in turn played a key role in bringing about the devastating Great Depression of the 1930s, with about 25 % of the American workforce unemployed [35]. Of course Sutherland lived through this period during the 1930s and surely witnessed first-hand some of the devastating consequences of the crimes of the financial sector. It may be unfair to Sutherland to take him to task for his failure to address the crimes of the financial sector in *White Collar Crime*, since only so much can be accomplished in a single book. For all we know had he lived longer he might well have addressed the white collar crimes of this sector. In the recent era the finance sector has become a much bigger part of the economy than was true earlier, and overall losses attributable to this sector as a consequence of wrong-doing that brought about the financial crisis of 2008–2009 have been estimated in the trillions of dollars, not billions of dollars. Needless to say, significant crimes continue to be reported relating to industrial corporations, from auto makers to pharmaceutical companies.

### **Finance crime in the USA—and in Europe**

If the concept of white collar crime itself was introduced by an American, and American criminologists have to date played a dominant role in the criminology of white collar crime, it is obviously true that white collar crime—broadly defined—is a global phenomenon, and that the criminology of white collar crime has increasingly become global as well. *The Routledge Handbook of White-Collar and Corporate Crime in Europe* [36] documents the growing scholarly attention to white collar crime in the European context. The present author contributed an invited “American Reflections” essay to this compendium [37]. The Finance, harm and white collar crime workshop took place in a European country, and in a part of Europe generally regarded as privileged in many important respects. The organizer of the workshop chose to incorporate “white collar crime” rather than “economic crime” in the captioning of the workshop, despite the common use of the term “economic crime” in lieu of “white collar crime” by many European scholars. I will here reiterate my rationales for favoring the

white collar crime term over economic crime: “First, due to Sutherland, the former term was established earlier and I believe is even today the more universally recognized and adopted term. Second, the term white-collar crime—despite all of its limitations—does signal quite unambiguously that much highly significant crime is committed by people other than the traditional criminal *underclass*, the poor and lower class member of society. The term economic crime—at least as understood by an American—does not really signal this. Third, even if the term white-collar crime originally referred to crimes wholly limited to financial consequences, the term itself does not necessarily suggest this in the way that *economic* crime does” ([37], p. 553–554). Altogether, much is to be gained, going forward, if scholars in this realm universally adopt a common vocabulary, starting with the term white collar crime itself.

Otherwise: Bringing together Americans and Europeans (primarily Swedes, in this case) to address white collar crime in financial sector is hugely worthwhile due to the formidable benefits of a comparative approach, with each side having much to learn from the other. I certainly have learned much of value from my own European (and Scandinavian) experiences. As just one example: Fundamental conflicts of interest are one of the structural problems on the American side with the prosecution of white collar crime, insofar as a “revolving door” has many of the key prosecutors of such crime often coming from law firms where they represented those they are now expected to prosecute, and then returning to those firms—often with a huge increase in salaries (e.g. from perhaps \$170,000 a year as a government prosecutor to as high as \$5 million a year as a lawyer for an elite law firm representing financial sector clients). Martin Tiden, the Chief Public Prosecutor for economic (white collar) crime in Sweden, was one of those who attended my Stockholm University lecture on “Wall Street: Crime Never Sleeps.” He informed me that this is not the case in Sweden, where those who become prosecutors typically remain prosecutors. It seems to me this is one significant advantage in the Swedish system. And surely many other such examples could be identified.

Altogether, the European case allows for a range of valuable projects relating to white collar crime in the financial sector. First, overall, how does the European pattern of and response to such crime differ from the American pattern and response? Second, to what extent have European countries been more successful in both containing and responding to white collar crime in this realm? Third, within European countries, what have been the salient differences both in terms of patterns such crime and responses to such crime, and what are the principal factors accounting for these differences?

In broad terms, I agree with 2016 American Presidential candidate Senator Bernie Sanders that the Scandinavian countries serve as admirable models for a constructive direction toward which American political leaders and policy-makers could orient themselves. Sweden was the setting for the RIT Finance, harm and white collar crime workshop. My own impression over a long period of time, and reinforced by time spent as a Visiting Professor at Stockholm University, is that the Scandinavian countries have a mix of free market and socialistic elements that is reasonably close to optimal, and in other respects come about as close as any countries in the world today to being model countries [38, 39]. Sweden, quite specifically, learned valuable lessons from its own financial crisis of the early 1990s and dealt much more successfully with the 2008 financial crisis than most countries [40]. This is not to deny the existence of a whole range of problems in Sweden and other Scandinavian countries, and some evolving

developments—for example, relating to immigrants—that have generated new conflicts and other types of social problems that need to be successfully addressed. It is also necessary to acknowledge certain historical, demographic, resource-related, and other such dimensions to the Scandinavian countries that contribute to positive conditions independent of the structure of the political economy and public policies within them. But if structural societal transformations in the long run need to be a core part of any fundamental response to finance crime, the Scandinavian countries offer a positive model for other countries.

### **Finance crime and the case of Iceland**

As is well-known, Iceland suffered the worst economic collapse in the Western world as a consequence of fraudulent activity in its banking sector, with the collapse of all the major banks. What is arguably the single best documentary on the financial crisis, “Inside Job,” opens with the case of Iceland. On my way back from my stint as Visiting Professor at Stockholm University, in Spring, 2013, I was fortunate enough to have an opportunity to stop in Reykjavik, to give a lecture at the University of Iceland and to meet with Olafur Hauksson, the head prosecutor of the banks. Iceland took a radically different approach to this crisis than did the United States and many other countries. It did not bail out the banks, and in light of the scope of the losses in relation to the Icelandic economy it could not in fact have done so, the cost of doing being wholly out of reach [41]. And unlike in the case of the United States, in Iceland bankers complicit in activities which led to the collapse of the economy were aggressively prosecuted. And as has also been quite widely publicized, Iceland has enjoyed a better economic recovery than the countries such as the United States and the European countries that did in fact bail out the banks and failed to prosecute bankers responsible for the massively fraudulent activities that played a central role in bringing about the financial collapse. Yes, it is true, Iceland is a small country—e.g. the population of the United States is approximately one thousand times larger— and comparisons between countries such as Iceland and other countries always have some problematic dimensions. But the case of Iceland remains instructive anyway. We will never really know whether if the other countries had chosen to go the route of Iceland in the wake of the financial meltdown of 2008 economic developments would have been better in these countries as well.

### **Finance crime and integrated theories of crime**

How is crime and criminality best explained, and specifically how is finance crime best explained? I have expressed the view for some time that it reflects very poorly on American criminology that in the most recent era the most popular and most widely tested theory is Gottfredson and Hirschi’s [34] “general theory,” which attributes crime – all crime, even all deviance – to poor parenting and low self-control. I have elsewhere (with Martin D. Schwartz) addressed why this theory is exceedingly unhelpful in relation to white collar crime [42]. And finance crime is an especially sophisticated and complex form of white collar crime. If it is to be explained it must be by some form of integrated or



multi-factor theory. One of the workshop participants, Gregg Barak, has produced impressive books – an exposition, a reader, and a textbook—featuring integrated theories of crime [43–45]. This work on integrated theories has, it seems to me, received far less attention and has been subjected to far less testing than “a general theory of crime” for the reason, above all, that it acknowledges the ultimate complexity of crime and the difficulty of testing in a truly valid way criminological propositions. In my view the Gottfredson and Hirschi general theory is popular in large part precisely because it lends itself to relatively easy testing, and it makes the lives of criminologists who embrace it less complicated and challenging than would be true of those who embrace Barak’s approach. But it hardly follows from this that it is more “true.” Agnew [46], a recent President of the American Society of Criminology, in his book *Toward a Unified Criminology: Integrating Assumptions about Crime, People and Society*, has also made a highly useful contribution to addressing the ultimate complexity involved in truly sophisticated theories of crime and criminality. Robinson [47], in *Why Crime? An Integrated Systems Theory of Antisocial Behavior* offers us still another way of framing this complexity. Altogether, students of white collar crime in the realm of finance need to engage with these integrated theory of crime initiatives.

### **Understanding finance crime: a transdisciplinary enterprise**

In the long run an effective response to finance crime calls for the collective efforts of the broadest possible range of constituencies and stakeholders, from ordinary citizens to top government officials. It has many complex dimensions, and in terms of academics it requires participation from those representing a diversity of disciplines. The RIT workshop that provided the basis for this special issue was principally a criminological enterprise, but also included some participants who identify primarily with other disciplines. Among those who contributed to this special issue we have two economists, Kalle Moene and Tina Soreide, who provide us with an economics-based perspective on corruption and its control. The comparative, cross-cultural framework of Moene and Soreide’s analysis contributes to the macro-level foundation for more narrowly focused analyses of finance crime. Then we have Manuel Albers, affiliated with a department of geography and tourism, offering his take on housing finance and predatory financing, which was one core dimension of the recent global financial crisis. The intersection of exclusion, social groups, geography and local impact needs to be integrated into a sophisticated analysis of finance crime in relation to housing finance specifically.

The balance of contributors to this issue are criminologists—all known to me personally and through their work—and their articles reflect the possibilities of criminological contributions to the issues surrounding finance crime. Gregg Barak, several decades into a prolific career as a critical criminologist addressing a range of issues, chose to take on the daunting task of applying a critical criminological perspective to the financial crisis, with his award-winning book *Theft of a Nation* [11]. Among his many earlier, relevant contributions, Barak [48] introduced the notion of “news-making criminology,” calling for criminologists to provide the general public with a better informed understanding of crime-related issues through direct engagement with the media. And as was alluded to earlier, he has also played a key role within criminology

of promoting a more sophisticated theoretical understanding of crime and criminal justice through integrated theories. Vania Ceccato has spent most of her career to date on aspects of urban crime, rural crime and conventional crime more generally. That she chose to now promote more attention to crime in the financial sector seems to me one more opportunity to remind ourselves that we can reinvent ourselves and transcend our classification as criminologists of a particular specialization. Michael Benson has made a series of major contributions to the understanding of white collar crime and its control, over a period of several decades, beginning with landmark work on prosecuting such crime, and on white collar crime in relation to the life course and to the structure of opportunity. He demonstrates the importance of empirical studies linked with theoretical perspectives to advance our understanding of such crime, including finance crime. Ceccato and Benson here address a hugely consequential topic, factors influencing compliance with tax obligations. Nubia Evertsson also addresses aspects of tax-related white collar crime, in the private sector in the form of tax avoidance by a rich corporation. The research for her recent dissertation, “Legal bribes? An analysis of corporate donations to electoral campaigns,” was carried out in her native Colombia [49]. This took great courage on her part, because in exploring “legal bribery” one is addressing corrupt practices that powerful public and private sector parties benefit greatly from, but are not eager to have exposed. Isabel Schoultz has also recently completed, a dissertation on “Controlling the Swedish State: Studies on formal and informal bodies of control,” which includes attention to state crime carried out by Sweden in relation to immigrants. Sweden does not come readily to mind when people think of state crime, so this dissertation also had a provocative and unorthodox dimension. Nubia Evertsson and Isabel Schoultz can serve as sources of inspiration for those at an earlier stage of their professional development, to take on tough but hugely consequential topics. Isabel Schoultz and her co-author Janne Flyghed—he has addressed many dimensions of policing crime in relation to potentially repressive state policies and actions—have here contributed one of the two articles on how corporations neutralize allegations of crime. The author of the other article, David Whyte, has produced an extensive body of work on many different dimensions of white collar crime and crimes of the powerful, from safety crime to crimes of war as financial crime (on the latter, in an award-winning article in the *British Journal of Criminology*; [50]. He demonstrates the value of making connections across these many different dimensions of such crime, and he also provides an example of a criminologist prepared to call for “thinking outside the box” in response to such crime, as in his recent co-authored book (with Steve Tombs) sub-titled “Why corporations must be abolished” [51]. Altogether, the contributors to this issue have been productive and imaginative students of crime and corruption, quite uniformly engaged with especially consequential issues.

### Finance crime and corruption

The final version of this article was prepared in Spring, 2016. In the United States the most surreal and unanticipated presidential election campaign in the author’s memory is playing out, with a billionaire businessman with no political office experience, Donald Trump, presently the leading candidate for the Republican Party nomination, and Senator Bernard Sanders, the only avowed democratic socialist among all one hundred

American senators, scoring many unexpected victories in primary elections and caucuses. The success of Trump and Sanders reflects, at least in some part, a growing perception that the political establishment is in some sense fundamentally corrupt and that the political economy is rigged to benefit principally a small elite class of people and organizations. Both Trump and Sanders, despite the dramatic differences between them, have castigated the corrupting influence of major financial contributors in the American political system.

“Corruption” is one form of governmental crime with a primarily financial character. It has been a hugely consequential phenomenon throughout the course of recorded history, and remains so today. I have differentiated between corrupt states and corruption as a form of governmental occupational crime [6]. Certainly corruption in various guises is integrated with and implicated in the white-collar crimes in the financial sector that were the primary focus of the workshop [52]. Peoples and Sutton [53], in an article published in this journal, recently argued that the “legal bribery” (also addressed by Nubia Evertsson in her dissertation) should be understood as a form of state-corporate crime. In the United States the prominent Harvard University law professor Lawrence Lessig [54] has in his *Republic, Lost* argued that “big money” (especially from Wall Street and the corporate sector) in American electoral politics has so corrupted the policy making process that the United States is no longer a “republic” in the sense originally intended by the founding fathers. In her comprehensive survey aptly entitled *Corruption in America* Teachout [55], an associate professor of law at Fordham University, shows that in two recent U. S. Supreme Court decisions, *Citizens United* (2010) and *McCutcheon* (2014) the historical meaning of corruption has been greatly narrowed, with catastrophic consequences for the political system. Teachout launched a quixotic campaign for governor in New York State against incumbent Andrew Cuomo, seeking re-election, inspired by his compromised commitment to addressing deeply entrenched corruption within the state legislative bodies. And in *Thieves of State: Why Corruption Threatens Global Security* Chayes [56] of the Carnegie Foundation potently documents the claim captured by the subtitle of her book. Altogether, any sophisticated examination of white collar crime and harm in the financial sector must attend to the systematic role of corruption as a fundamental dimension of the context within which such crime occurs.

## **Finance crime: its prevention and the transformation of the finance sector**

Can finance crime be successfully prevented? The view from here is that as long as one has a financial sector within a particular type of political economy that has criminogenic dimensions it will be difficult if not fundamentally impossible to prevent finance crime in a fundamental way. The best one can hope for is some success at the margins, with regulatory and prosecutorial initiatives, in preventing or deterring a limited amount of such crime. The incentive structures hardwired into private enterprise entities operating within a free market environment produce relentless pressures promoting all manner of white collar crime. And if one succeeds in taking steps to limit measurably one form of such crime creative people within this sector will find other ways of engaging in fraudulent activities to meet organizational goals (the generation of profit) and for their own benefit.

It is an underlying premise of the foregoing analysis that the current architecture of the financial sector within developed countries such as the United States is not sustainable (and is not defensible). In a letter written in 1814, Thomas Jefferson complained of the financial sector of his time that it was populated by “adventurers... who burthen all the interchanges of property with their swindling profits, profits which are the price of no useful industry of theirs” ([13], p. 14). Some one hundred years later, lawyer Louis D. Brandeis ([57])—subsequently an Associate Justice of the U. S. Supreme Court - in his book *Other People’s Money and How the Bankers Use It* criticized the abuse of the people’s trust by a monopolistic financial sector where bankers used “other people’s money” for the risks they took in their financial dealing. And now, one more century later, economist and financial consultant John Kay [58] in *Other People’s Money: The Real Business of Finance* demonstrates that “financialization” in the recent era has created a financial sector focused on the enrichment of its own, while increasingly divorced from the needs of ordinary people and from the real economy. It is inherently criminogenic, and it contributes in a fundamental way to the growing economic inequality in such countries. Economist David Korten [59] was surely correct when he argued that Wall Street should be replaced, not fixed.

In relation to some future directions for the study of finance, harm and white collar crime, some agenda items are as follows: the postmodern and globalization context for such crime; rising public concern about growing inequality and grossly unresponsive political systems, with an incipient legitimacy crisis as part of this; the shifting landscape of shaming, in part reflected by the priorities highlighted by some emerging political and religious icons, including Senator Bernie Sanders in the USA and Pope Francis in the Vatican. These are among the topics addressed in sections of an earlier draft version of this article, deleted due to space considerations, but to my mind worthy of further exploration in relation to finance, harm and white collar crime.

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