



**White-Collar Crime, Competition, and Capitalism: Comment on Coleman**

John Braithwaite

*The American Journal of Sociology*, Vol. 94, No. 3. (Nov., 1988), pp. 627-632.

Stable URL:

<http://links.jstor.org/sici?sici=0002-9602%28198811%2994%3A3%3C627%3AWCCACC%3E2.0.CO%3B2-9>

*The American Journal of Sociology* is currently published by The University of Chicago Press.

---

Your use of the JSTOR archive indicates your acceptance of JSTOR's Terms and Conditions of Use, available at <http://www.jstor.org/about/terms.html>. JSTOR's Terms and Conditions of Use provides, in part, that unless you have obtained prior permission, you may not download an entire issue of a journal or multiple copies of articles, and you may use content in the JSTOR archive only for your personal, non-commercial use.

Please contact the publisher regarding any further use of this work. Publisher contact information may be obtained at <http://www.jstor.org/journals/ucpress.html>.

Each copy of any part of a JSTOR transmission must contain the same copyright notice that appears on the screen or printed page of such transmission.

---

JSTOR is an independent not-for-profit organization dedicated to creating and preserving a digital archive of scholarly journals. For more information regarding JSTOR, please contact [support@jstor.org](mailto:support@jstor.org).

## Commentary and Debate

To conserve space for the publication of original contributions to scholarship, the comments in this section must be limited to brief critiques. They are expected to address specific errors or flaws in articles and reviews published in the *AJS*. Comments on articles are not to exceed 1,500 words, those on reviews 750 words. Longer or less narrowly focused critiques should be submitted as articles. Authors of articles and reviews are invited to reply to comments, keeping their replies to the length of the specific comment. The *AJS* does not publish commenters' rebuttals to authors' replies. We reserve the right to reject inappropriate or excessively minor comments.

### WHITE-COLLAR CRIME, COMPETITION, AND CAPITALISM: COMMENT ON COLEMAN

In his article "Toward an Integrated Theory of White-Collar Crime" (*AJS* 93 [September 1987]: 406–39), James W. Coleman argues that the origins of the symbolic constructions that motivate white-collar crime "are to be found in the social structure of industrial capitalism and the 'culture of competition' to which it gives rise" (p. 406). My contention will be that, before we can build on the valuable synthesizing work Coleman has undertaken, we must seek a more theoretically fruitful specification of the competition and capitalism issue.

The data on white-collar crime to which we routinely attend are from capitalist societies. Can it be that we are led to a theoretically truncated focus on competition and the political economy of capitalism because we rely on data from one type of political economy, that of modern industrial capitalism? The failing is not Coleman's alone; it is manifest in my own attempts to draw wider theoretical lessons from my Australian data: "The deepest reasons for all forms of used car fraud, as expressed by the managers and owners themselves, is the savageness with which the competitive struggle is fought in an exploitative capitalist milieu. It was interesting that people who were so committed to the competitive market of capitalism felt so strongly that this competition in which they believed

Permission to reprint a comment printed in this section may be obtained only from the author.

was the main cause of white collar crime in their industry” (Braithwaite 1978, p. 122).

In Merton’s terms (1957), I could think of my used-car dealers as committed to the cultural goal of material success; yet they found it difficult to achieve the goal by legitimate means; they believed they could not make a profit unless they resorted to such illegitimate means as turning back mileage readings. Yet, in the same volume, Gross (1978) reminded us of Berliner’s (1957) Soviet managers, who were faced with intense pressures to meet targets but deprived of the ability to control supplies. Many Soviet managers solve the problem of blocked legitimate means for reaching their target by resorting to an illegitimate means—a corrupt payment. Lampert has described the problem: “The requirements of the ever-looming plan confront Soviet managers with a struggle for survival that cannot be fought without regular breaches of the law. For example, sending gifts and bribes to suppliers and higher officials, the illicit use of enterprise funds for entertaining, setting aside scarce goods for ‘important’ people . . . —all these can be seen as measures that help to create the necessary conditions of success, that help to overcome a series of ever-present constraints” (1984, p. 370).

To identify the causes of white-collar crime with the competitive pursuit of profit is therefore theoretically constraining. Even within capitalism, as Galbraith (1967) has pointed out, profit maximization is not necessarily the major goal of a corporation. Expansion by diverting profits to empire-building investments and protection of the top management team from a hostile takeover are among the many alternatives that periodically become salient. My work on corporate crime in the pharmaceutical industry revealed that the pursuit of profit is not always the motivational culprit (Braithwaite 1984). Scientists are sometimes motivated to commit fraud in the safety testing of drugs to defend discoveries that they believe will confer greatness on them in the scientific community.

In the literature, white-collar crimes motivated by the individual pursuit of wealth and the corporate pursuit of profit surely predominate, but the pursuit by the individual of glory, power, the exposure of traitors, a more just society, or simply easier ways of getting the job done can all be illustrated. And at the organizational level, Gross’s conclusion is irresistible: “Some organizations seek profit, others seek survival, still others seek to fulfill government-imposed quotas, others seek to serve a body of professionals who run them, some seek to win wars, and some seek to serve a clientele. Whatever the goals might be, it is the emphasis on them that creates the trouble” (1978, p. 209).

While we could interpret the fraudulent pharmaceutical company scientist as manifesting a distinctly capitalist competitive struggle for

scientific glory, we could equally regard esteem from scientific colleagues as a laudable socialist aspiration, or we might even accept the scientist's account that he or she just got a little carried away in the noble pursuit of the betterment of humankind. Just as socialist generals may be as susceptible to committing war crimes as capitalist generals, we could argue that the socialist scientist, imbued with a cooperative rather than a competitive consciousness, may be as subject to fraudulent temptations as his capitalist counterpart.

The literature on Soviet white-collar crime does draw our attention to how a cooperative consciousness can be a motivational impetus to crime, just as a competitive consciousness can. Referring to temptations to cover up and fiddle the books when Soviet plan targets have not been met, Lampert (1984, p. 371) suggests that "Unless managers do so, they will 'let down' the collective, themselves, their superiors and local party officials." Even a utopian, perfectly democratic commune can have a cooperative goal—feeding the collective—that is frustrated by environmental contingencies that can be overcome by breaching laws controlling irrigation, soil conservation, or use of pesticides. When a breach occurs, it is better to look for the motivational culprit in cooperative rather than in competitive aspirations. This is also true of price-fixing offenses in capitalist markets. We require a theory that can accommodate illegal behavior by capitalist firms that cooperate to adjust their behavior for their mutual benefit at the expense of consumers or other actors.

Theoretically, we must resist the Marxist functionalist assumption that "competition and the quest for personal gain tend to replace cooperative sentiments" (Coleman 1987, p. 419) under capitalist relations of production. On the contrary, it could be argued that cultures that inculcate values of cooperation (Japan, perhaps) confer a comparative advantage on their enterprises in the megacorporate world of contemporary capitalism.

A more general formulation to accommodate noncapitalist, non-profit-motivated, noncompetitive white-collar crime might look something like the following. First, it would say that white-collar crime is more likely to occur when people in positions of responsibility are put under enormous performance pressures to achieve economic or cultural goals. Whether the goal is profit maximization or a state-imposed production quota, the manager who feels that his failure to achieve the goal will be ignored or tolerated will be less likely to break an environmental pollution law that stands in the path of goal attainment.

Second, and again following Merton's (1957) framework, white-collar crime will be more likely in contexts with structural blockages to legitimate means of goal attainment (Vaughan 1983, pp. 55–58). Far from competition being the culprit here, it may be that a competitive market

supplies the incentives for entrepreneurs to proffer solutions to blockages of legitimate means to goal attainment. Under capitalism, when goods and expertise needed to secure goals are in short supply, entrepreneurs seize the opportunity to charge a premium for supplying them. In contrast, under state socialism, "because the mechanism of directive planning is highly imperfect, the managers of economic units feel obliged regularly to break the law in order to meet their targets in the face of constant difficulties with the supply of needed goods and materials" (Lampert 1984, p. 367).

Third, white-collar crime will be more likely in contexts in which illegitimate opportunities are more structurally available. For example, it will be easier to cooperate in a price-fixing cartel where there are three competitors in a market than where there are 20 or where there is competition from imports.

Fourth, white-collar crime is less likely when people in positions of responsibility are put under performance pressures to achieve economic and cultural goals by legitimate means only. The literature on corporate crime suggests that crime flourishes in organizations in which top management says to middle management, "This is what I want you to achieve, but I don't want to know what you have to do to achieve it" (e.g., Braithwaite 1984, 1985; Clinard 1983). This was the culture of the Nixon White House and is perhaps that of the Reagan White House. In contrast, law-abiding companies are scrupulous about communicating that goal attainment by breaking the law is not goal attainment at all; they direct substantial energy to monitoring to ensure that goals are attained by legitimate means and to correcting managers tempted by illegitimate means (Braithwaite 1985).

Societies will have more white-collar crime when they tolerate the view that "it's winning that matters, not how you play the game" (Box 1981, p. 104). Major variations do occur on this cultural dimension. I remember being shocked when I saw an American baseball telecast in which a fielder caught the ball on the bounce while obscuring the umpire's vision. When the batter was declared out on the basis of the fielder's feigned jubilation at making the catch, the television commentators remarked how clever he was to have successfully deceived the umpire. A British or Australian cricket commentator would be censorious of the player in such circumstances; in the subculture of cricket, the correct thing is to notify the umpire of his mistake and recall the batsman. I do not wish to suggest that ball games are necessarily a litmus test of wider societal differences, because, for example, deceiving the referee is acceptable practice in rugby contests.

But for other reasons, the sporting example is worth pursuing. The rugby institution of the "best and fairest player" award is resonant of a

strong cultural emphasis on both goals and legitimate means of attaining them. To be an admirable citizen of the game, in the ideal world, it is how you play the game that matters. Contributing to victory is evidence of admirable playing of the game, but so is being fair and playing by the rules. The fact that these ideals are evaporating in professional sport should not distract us from the abstract point about citizenship.

Could it be that the societies that can, at the same time, be productive and be comparatively free of white-collar crime are those that manifest a cultural commitment to citizenship? The good citizen will not only be an achiever in his job, he will also play by the rules. Corporate citizenship means that productive contributions to the society are being made in a socially responsible, law-abiding way.

On the Left in capitalist societies, there is a not uninfluential cynicism about corporate citizenship—whenever the profit motive is enshrined in the relations of production, any discussion of responsible corporate citizenship is empty rhetoric. More important, there is a prominent tradition of capitalist ideology that is opposed to the idea of corporate citizenship. According to this view, the job of corporations is to maximize profits, and when they confuse this pursuit with concerns about being good corporate citizens, they undermine the benefits an untrammelled market is believed to bring (e.g., Friedman 1962). This position, which we might call egoistic or vulgar libertarian capitalism, holds that the best way to secure the public interest is by the uninhibited pursuit of private interest in a free market: shareholders are viewed as the only stakeholders to whom corporations owe an allegiance.

The vulgar libertarianism of many New Right activists can be contrasted with a wide spectrum of pro-citizenship capitalist ideologies, including social democracy, corporatism, and Old Right communitarianism. Let us call this disparate collection of alternatives to vulgar libertarian capitalist ideology, republican capitalism—ideologies that value the notion of citizenship as a commitment to both productive ends and socially responsible means.

Is it possible that it is the culture of egoistic *libertarian* capitalism that contributes to the motivation of white-collar crime? Republican capitalism—whether that of social democracy on the Left or the communitarian republican traditions of the American Old Right—involves cultural commitments inhospitable to white-collar crime because its vision of citizenship combines a concern with productive ends using socially responsible means.

Thus we can talk of a vulgar libertarian capitalist ideology that values profit, however achieved, and values unrestrained pursuit of self-interest as criminogenic. We can talk of a centrally planned socialist ideology that values the attainment, by any means, of centrally planned goals as

criminogenic. And we can consider the possibilities that republican capitalism and republican socialism, ideologies that value citizenship, are culturally resistant to white-collar crime. Republican citizenship means, among other things, sanctioning the achievement of productive goals by socially responsible means. It is cultural commitments to being a good citizen of the game that matter, whether the game is competition in a free market, successful completion of centrally planned objectives, or the attainment of goals agreed on from below in an industrial democracy. To the extent that societies sow the single-minded pursuit of ideologically charged ends—profit under capitalism, five-year plans under state socialism—they will reap a rich harvest of white-collar crime.

JOHN BRAITHWAITE

*Australian National University  
and American Bar Foundation*

#### REFERENCES

- Berliner, Joseph S. 1957. *Factory and Manager in the USSR*. Cambridge: Harvard University Press.
- Box, Steven. 1981. *Deviance, Reality and Society*. London: Holt, Rinehart & Winston.
- Braithwaite, John. 1978. "An Exploratory Study of Used Car Fraud." Pp. 101–22 in *Two Faces of Deviance: Crimes of the Powerless and Powerful*, edited by Paul Wilson and John Braithwaite. Brisbane: University of Queensland Press.
- . 1984. *Corporate Crime in the Pharmaceutical Industry*. London and Boston: Routledge & Kegan Paul.
- . 1985. *To Punish or Persuade: Enforcement of Coal Mine Safety*. Albany: State University of New York Press.
- Clinard, Marshall. 1983. *Corporate Ethics and Crime: The Role of Middle Managers*. Beverly Hills: Sage.
- Friedman, Milton. 1962. *Capitalism and Freedom*. Chicago: University of Chicago Press.
- Galbraith, John K. 1967. *The New Industrial State*. Boston: Houghton Mifflin.
- Gross, Edward. 1978. "Organizations as Criminal Actors." Pp. 199–213 in *Two Faces of Deviance: Crimes of the Powerless and Powerful*, edited by Paul Wilson and John Braithwaite. Brisbane: University of Queensland Press.
- Lampert, Nick. 1984. "Law and Order in the USSR: The Case of Economic and Official Crime." *Soviet Studies* 36:366–85.
- Merton, Robert K. 1957. *Social Theory and Social Structure*. New York: Free Press.
- Vaughan, Diane. 1983. *Controlling Unlawful Organizational Behavior: Social Structure and Corporate Misconduct*. Chicago: University of Chicago Press.

#### COMPETITION AND THE STRUCTURE OF INDUSTRIAL SOCIETY: REPLY TO BRAITHWAITE

Let me begin my response to Braithwaite's useful comments with some of the not inconsiderable areas in which we agree. Most significantly, the