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White-Collar Crime, Characteristics And Scope

“Crime is learned through a process; it’s not natural.”
E. H. Sutherland¹

The year 2023 finds humanity in increasingly vulnerable circumstances: Covid-19 deepened inequalities on a global level; inflation is rampant; we have a war in Ukraine, which impacts the entire world; a long series of disasters have been caused by climate change; and political polarization in different countries has affected millions of people. This frames the way to approach the challenges represented by white-collar crime, since it is linked to people’s and communities’ security, despite the fact that it is often insufficiently recognized or fully understood.

Some Characteristics

The concept “white-collar crime” can be traced to U.S. American sociologist Edwin Hardin Sutherland. He proposed it in a 1939 lecture to the American Sociological Society, after observing that people occupying upper social strata were often perceived as respectable and not inclined to engage in illicit activities, while many thought individuals from lower social strata were associated with high crime rates.² After long experience as a criminologist, Sutherland coined the term to catalogue offenses committed by people with high social status in the sphere of their habitual business dealings.

The work of this sociologist, whose strong convictions led him to expose the perverse face of capitalism, emulat-

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ed the thinking of U.S. American sociologist and economist Thorstein Veblen (1857-1929) in his famous 1899 book *The Theory of the Leisure Class*.³ His work points to the existence of criminals who, shielded by their money and power and without using physical violence, stole or deprived people of their property without being held accountable under the law. It is important to point out that this meant that Sutherland was faced with the animosity of high society, which, with the support of large U.S. companies, sued him. They managed to severely censor the content of his book, but Sutherland continued his work and founded the Bloomington School of Criminology at the University of Indiana.

It should be said that later, in 1956, another famous U.S. American sociologist, C. Wright Mills, published *White Collar: The American Middle Classes*.⁴ In this work, he dealt with the experience of middle-class workers in the context of U.S. capitalism, underlining a point that is also important in Sutherland’s book: the need to understand individuals’ lives in their social context.

Scope

In the United States, the literature on this topic is not only extensive and highly specialized, but also found in all media and formats, in order to raise awareness and inform ordinary citizens. According to writer Jack Flynn, this is because of the outrageous scope of crimes like

fraud and identity theft, which affect more than seventeen million people in the United States alone.⁵ However, an underlying contradiction springs to mind when we look at the average jail time levied on convicted purveyors of fraud: it comes to only twenty-seven months, which can even be covered by paying fines. In all, in 2021 alone, the losses due to white-collar crime may have reached US\$1.7 trillion.

In the memory of predatory capitalism, marked by the unbridled greed of white-collar criminals, the famous case of U.S. company Enron is one of the biggest of its kind in the twenty-first century.⁶ Between 2001 and 2002, Enron committed a huge accounting fraud: after accumulating a fortune of US\$60 billion in only ten years, its capital disappeared into the hands of a select group heading up the company, powerful, privileged people. To protect their own interests, they managed to beggar the company in just one month. This debacle left more than 20,000 employees out of a job and stockholders with worthless paper. It also led John Clifford Baxter, one of the firm's top executives, to commit suicide.

Looking at other approaches, in Canada, white-collar crime is defined in line with a motivation of financial gain, which can be carried out by individuals, businesses, or corporations, but also by government actors; as mentioned, it generally does not involve physical violence. In Canada, where most of the provinces are ruled by common law—except Quebec, which uses a combination of common and civil law—, white-collar crime comes under the broad umbrella of the federal penal code.

Among the specific offenses are robbery, negligence, swindle, seizure, bribery, government officials' influence peddling, and fraud. One especially positive aspect that should be mentioned is that the Canadians have written into law threats and reprisals against employees as white-collar crime; this is consistent with its high placement—number 14 out of 180 countries—in the world ranking of the fight against corruption.⁷

The complexity of this kind of crime can be seen in the diversity of issues reflected in the laws. So, in Great Britain, we can see that perpetrators are often professionals, whose work involves high levels of education and training. There, the legislation includes the violations of anti-monopoly regulations, bank frauds, insider trading on the stock market, defrauding the health system, public corruption, and mortgage swindles.

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Interestingly, some historians situate as a precedent for what we today identify as white-collar crime certain behavior by many individuals in the fifteenth century and during the Industrial Revolution: the use of diverse strategies and practices to have an advantage over their competitors. According to Jane McGrath, it was in 1473 when, in what was called the "Carrier's Case" (Anonymous v. The Sheriff of London), a sentence was levied to stop the theft of privately-owned goods.⁸

Along these same lines, another positive development is that Oxford University is currently developing a project called "The Global History of Capitalism," one of whose crosscutting themes is the study of white-collar crime. This includes topics such as industrial espionage, Ponzi schemes, the development of tax havens in the Caribbean, nepotism, and the current hike in cybercrime in the global economy. The co-directors of this important initiative are Professor Christopher McKenna and Dr. Rowena Olegario.⁹

In contrast with the United States, white-collar crimes are not clearly set out in Mexican law; they are not, however, ignored: each one is individually analyzed, and the specific administrative or criminal penalty imposed accordingly. One example would be identity theft, or benefitting by facilitating identity theft, both crimes penalized in Mexico City's Criminal Code with one to five years in jail and a fine of the equivalent of 400 to 600 days' minimum wage.

Mexico also has different laws and norms that apply to this kind of crime, such as the Federal Law for the Prevention and Identification of Operations Using Resources with Illicit Origins, which includes preventive mechanisms.¹⁰ I could add here that white-collar crime in Mexico could include money laundering and other financial offences typical of organized crime.

Other applicable regulations come under the aegis of the Special Prosecutor's Office for Electoral Crimes (FISEL, previously FEPADE), which, in addition to strictly electoral crimes, monitors white-collar crimes linked to political campaigns. Another piece of legislation, the General Law on

Administrative Responsibilities, penalizes public servants who engage in corruption.¹¹

Moving on to the “Asian Giant,” some experts note that, while the law severely punishes white-collar crime, including imposing the death penalty on some offenders, the inwsector place China in sixty-fifth place of a total of 180 countries.¹² An emblematic case was that of the CEO of China Huarong Asset Management, Lai Xiaomin, accused in 2021 of receiving the equivalent of US\$227 million dollars in bribes, who received the death penalty.

On the long list of nations that have seen white-collar crime increase is India, where it has spiked 40 percent. This is a country where power and wealth are concentrated in 1 percent of the population and greed and the growing competition among professionals have an impact. All of this is linked to the fact that millions are unaware of how and in what circumstances these criminals operate, together with high rates of corruption and a lack of clarity and timeliness of their laws.

Final Thoughts

The examples given here allow us to see that white-collar crimes are made up of an increasingly broad spectrum of actions. We can say that rapid technological change, with its corresponding development of Internet and different digital platforms, which facilitate commercial, and banking and financial and other kinds of operations, have shown the extreme vulnerability of hundreds of millions of people. For this reason, given the exponential growth of the spaces where these criminals can operate, international agreements and protocols on cybersecurity are required. One alarming figure, from the analyst Teodora Dobrilova, estimates that by 2025, crimes committed in cyberspace will damage the global economy to the tune of US\$10.5 trillion.¹³

Although every country has its own laws to identify and penalize these crimes, something common to them all is to underline that the fight against corruption and impunity are key for stopping them.

It is also essential that a culture of prevention be designed and strengthened, which should incorporate national and regional campaigns to create awareness both in urban and rural areas. In rural areas, we know that thanks

to the expansion of mobile telephony, in many countries where people have been included in the banking sector, financial services, and/or ecommerce, alerts must go out about these crimes.

Key to prevention are education and fostering ethics not only in companies and corporations, but also among individuals (government employees and officials or members of institutions or organizations), which, because of their characteristics and/or structure, could experience situations that could facilitate this kind of crime.

We must not forget that very frequently, criminals manage to evade justice, particularly if they belong to the elites and enjoy power and privileges. For that reason, it is also imperative that we remember that the victims are not only individuals, but also consumers, the citizens who do fulfill their fiscal responsibilities, companies, and government. In short, we are all at risk. ■■■

Notes

- 1 E. H. Sutherland, *The Professional Thief* (Chicago: University of Chicago Press, 1937). [Editor’s Note.]
- 2 E. H. Sutherland, *White Collar Crime* (New York: The Dryden Press, 1949). [Editor’s Note.]
- 3 Thorstein Veblen, *The Theory of the Leisure Class: An Economic Study of Institutions* (New York: Macmillan, 1899). [Editor’s Note.]
- 4 C. Wright Mills, *White Collar: The American Middle Classes* (New York: Oxford University Press, 1951). [Editor’s Note.]
- 5 Jack Flynn, “20 Shocking White-Collar Crime Statistics [2023]: The State of White-Collar Crime in the U. S.” Zippia.com., June 14, 2023, <https://www.zippia.com/advice/white-collar-crime-statistics>.
- 6 Enron Corporation dealt in energy, commodities, and services.
- 7 Transparency International, “Corruption Perceptions Index 2022,” <https://www.transparency.org/en/cpi/2022>.
- 8 You can read about this case at uCL Discovery, University College London, at <https://discovery.ucl.ac.uk/id/eprint/1522180/>. [Editor’s Note.]
- 9 For further information, visit the site of the Oxford Centre for Global History, <https://globalcapitalism.history.ox.ac.uk/>. [Editor’s Note.]
- 10 Cámara de Diputados del H. Congreso de la Unión, “Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita,” October 17, 2012 (updated May 20, 2021), https://www.diputados.gob.mx/LeyesBiblio/pdf/LFPIORPI_200521.pdf. [Editor’s Note.]
- 11 Cámara de Diputados del H. Congreso de la Unión, “Ley General de Responsabilidades Administrativas,” July 18, 2016 (updated in 2022 and 2023), <https://www.diputados.gob.mx/LeyesBiblio/pdf/LGRA.pdf>. [Editor’s Note.]
- 12 “China. Índice de percepción de la corrupción,” Datosmacro.com, <https://datosmacro.expansion.com/estado/indice-percepcion-corruptcion/china>, accessed in October 2023.
- 13 Teodora Dobrilova, “Fear the Fraudsters: 15 White-Collar Crime Statistics to Know About in 2023,” techjury.net, August 8, 2023, <https://techjury.net/blog/white-collar-crime-statistics/>.