WHITE COLLAR CRIMES; A SERIOUS IRRITANT TO THE SOCIETY

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Abstract

One should not be showing abhorrence to criminals, but rather be showing hatred to their felonies. The statement may appear to be uncomplicated but within itself possess exceptionally deep rooted meaning and magnitude. It may help in reducing crime from the society and reshaping the outlook of the social order, but it requires clarity of understanding about crime and issues related to it. The evolution of mankind has seen effect of crimes and the methods with which it should be handled to have a positive effect on the society. Crime is a reality and cannot be ignored but require effective indulgence into understanding the crimes. It is also important to evaluate the reasons and consequences of such instances so as to trim down and over power them to bring harmony and opulence within the masses. Crime has generally been regarded as a sinful and aberrant behaviour, which reflects immoral, anti social and unethical act diluting the society unconstructively. It should be seen as something coming out of a range of sociological, economical or inbred persuasion and wiles on human attitudes and behaviour. In short, one has to be very critical and decisive in exploring the psychology and behaviour of criminals in order to question the reasons behind any crime. The notion of felony requires an extensive spectrum in order to examine it properly, however the study has just tried to emphasize on analysis of the key factors regarding crime. The research has targeted the issue mainly with the objective to scrutinize the crimes, especially white collar crimes from psychological aspect. The study has also strived to probe into the reasons behind the criminal's behavior and identifying the psychosomatic areas in order to provide a direction to work so as to brought about constructive transformation within the society.

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Introduction

Crime could be defined as a set of behaviour where legal code may have been broken by the member of the community. It may otherwise be defined as a felonious behavior that violates the social code of any society. Every society has its own set of social boundaries that defines the demarcation between normal and criminal act. In other words it could be considered as a deviant behaviour against what is expected, as per the social codes or bodies of criminal law. It could also be argued that actions would be considered as crime or unethical that disrupts or intended to disorder the amity and concord of the community. However it is at this juncture, it is important to inquisition the rhymes and reasons as to what instigates the psychology of such a mind which intends to violate the social and criminal code. Crimes can easily be categorized into various assemblages and by their character embrace activities that spread across various activities of our social life and hence have a very huge continuum. This scale is reaching even newer heights with the kind of development and evolution societies are experiencing. This situation is however getting even more complicated with the level and intensity at which the societies are intermingling with each other. In many instances a particular act may not be a crime but what it leads to may be defined as against the normal behaviour for being against the social code. Drunkenness in itself is not an offence in most societies, but it could lead to various other breeds of behaviour closely related to it, like rowdy conduct or unsettling the concord and peace, and are crimes. It is therefore important to understand the psychology of criminals as it is not confined to any particular point in time but inflates with the circumstances and gets increasingly intimidating and menacing for the society. It could also be threatening for the criminals as well as their minds starts to close down and performs analysis only in one dimension so as to see things as in a manner which suits their point of vision.

It has already been stated that crimes exist in our society as a socio-economic phenomenon having its roots in social and economic activities and therefore be considered as old as the human society itself is. Crime should be taken as something serious as it has a legal conception and sanction of law. Crime or felony is a legal wrong which may culminate into punishment and castigation after following criminal proceedings. It should be kept in mind that the breach of the criminal code of law is considered as the basic trait of the act of criminality. In other words criminal eminence of an act can only be gauged by means of one, i.e. whether the act is proscribed with penal consequences or not. Furthermore, a crime may otherwise be defined as any deportment that go along with the acts or omissions categorized as illegal by code of law and have penal repercussions. Since crime exist since the history of mankind on earth it has always been important to enquire and investigate for the reasons and procedure of crime to be understood so that measure could be taken with in the society to curb such practices in future. Today's environment is more complicated and diverse because of the level of interaction and the volume of transactions taking place not only with in the society members but also between members of various societies. As no society today can claim

that they have eliminated crimes completely, the need to develop understanding has gain more significance.

More often crime is committed when there is a breach of trust and confidence that exist between members of the society. The essence of living in a society or a community is to have some degree of mutual trust and respect for each other which is why man is considered as a social animal. Social rules constructs the structure of trust and respect with in the society, which if, taken out of the system then what is left would be the rule of jungle where only might is right. To develop and nurture the environment of trust and respect, every society strive to develop principles, rules and laws so one can have the confidence as how he should be treated by others and he should treat others. Unfortunately it is actually this confidence and trust that criminals usually use as a weapon.

The understanding about how criminals exploit their victims first came to surface way back in 1849 when it was brought to day light by the English media. It was pointed out that "confidence man" after engaging people into conversation wins their confidence and later deprived them of their valuables. From that point to what we can see today shows a huge growth. The unwary, the trusting and especially the elderly are targeted by large-scale fraud operations which steal an estimated $45 billion dollars per year in North America alone. It should remain clear that all fraud victims are not insatiable, voracious, risk-taking, self-deceptive persons aiming to make easy and quick money. Likewise it could not be claimed that all fraud victims naive, elderly or uneducated.[1] An insatiable or dishonest fellow, at times consider about him being intelligent enough to out-smart the trickster, only to know, being manipulated into losing right from the beginning. It has been considered as a general principle in confidence tricks that despite all your tricks and skills, one can only cheat a dishonest soul.[2] It has usually been found that there is no distinctive contour or silhouette, either of the tricksters or of their sufferers reflecting anyone has to remain alert or else can fell quarry. It could be argued that the sufferers from the high-yield investment cheats usually evolve out of a high level greed exceeding the caution level required and the keenness to foresee what is being desired.

These confidence men master their art to such a level that the sufferers in the course of their decision making starts to believe that they have covered all their options and evaluated all the pros and cons of the decisions. Although from their perspective, they weigh the options carefully, look at all the possibilities, and make the best choice based on a rational examination of the facts. However the matter of fact is that much of such decision making happens at the subconscious level, based on a mind-set where the decision maker might not be sentient of. It therefore reflects that being thoughtful and controlling those levels of subconscious thoughts is critical to the ability of influence and persuasion.[3] These tricksters, usually accompanied by accomplices, helping to influence,

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1 L. Henderson, *Crimes of Persuasion: Schemes, Scams, Frauds*, (Texas: Coyote Ridge Publishing, 2003) p. 54

2 J. Swain, *Loaded Dice*, (New York: Random house Inc.,2004) p. 36

3 K. Hogan, J. Speakman, *Covert Persuasion: Psychological Tactics and Tricks to Win the Game*, (Hoboken, NJ: John Wiley & Sons Inc., 2006) p.22

convince the victim about the existence of a fair chance of winning by performing the required task. The shill during the whole act pretends as if to be alien who has previously been profited by executing the task.

The crime considered to be in its awful category when it brings the feeling of stun and mental ordeal letting people to know they have lost all of their nest eggs. It would be at height of extreme intensity as if it's been done by someone trusted and close. Such criminals usually try to give impression of leading the life of a successful businessman such that no one could think of connecting them with a felonious contour.[4]

White-collar crime notion is all about that class of the society that works to stigmatize and disgrace it, as per socialist and anti-business viewpoint.[5] It may also be expressed as an illegitimate act or a series of it, planned and executed either through non physical means or by way of disguise, concealment or deviousness, with the objective to get hold of perceived gains. Such crimes are usually committed by persons of higher propriety and social standing, with in the sphere of their society and occupation. In other words it may also be defined as a crime committed by individuals holding significant degree of societal standing and ranking in their circles that makes it difficult to convince and believe that they could ever be involved in such activities. White collar crime may be defined in an occupational context as crime which occurs when planned and executed by professionals through various ways to put ahead their personal interests as against the interest of the society.[6] These crimes by their very nature breeds special class of usually not so violent types of criminal behaviors, generally concerning customary philosophy of pretense, concealment, exploitation, breach of trust, stratagem or illegal circumvention.[7] Organizational or corporate crime on the other hand is being committed where to benefit the organization, the corporate executives get indulge in committing criminal acts like price fixing, false advertising and overcharging.[8]

As has been mentioned above, white collar criminal either belongs to upper class of the community or at least they pretend to belong to that class and thereby violate the code of law during the course of their professional responsibilities.[9] Such criminals have score of activities through which they can achieve their goals like window dressings in financial statements of businesses, deliberate inefficiency during quality checking process of goods, covering up of defects in goods for sale, corrupting the means of channels of communications, deliberate swindling, etc. Moreover it could be said that white collar criminals wore a mask of respectable profession to carry out the deceiving activities for personal profit motives. These criminals have only one agenda and that is to make money smoothly without being caught because they know people will be carried away by their

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4 Kaminski, M. Marek, *Games Prisoners Play: The Tragicomic Worlds of Polish Prison*, (New York: Princeton University Press, 2004), p.56

5 J. Baker, *The Sociological Origins of "White-Collar Crime*, (New York: The Heritage Foundation, 2004), p.59. http://www.heritage.org/research/reports/the-sociological-origins-of-white-collar-crime

6 Edwin H. Sutherland, *White Collar Crime: The Uncut Version*, (London: Yale University Press, 1985), p. 342.

7 J. Baker, (2004), *Op Cit.*

8 Richard P. Appelbaum and William J. Chambliss (1997), *Sociology*, (California: Longman, 1997), p. 117

9 Sutherland, Edwin Hardin , *The Professional Thief*, (Chicago: University of Chicago Press: 1989), p.8

fancy appearances, socio economic position and their non criminal background. Thus white color crime in fact is the caricature through deceitful announcements, subornment, infraction of patents, copyrights and trade marks etc with a view to earning huge profits. Furthermore it could easily be observed that individuals having the job to serve the people and have all the access to the understanding about the rule of law and its interpretations are also found to be engaged more often in such activities which violates the criminal code of law.[10]

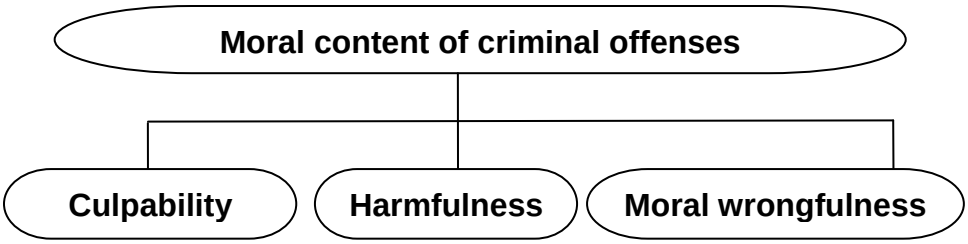
Through the financial scandals, these white collar crimes have serious in roads into our contemporary life. Events like the collapse of major financial institution or pension fund frauds raise serious question to the legitimacy of the financial world deals with countering such events. It also raises concern about the climate of sleaze how it is being handled by the political fraternity and not to make it a political issue. Beyond any doubt such kind of crimes, especially related to public sector and the taxation culture, undermines the government resources which it could be spending for better health, free education and more welfare. Such harmful activities in the private sector as well is detrimental for the society in a sense that it may for instance endanger the safety and security of workers, consumers and general public, and have a wider impact on public health and a cleaner safer environment. However irony of the fact is that these white collar crimes were not considered harmful crimes as they did not involve a sharp weapon to injure someone to physical loss. It is probably for this reason that till late these crimes did not attract much attention as we do not had a criterion in place to judge how much the society is at loss from such crimes. With the introduction of such a mechanism, it would become possible to infect the offender with a reciprocal harm or any loss of social status to the offender upon being caught; the society can easily provide more welfare to its members.[11]

The term white collar crime theory has not gained much except for providing a useful label in criminal law theory, especially in developing economies where society is being deprived about its rights and claims. Despite of having significant incongruity over its meaning, one might agree that instead arguing for the term to define the term, efforts should be spent on scrutinizing the moral code of such offenses. These moral code of conduct can be categorize into three basic elements; blameworthiness, harmfulness and moral wrongfulness.

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[10] Stuart P. Green, *Lying, Cheating, and Stealing; A Moral Theory of White-Collar Crime*, (London: Oxford University Press, 2007), p.62

[11] Dillon, Eamon, *The Fraudsters: Sharks and Charlatans - How Con Artists Make Their Money*, (Dublin, Ireland: Merlin Publishing, 2008), p.45



Culpability reflects the mental element with which an offense is committed, such as intent, knowledge, or belief. Whereas harmfulness reflects the degree to which a criminal act causes, or risks causing, harm to others or self. Moral wrongfulness involves the way in which the criminal act entails a violation of moral norms. It could be argued that white collar crime does differ from non-white collar crimes in various dimensions. For instance, the harms that white collar crimes cause tend to be more scattered and aggregative than in the case of conventional crime. Furthermore, white collar crime tends to involve certain distinctive forms of moral wrongfulness, not only deception and breach of trust, but also cheating, exploitation, coercion, promise breaking, and disobedience.

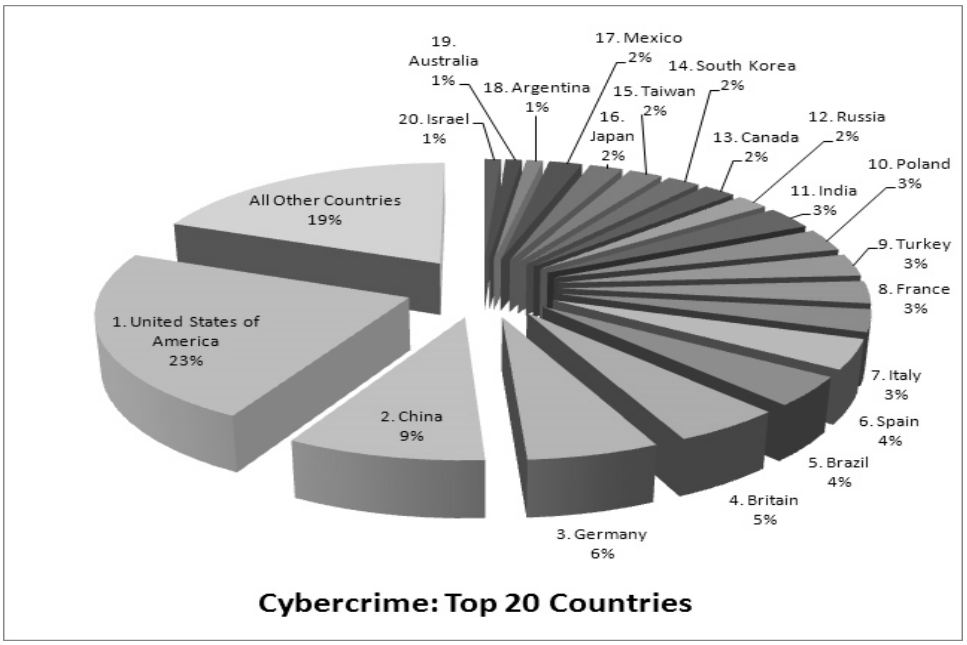
One of the major crises, common to most of the developing societies, is the level and growth of corruption and white collar crimes. The reason for increase in white collar crime in recent decades is to be found in the decaying social and moral values with in the society. Considering the examples of the third world countries, one can very easily find that people from the ruling circle have actively been involve in all sorts of corruption and scandals. It seems that societies of today have started to give respect to those who are affluent irrespective of their source of affluence. Although it is not actually be the case the society and the civil societies are bellowing their voices against these circles and crimes they are committing but in fact they are not strong enough as a movement today to send the ruling class out of the power game for their corruption. The magnitude and scope of white collar crime has significantly increased, as suggested by several case studies and recent events which have attained media attraction, simply for the reason that the trend is trickling down from the top to bottom thereby becoming a norm of the society. It raises the acceptance level of the society about these corruptions and entices them to go for it as well with no or less fear for being caught or held accountable.

Day by day corruption especially white collar crimes are getting deep rooted. If the composition of socio, economic and political structure prevailing in society indicates loopholes where white collar people are injected to work for their personal gains they manipulate not only the people but control system to a certain extent. The inability of all sections of society to discourage such instances is actually resulting in the emergence and growth of white-collar and economic crimes. Enforcement of the laws is also not sufficiently providing the deterrent required in dealing more effectively with this demanding task. Tax evasion and avoidance, share-pushing and other malpractices with in the stock market and administration of companies, monopolistic control, hoarding, profiteering, substandard performance of contracts of constructions and supply, evasion of economic laws, bribery and corruption, election offences are some of the examples of

white collar crimes. These crimes have also become a matter of global concern and challenge for the law enforcement agencies in the new millennium.

The latest developments in information technology and electronic media especially have given rise to a new variety of computer and networking related white collar crime which is commonly called cyber-crimes. Advancements in data processing and data transmition have launched to this new opportunities to these kinds of criminals. The widespread growth of these crimes has become matter of global concern and a challenge for the law enforcement agencies and is actually a gift of the new millennium. Because of the peculiar nature of these crimes, they can be committed anonymously and far away from the victim without being, physically present there. Such a situation provide a perfect setting for these cyber criminals to have hid from their victim with a lesser risk of being apprehended or caught and inflict serious damages using computer technology. Cyber-crimes today, have the capacity and capability to have meted out a wide range area spreading between banking and financial institutions, energy and telecommunication services, transportation business, industries and so on. Cyber crimes covers all of these and many areas through an extensive assortment of illegal computer-related activities, which include offences such as, theft of communication services, industrial spying, dissemination of pornography and sexy offensive material in cyber-space, electronic money laundering, tax evasion, electronic vandalism, terrorism and extortion are some to mention. Moreover cyber space now provides a wide variety of investment opportunities, which opens up all new breed of areas and activities for deceit or fraud. Electronic funds transfer systems have proliferated which has posted the risk of transactions being intercepted or diverted. Now-a-days valid credit card numbers can be intercepted electronically as well as physically and the digital information stored on a card can be counterfeited. Furthermore stalking and unwanted mail virus, hacking servers of banks and other big organizations have ever so become common threats of 21st century.

A comparative analysis of cyber crimes in developing & developed countries could very easily reflect that cyber crimes are on the expansion side and helps towards the growth of white collar crimes as well. Technological advancements and innovation have not only provided better opportunities for enhancing productivity and efficiency but have also contributed towards the introduction and expansion of this new breed of crimes. Technologically advance countries have higher instances of such crimes followed by those economies that are striving hard to be amongst developed nations.



The white collar crimes are common to our economy as well. Trade and business entities are hoarding, profiteering and black marketing to make their illegal gains at the expense of unaware and oblivious victims amply backed by the ruling class. Violation of foreign exchange regulations and import and export laws are frequently resorted to for the sake of huge profits. That apart, adulteration of foodstuffs, edibles and drugs which causes irreparable danger to public health is yet another white – collar crime common in Pakistan. Complexity of tax laws in Pakistan has provided sufficient scope for the tax-payers to evade taxes. The evasion is more common with influential categories of persons such as traders, businessmen, lawyers, doctors, engineers, contractors etc. The main difficulty posed before the Federal Board of Revenue is to know the real and exact income of these professionals. It is often alleged that the actual tax paid by these persons is only a fraction of their income and rest of the money goes into circulation as black money.

Despite frequent modifications in the tax-laws of the country the menace of tax-evasion continues unabated and it is causing considerable loss to Government exchequer. All the effort put together to unearth black money has not made the right impact because of the insincerity of the intention among the policy makers and those who are the implementers which is again a kind of white collar crime bringing huge losses to the government. It may be pointed out that the problem of generation of black money and its proliferation is not new. It is significant to note in this context that what constitute crime are tax evasion and not the tax avoidance. It may be stated that the government has introduced various regulatory legislations, as amended from time to time, the branch of which results in

white collar criminality. A large majority of white collar crimes are, however, operating within the letter and spirit of the law and, therefore do not call for legal action.[12]

Furthermore the use of internet has not yet is considered as widespread in Pakistan but the way it's been taken care off in Pakistan is not a sign. In Pakistan, there are around more than 600,000 using the services of privately owned ISPs but does not seem to be heavily censored. The Daniel Pearl kidnapping and murder case showed how extremists could use it but despite that still a lot is required to be done. On the other hand the use of mobile phone has definitely increased in recent times but even in this area there isn't a proper mechanism has been implemented to safeguard the misuse of the facility and for that reason mobile related crimes are on the rise.

Contributing Factors to white-collar crimes:

The growth of whit collar crime has very rightly raised the concerns of the academia and social researchers to rummage around and investigative for reason behind such opulence of the white collar crimes. At the same time it is equally important to explore the causes for the lack of public interest in either not providing any avenue for such crimes to grow or at least nipping them in the bud especially in a developing country.

Investigating into as what has contributed by the society towards the growth and escalation of the white collar crime reflects the following issues:

The changing socio environment– as it could very easily be observe around that inter society gap has narrowed down to major extent and one can see issues as normal from observing the other society which are not allowed or preferred with in his own society. Such behaviors provide the starting point for crossing the social norms and barriers letting him believe that every thing can be done. For instance use of alcohol is allowed in some society but in others it is not a preferred activity. Like wise prostitution is a legal business in some society but not so in others, which is why each society decides its does and don'ts. However if one starts expecting to import activities from other society he starts to break the local social code and that it would help towards building a perception that everything can be accepted as right.

Economic phenomenon- As an economic understanding, human wants are perceived to be unlimited and every time he satisfies his one need, there are many other wants rising and standing in the way to be fulfilled. After just fulfilling his deficient need the want arises to have the comforts and once the comfort is gain, his lust and desire moves towards the luxurious items. The white-collar criminals usually enjoy relatively high socio-economical status and gain the kinship of the influential groups powerful enough to handle their occupation tactfully and persons affected thereby hardly know that they are being victimized. Economic scenario of the society coupled with increase in wealth and prosperity has furnished more opportunities for white-collar crimes to flourish.

[12] J. Bowyer; W. Barton, *Cheating and Deception*, (London: Transaction Publishers, 1991), p.25

Demonstration effect- Moreover demonstration effect prevailing in society forces the offenders to commit such a crime as when the offender sees that in his neighborhood every other person has good life style, comforts and glories. It urges the offender to have them all with a short cut. Second dimension of the demonstration effect is that when people observe that some are getting away despite of sidestepping the social code and are actually having a better status with in the society, it encourages them to go for doing what is good for individual rather than good for society.

Cultural of Law is another factor that has contributed to the growth of white collar crime is the fact that criminal law administrators and Judges being members of upper strata of the society are generally sympathetic towards white collar criminals while dealing with them. When it comes to the treatments the courts generally have been giving differential treatment to white-collar criminals. Sometimes, instead of punishing the guilty, the courts have used cease-and-desist orders in case of white-collar criminals, a technique which is not resorted to for ordinary criminals. Furthermore suggestions are often made that the lower magistracy like the higher courts should realize the seriousness of these social and economic offences and evolve some method to make the judiciary cognizant of the grave damage caused to the society's wealth and health by such anti-social crimes, but on ground little happens to implement such suggestions. It is of utmost importance that all State instrumentalities involved in the investigation, prosecution and trial of these offences must be oriented to the philosophy which treats these economic offences as a source of grave challenge to the nation.
Technological environment is a further important aspect that provides ample play field for such white collar crimes to germinate and prosper. In today's society the opportunities for white collar crime to evolve stems form the kind and level of innovation and advancement in almost every walk of life. Furthermore these modern scientific and technological developments allows for such practices to grow as some of the members get quickly acquainted to new techniques as compared to others and posses a threat to others who are slow in coming to terms with innovations and modernizations. The monopolistic trends in business world have also opened new doors for these white-collar crime based on new methods and techniques involve in their sphere of activities.

Public Support – is also a significant factor that adds towards the existence and growth of such practices with in the society. It has generally been observed that potency of such practice depends upon the vigor with which the society abhors or accepts it. Without the contribution of the society members it can not thrive because if something is growing out from with in, would generally be having more potency to survive as compared to something which is being imposed from outside. Contribution of the society would also be there if they remain indifferent to it or starts to treat it as normal and succumb to the burden of it. However, lack of public concerns stem from the fact that such criminals operate with in the strict letter of the law and exploit the trustworthiness of their sufferers. Furthermore the legal battles involved are dragged out for years in the court; with the result the significance of the offence is totally lost in the unconsciousness. It has also been noticed that the members of the community themselves contribute to the commission of various white-collar crimes willingly or un-willingly. Illegal fulfillments are usually provided to the public servants to get the work done quickly. In other words

bribery given by the civilians to public servant in order to save their time rather than involving in the long hierarchal process.

Recommendations:

In a country like Pakistan where large scale malnourishment, mass illiteracy, and ignorance affect the life of the people, white collar crimes are bound to multiply in large proportion. Control of these crimes is a crucial problem for criminal justice administration in this country. However, combating white collar criminality may require:

- Creating public awareness against these crimes through the media and other audio-visual aids should be attempted. Intensive legal literacy programs may perhaps help in reducing the incidence of white collar criminality to a considerable extent.

- Special tribunals should be constituted with power to award sentence of imprisonment up to ten years for white collar criminals. Furthermore, they should trial the case in such a way that one has not to wait for years and sometimes to generations to get the justice.

- Stringent regulatory laws and drastic punishment for white collar criminals may help in reducing these crimes. The practitioners of this evil are the worst enemies of society. They have to be dealt with sternly, however well placed, important and influential they may be, if found acquiesce in wrong-doing; other wise people will lose faith in judicial system.
- A separate chapter on white collar crimes and socio-economic crimes should be incorporated in the Pakistan Penal Code so that white collar criminals who are convicted by the court do not escape punishment.

- There is an urgent need for a National Crime Commission which may squarely tackle the problem of crime and criminality in all its facets.

- Above all, Public vigilance seems to be the cornerstone of anti white collar crime strategy. Unless white collar crimes become abhorrent to public mind, it will not be possible to contain this growing menace. In order to attain this objective, there is need for strengthening of morals particularly, in the higher strata and among the public services. This could be possible through character building at grass-root level and inculcating a sense of real concern for the nation among youngsters.

- Finally, it must be stated that a developing country like Pakistan where population is fast escalating, economic offences are increasing by leaps and bound besides the traditional crimes. These are mostly associated with middle

and upper class of society and have added new chapter to criminal jurisprudence. With the growing materialism all around the world, acquisition of more and more wealth has become the norm of human activity. Consequently, moral values have either changed or thrown to the winds and frauds, misappropriation, misrepresentation, corruption, adulteration, evasion of tax etc. have become the techniques of trade commerce and profession. Perhaps the reason for white collar crimes being carried on unabated is that these crimes are committed generally by influential persons who are shrewd enough to resist the efforts of law enforcement against them.

Conclusion

To conclude it in a nutshell it could be said that the existence of white collar crime is not a new phenomenon. White collar criminals belong to a higher socio economic class with respectable status. The demonstration effect has a key role to play in enlightening their psychology as the lust and desires dominate them and for their profit motives they deceive others. One of the main features of such individuals is that they have silver tongue means quality of convincing the people to vest trust in them. Generally white collar criminals are only interested in swindling but they don't use sharp weapons to cut throats nor do they have any intensions to physically injure their victims. These economic offences may either be cognizable or non-cognizable in nature. Local police deals with a considerable number of economic offences falling under the board category of 'Cheating', 'Counterfeiting' and 'Criminal Breach of Trust'. A number of special laws are enforced by the respective departmental enforcement agencies created under the statutory provisions. Legal powers for investigation, adjudication, imposing of fines, penalties and under special circumstances arrest and detention of persons are derived from the same legislation. The officers of the enforcement agencies are also vested with powers to summon witnesses, search and seize goods, documents and confiscate the proceeds. Despite special laws and independent enforcement agencies for handling these crimes there is no decline in the crime rate but in fact it is constantly raising, which is a serious cause of concern for all those who are associated with the administration of criminal justice.