

Theft of a Nation Symposium: Introduction

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In the fall of 2012 I attended a lecture at Portland State University's Economics Seminar Series given by the highly regarded heterodox political economists and authors of *The Making of Global Capitalism: The Political Economy of American Empire*, Sam Gindin and Leo Panitch (2012) of York University, Canada. The presentation, like the book, was expansive, thorough, and richly detailed on multiple levels. As the historical discussion invariably arrived at the subprime mortgage crisis that began in 2007, and subsequent economic meltdown in 2008-2009, curiously, one essential component of the authors' analyses was missing: how did *financial crimes, particularly fraud*, contribute to the Great Recession—the largest economic recession since the Great Depression? That was the question posed to the authors and to which I anticipated a similar level of depth, complexity, and rigor that had characterized their prior analyses. The authors responded by asserting that they did not believe fraud had played a significant role in the current global financial crisis. Moreover, they argued that worldwide, several dozen similar, albeit smaller, economic crises over the past two decades collectively underscored the cyclical and expected vagaries of U.S. and global financial markets.

This not uncommon economic response might have been expected if posed to classical liberal economists. In fact, the nation's leading expert on financial regulatory laws and enforcement, Bill Black writing with Henry Pontell, recently made such an argument in "White-Collar Criminology and the Occupy Wall Street Movement" (Pontell and Black 2012). The fact that neo-classical economists trivialize financial crimes and fraud, in particular, is perhaps no more surprising than the marginalization of white collar crime by mainstream criminologists. These noted political economists, however, are Marxian scholars—Leo Panitch is editor of the *Socialist Register* and Sam Gindin is a former chief economist for the Canadian United Auto Workers. The

theoretical and philosophical analyses of these prominent and influential economists are relevant to this symposium dedicated to Wall Street financial crimes for two reasons. First, as noted by Pontell and Black (2012), economists play a key role among social science scholars in formulating governmental regulations and financial policies. Second, they exemplify the breadth and depth of disregard (in both academic and policy arenas) encompassing the overwhelming evidence linking both corporate crime and malfeasance with governmental mal-, mis-, and non-feasance to the current economic crisis.

So what exactly are finance crimes? Finance crimes are "the large-scale illegalities...committed on behalf of major financial institutions or individuals occupying financially privileged statuses, including violations of banking Acts, bribery, fraud, tax evasion, money laundering, insider trading, predatory lending, and other deceptive policies and practices" (Friedrichs 2010:190). Because fraudulent activities are so integrally entwined with finance crimes, it is important to point out that despite the often complex elements that comprise these crimes, fraud at its most essential element is simply theft by deception. As it relates to the economic crisis of 2007-2009, which is the focus of this symposium, Wall Street fraud was committed "on a grand scale" by some of the most structurally powerful elite and by the most distinguished financial institutions in our society, with devastating consequences for its multiple victims. Those victims included homeowners, investors, savers, workers, taxpayers, and consumers.¹ Barak (2013) graphically illustrates the economic brutality of this victimization when he reports that globally

[the] Wall Street debacle accounted for more than \$20 trillion in lost wealth...cost some 20 million workers their jobs worldwide...domestically, cost taxpayers \$700 billion in TARP bailout funds.... and between 2007 and the end of 2012, cost some 4 million American households their homes [due] to mortgage foreclosures. (pp. 7, 13)

With these massive victimizations and harms in mind, we can see the human, individual-level consequences and substantial significance of macro-level theorizing and analyses. For example, Friedrichs' (2010:168) critical point that "finance crimes can directly threaten the integrity of the economic system," bares new meaning when Americans personally experienced precisely that following the near national economic collapse in 2008. Despite the magnitude of the costs and the consequences of these harms, and what should be the domain of criminology as the core discipline that specializes in analysis of crime (including white collar crime and elite deviance), little criminological attention has been dedicated to investigating the crimes and malfeasance on Wall Street. As of this writing, a small handful of white-collar criminologists in the U.S. have studied the current financial crisis (Black 2010, 2012; Friedrichs 2010; McGurrin and Friedrichs 2010; Nguyen and Pontell 2010, 2011; Pontell 2010, 2011; Pontell, Black and Geis 2013; Pontell and Geis 2013). Only critical criminologist and integrative theorist Gregg Barak, has taken on, in book form, the challenging task of researching the financial crimes of large investment banks, mega-bankers and mortgage lenders, as well as the governmental policy makers, regulators, and regulations whose interrelated collusion gave rise to the conditions that made the magnitude of this global financial crisis a catastrophe.

In accomplishing this demanding investigative research task, Barak has mined the depths of social history, political economy, and critical legal studies to provide essential interdisciplinary insight informing the study of high finance crimes. The focus of Barak's (2012) research is categorically stated in his book title, *Theft of a Nation: Wall Street Looting and Federal Regulatory Colluding*. It is an unapologetic critical socio-historical, legal, and political economic anatomy of the greatest financial crisis faced by the United States in modern times, and is particularly critical of the subsequent governmental responses. As Barak (2013:3) explains in his commentary and reflections article, "the [book] subject is an examination of the non-prosecution of high-risk securities frauds and the legal contradictions between private banking and the state and state regulation of public banking on behalf of investors and taxpayers." The complexity of the challenge he faced required an examination of 10 years of fraudulent securities transaction data (1999-2009) and a deep understanding of the U.S. banking policies and practices, as well as the structurally contradictory civil, regulatory, and criminal enforcement efforts that served to aid, exacerbate, and extend the length of these illegalities more than they did to curb these illegal and illicit activities.

In recognition of the significance of Barak's contribution the articles in this symposium, by leading critical criminologists and white collar crime researchers, both review the significance of Barak's contribution, but

also use the platform of his work to provide their own interpretation of the crisis and its aftermath. This special issue of *WCR* on white collar crime begins with an article by McGurrin, Jarrell, Jahn, and Cochrane that examines the representation of white collar crime in the criminological literature, specifically criminology and criminal justice journals and textbooks, as well as Ph.D. programs in the United States. The lopsided juxtaposition between widespread and serious harms caused by white collar crimes, on the one hand, and its persistent underrepresentation on the other, frames the thought-provoking and well-crafted commentaries that follow on Barak's *Theft of a Nation*.

Elliot Currie's commentary carefully unveils a dystopian U.S. political economy wherein its key financial institutions are run by (corporate) criminals. Mary Dodge in her commentary centers the study of white collar crime victims and weaves together a detailed portrait of the multiple harms perpetrated against them and both the challenges and promise of using the legal system for redress. Robert Tillman's commentary unpacks how the rapid financialization of our domestic economy over the past two decades facilitated opportunities for both Wall Street criminality and regulatory enabling by an increasingly dependent State. Paul Leighton's thorough and multi-layered commentary couples the paradoxes of our dominant socio-political and economic institutions that obfuscate the rise of corporate criminality alongside the inextricably linked growing class inequality and diminishing attention paid to it. Finally, Michael J. Lynch employs a Marxist structural analysis to showcase the linkages between finance crimes and the exploitation of its victims in relation to other corporate and environmental crimes that exploit and harm victims, not only undermining their health, but also the habitats and ecosystems of plants, animals, and all living species in the natural world. Collectively, these essays highlight multiple dimensions of white collar criminal offending and victimization as well as their costs and consequences. Most importantly, their insights, analyses, and recommendations remind us how central white collar crime studies are to our understanding of criminology, criminal justice, and social justice.

Notes

¹ For a detailed unpacking of Wall Street's white collar crime victims see McGurrin and Friedrichs (2010)

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