

Criminology needs more class: Inequality, corporate persons and an impoverished discipline

Paul Leighton

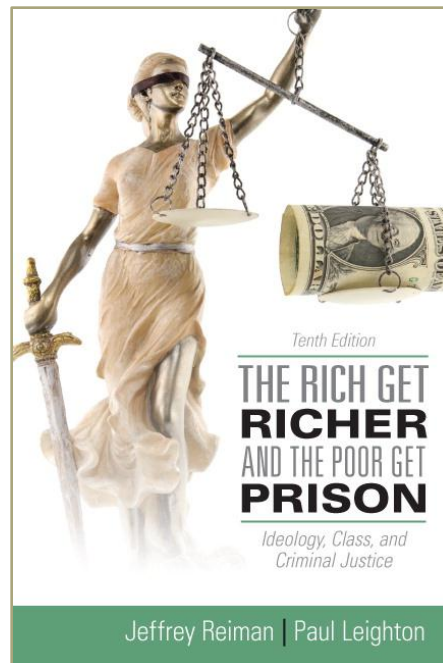
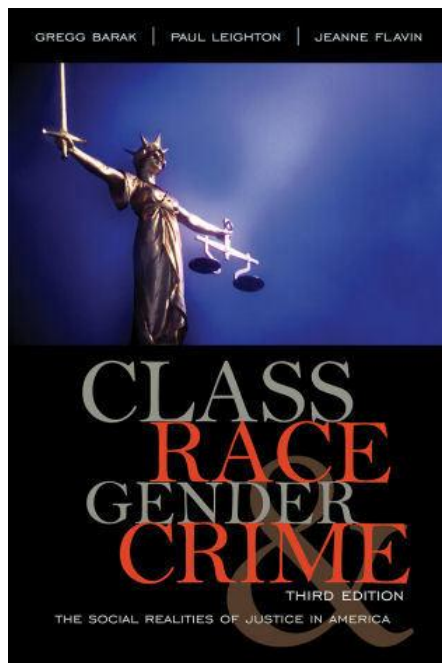
American Society of
Criminology, 2012



This presentation is adapted from a longer invited lecture,

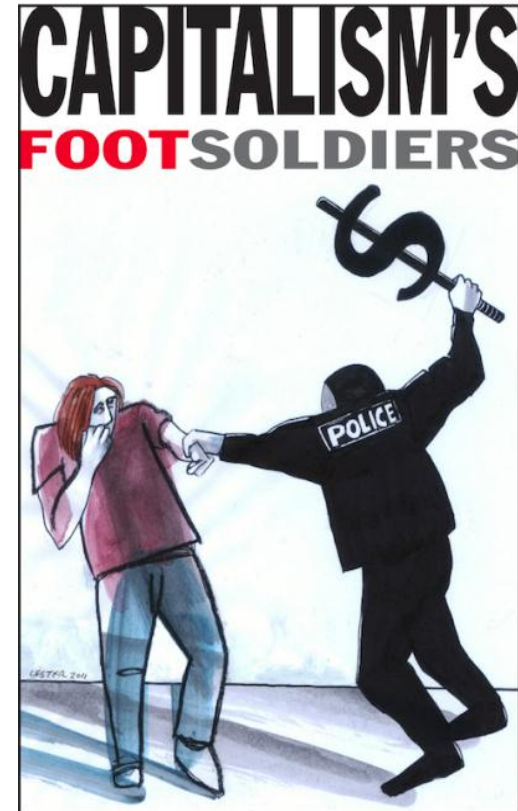
*The Rich Get Richer and the Poor Get Prison:
Inequality, Corporate Power and Crime*

Available PaulsJusticeBlog.com



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- Class, Race & Gender are the ‘holy trinity,’ but social analysis and criminology are effectively ‘de-classed’
 - “the scale of this inequality is almost beyond comprehension, perhaps not surprisingly as much of it remains hidden from view” (Mooney 2008: 64).
- Class important because
 - CJ can be no more fair than the society for which it provides ‘law and order’ - reflect and recreate injustices in social order
 - Without attention to white collar and corporate crime, we have the wrong pictures of harms that threaten us and do not pursue policies to advance public safety
 - ‘Equality under law’ requires assessment of class bias in CJ
 - Inequality shapes patterns of offending in ways theory and policy need to understand



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Mooney, G. (2008) ‘Explaining poverty, social exclusion and inequality’ in T. Ridge and S. Wright (eds) *Understanding Inequality, Poverty and Wealth*, Bristol (U.K.): Policy Press.

Roadmap

- Inequality
 - Income
 - Wealth
 - Corporate 'persons' and inequality
- Criminology
 - Inequality and street crime
 - Inequality and corporate crime
- Conclusion



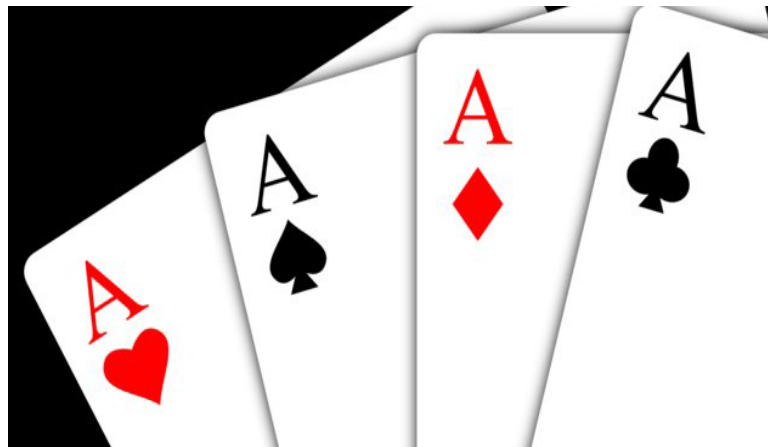
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Class:

“What explains how people locate themselves and others in a structure of inequality?”

class = a hand of cards, with the suits representing

- Education
- **Income**
- Occupation
- **Wealth**



Wright, Erik Olin, 1997. *Class Counts*. Cambridge: Cambridge University Press.

Scott, Janny, and David Leonhardt. 2005. “Class in America: Shadowy Lines That Still Divide.” *New York Times*, May 15.

Income Overview

- INCOME = SALARY

For richer, it includes interest and dividends (not capital gains in Census data)

- **Median household income**
- **was \$49,445 in 2010**



- Official poverty rate = 15.1% (22% for children)
 - 46.2 million people = largest number in the 52 years for which poverty estimates have been published

Income Privilege

- Both high and low income tend to spend much of what they make, so you can still be “rich” and have class privilege if you have \$0 at the end of the month.

Consider:

- I can buy things for my comfort
- I do not fear being hungry or homeless
- I have the time and money to take care of my body
- I do not worry about my access to medical care
- I have the freedom to be unaware of the working conditions of others
- I do not need public transportation



Income Distribution, 2010

Households	Share of Aggregate Income	Upper Limit (You are in this group if you make less than...)
Lowest Fifth	3.3%	\$20,000
Second Fifth	8.5%	\$38,043
Third Fifth	14.6%	\$61,735
Fourth Fifth	23.4%	\$100,065
Highest Fifth	50.2%	
Top 5%	21.3%	Lower limit = \$180,810

Hedge fund managers
John Paulson:
\$4.9 billion
Ray Dalio \$3.1 billion

U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Tables H-1 and H-2

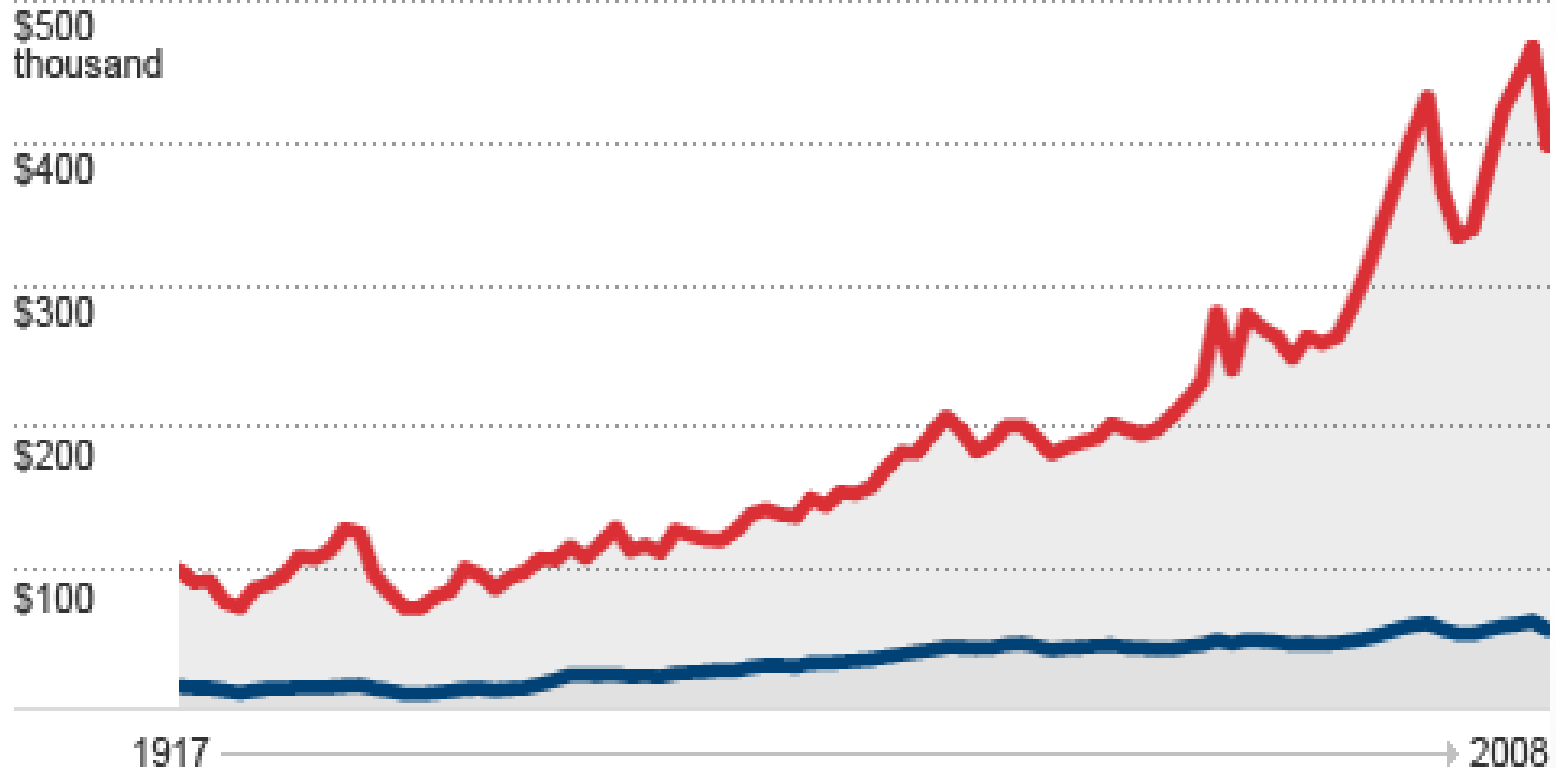
<http://www.census.gov/hhes/www/income/data/historical/household/>

2010 Highest Paid hedge-Fund Managers (2011) <http://www.therichest.org/business/highest-paid-hedge-fund-managers-2010/>

Income Inequality Over Time

RISE OF THE SUPER RICH

■ MEDIAN INCOME ■ TOP 5% INCOME



SOURCE: PIKETTY AND SAEZ (2008); IRS

CNN. 2011. How the middle class became the underclass

http://money.cnn.com/2011/02/16/news/economy/middle_class/index.htm?iid=MPM

For data used to build graph, see Emmanuel Saez's webpage, <http://elsa.berkeley.edu/~saez/>.

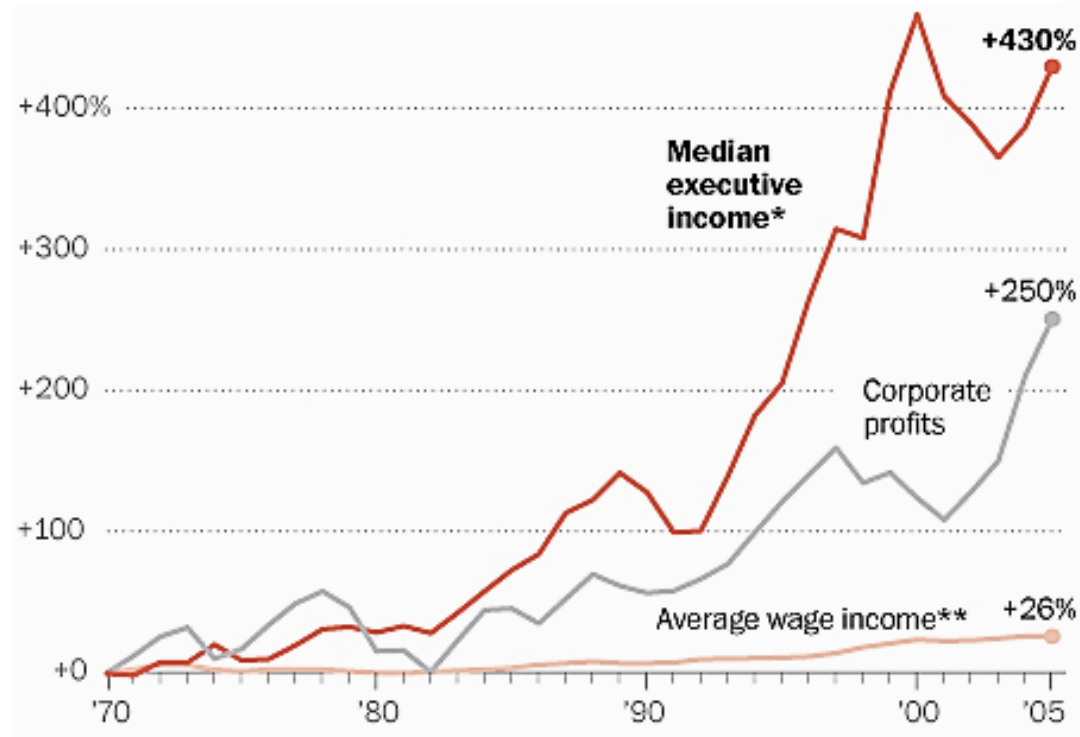
Income Inequality: Executive Pay

* Based on the salary, bonuses and stock options of the three highest-paid officers in the largest 50 firms.

** Calculated from Bureau of Economic Analysis data.

NOTE: All figures have been adjusted for inflation.

It's NOT 'pay for performance' when executive pay rises faster than corporate profits.

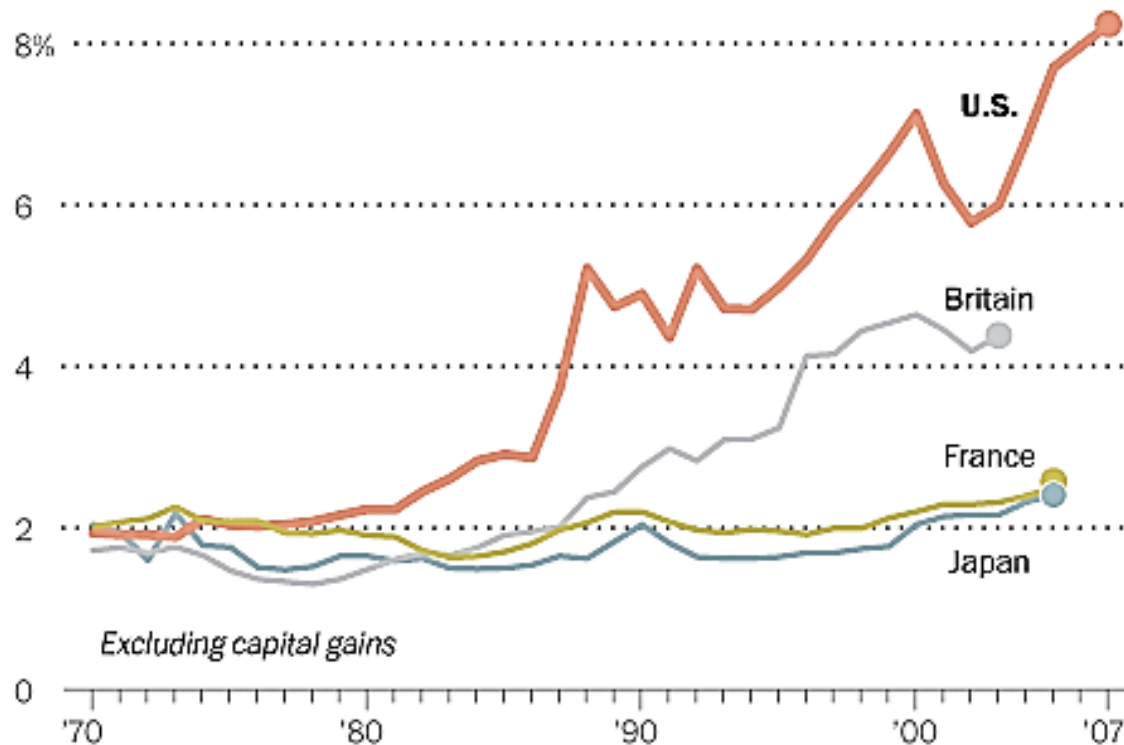


Repeated surveys “since 1987 have found that 60 percent or more of Americans agree or strongly agree with the statement that ‘differences in income in America are too large.’”

Whoriskey, Peter. 2011. With executive pay, rich pull away from rest of America. *Washington Post*, June 18.
http://www.washingtonpost.com/business/economy/with-executive-pay-rich-pull-away-from-rest-of-america/2011/06/13/AGKG9jaH_story.html.

Income Inequality: International Comparisons

Share of
income
earned by
top 0.1%



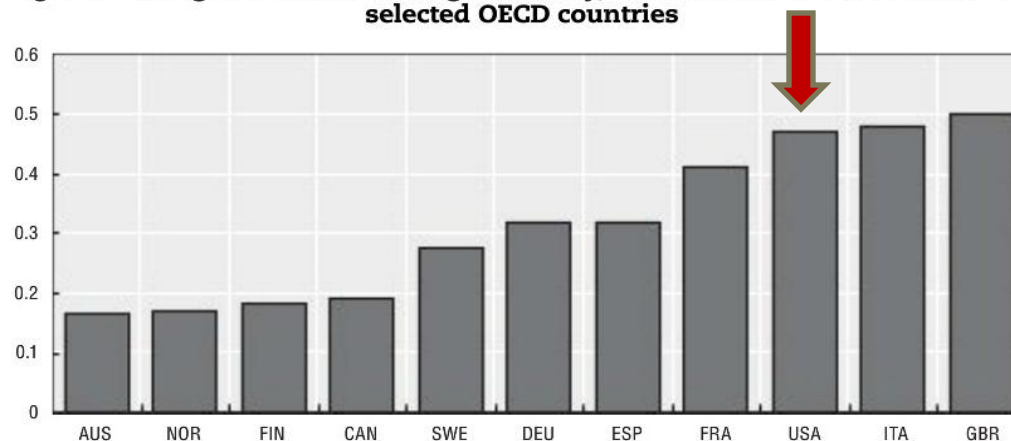
Washington Post. No date. (NOT) Spreading the Wealth

<http://www.washingtonpost.com/wp-srv/special/business/income-inequality/>.

Intergenerational Mobility

Causa, Orsetta and Asa
Johansson. 2010.
Intergenerational Social
Mobility in OECD Countries.
*OECD Journal: Economic
Studies*, Volume 2010.
p 3 (quote) and p 9 (chart)

Figure 2. **Intergenerational earnings elasticity,¹ estimates from various studies:
selected OECD countries**



1. The height of each bar measures the extent to which son's earnings levels reflect those of their fathers. The estimates are the best point estimate of the intergenerational earnings elasticity resulting from an extensive meta-analysis carried out by Corak (2006) and supplemented with additional countries from d'Addio (2007). The choice of empirical estimates in this meta-analysis is motivated by the fact that they are based on studies that are similar in their estimation technique, sample and variable definitions. The higher the value, the greater is the persistence of earnings across generations, thus the lower is the intergenerational earnings mobility.

Source: D'Addio (2007).

“Low mobility across generations, as measured by a close link between parents’ and children’s earnings, is particularly pronounced in the United Kingdom, Italy, the United States and France, while mobility is higher in the Nordic countries, Australia and Canada.”

Wealth Overview

- Wealth (net worth) = assets – liabilities
- Median net worth, 2007 = \$120,300
[mean = \$556,300]
 - White, non-Hispanic = \$170,400
 - Nonwhite or Hispanic = \$27,800



Bucks, Brian, et al. 2009. Changes in U.S. Family Finances from 2004 to 2007.
http://federalreserve.gov/econresdata/scf/files/2007_scf09.pdf (p A11)

Wealth is about
SECURITY and POWER

Wealth: International Comparison

U.S. (share owned by percentile group)	Percentile group	U.K. (share owned by percentile group)
2.5	Bottom 50	13
26	50 to 90	42
71.5	Top 10	44

Calculated from Kennickell (2009: 35) and HMRC (2011: Table 13.8). U.K. numbers are based on data from 2005 to 2007.

Wealth Distribution, 2007

Households	Share of Aggregate Income	Notes
Bottom 50%	2.5%	At 10 th Percentile, wealth = \$0
50 – 90 th percentile	26%	Upper limit of 75 th percentile = \$372,000 90 th percentile = \$908,200
90 – 95 th percentile	11.1%	
95 – 99 th percentile	26.6%	
99 – 100 th percentile	33.8%	Own 52% of stock and 63% of equity in private business

Top percentile does not include Forbes 400 (min = \$1.3 billion, max = \$59 billion)

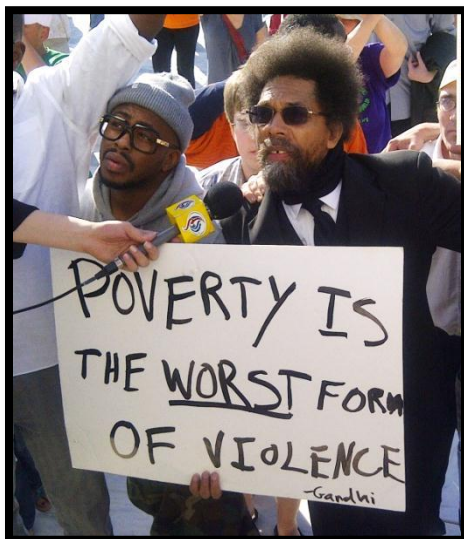
Kennickell, Arthur. 2009. Ponds and Streams: Wealth and Income in the U.S., 1989 to 2007.

<http://www.federalreserve.gov/pubs/feds/2009/200913/200913pap.pdf>. Table 2, 4, A1, A3a

Wealth of poorest 50% v 400 richest families, 2007

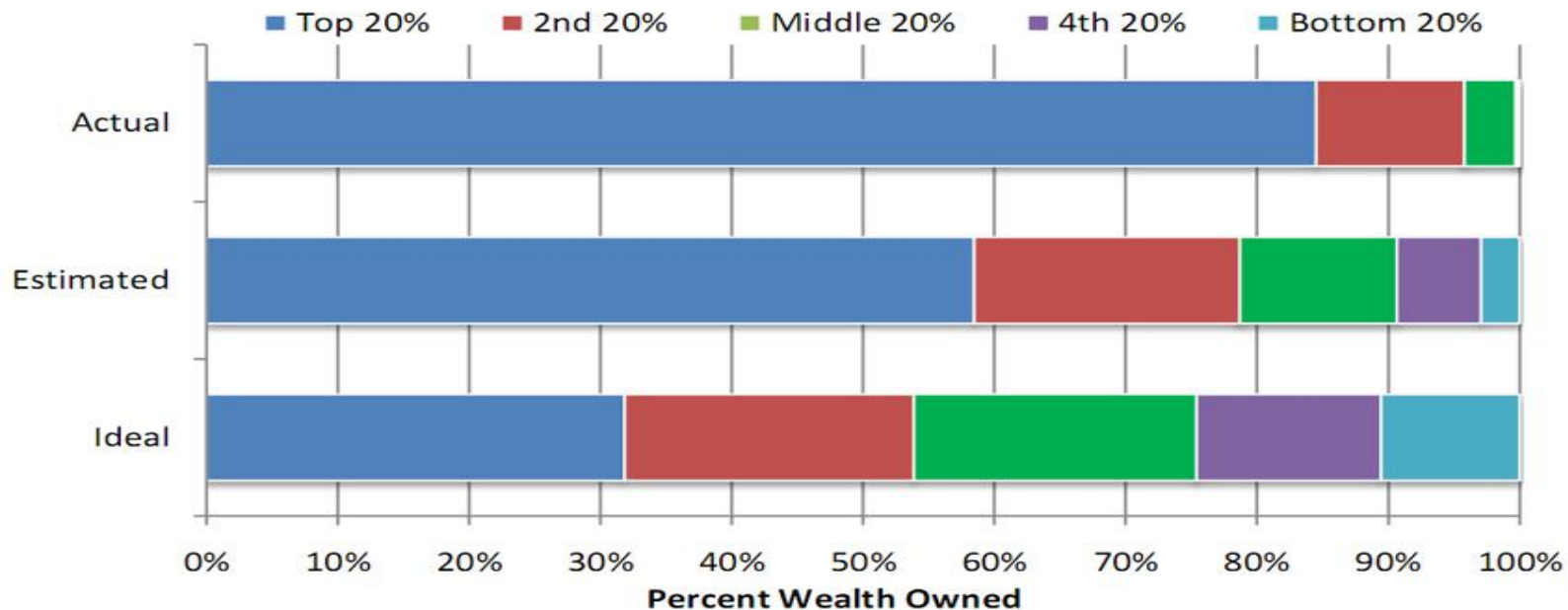
Wealth held by poorest 50 percent of population	\$1.6 trillion
Wealth held by Forbes 400 (the 400 richest families = 0.0004 percent of population)	\$1.5 trillion

Source: Kennickell 2009, 55 and 63



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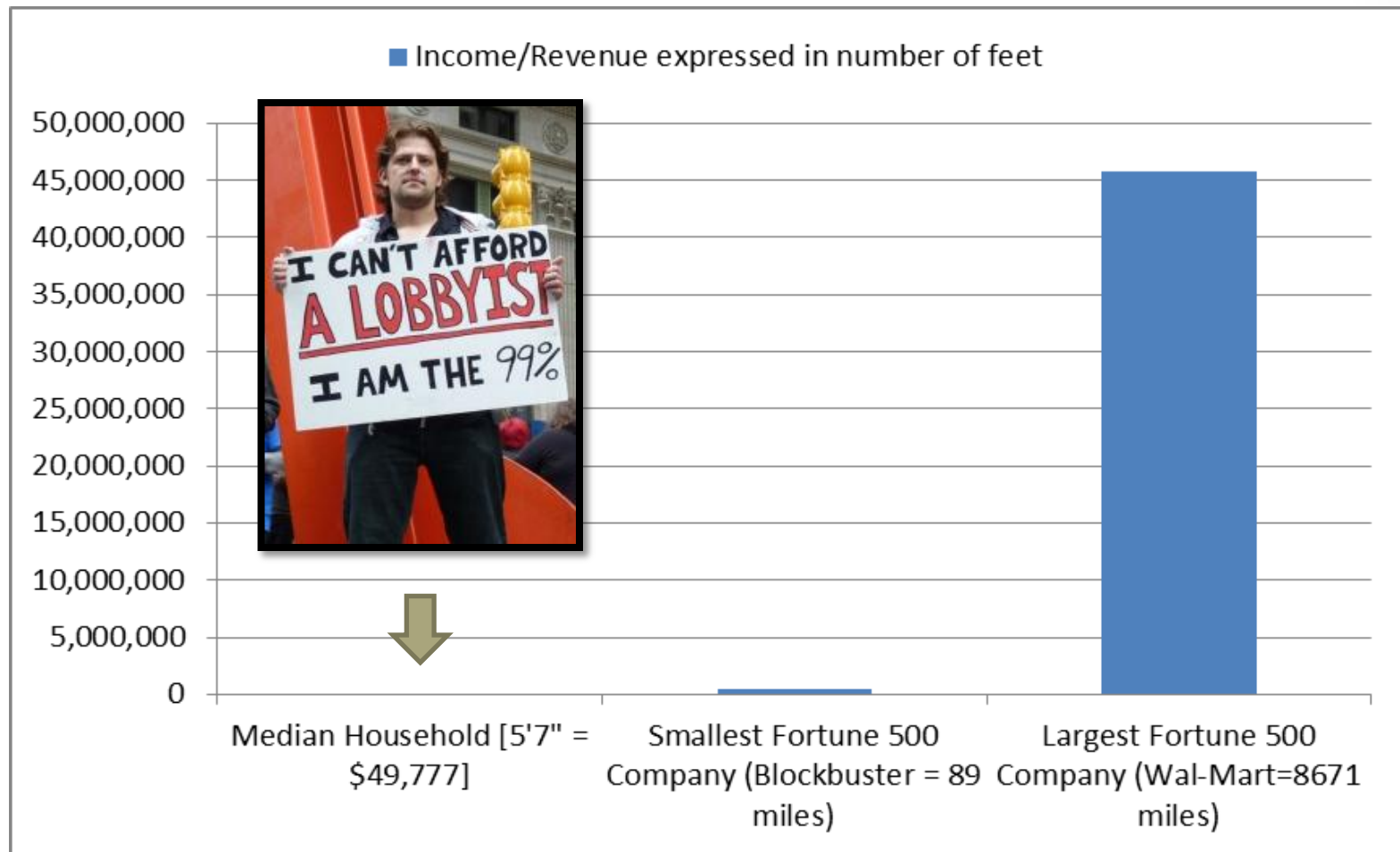
Actual, estimated and ideal distributions of wealth



Top 20% *actually* control 84% of wealth; people *believe* they control 59%; *ideally*, top 20% *should* control 32%

Bottom 60% *actually* own 5% of wealth; people *believe* they control about 20%; *ideally*, the bottom 60% *should* control 45% of wealth.

Inequality between real and corporate persons, 2010



International Monetary Fund, World Economic Outlook Database, April 2011. <http://www.imf.org>
Fortune 500, 2010. [http://money.cnn.com/magazines/fortune/fortune500/2010/full list/](http://money.cnn.com/magazines/fortune/fortune500/2010/full_list/).

Country GDP v Corporate Revenue, 2010

Overall Rank	Country Rank	Company Rank	Country/Company	GDP/Revenue*
1	1		United States	\$15,065
29	29		South Africa	\$560
30		1	Wal-Mart	\$422
32		2	Exxon-Mobil	\$354
62		6	General Electric	\$152
66		9	Bank of America	\$134
70	58		Vietnam	\$121
71		13	J.P. Morgan Chase	\$116
73		14	Citigroup	\$111
86		23	Wells Fargo	\$93

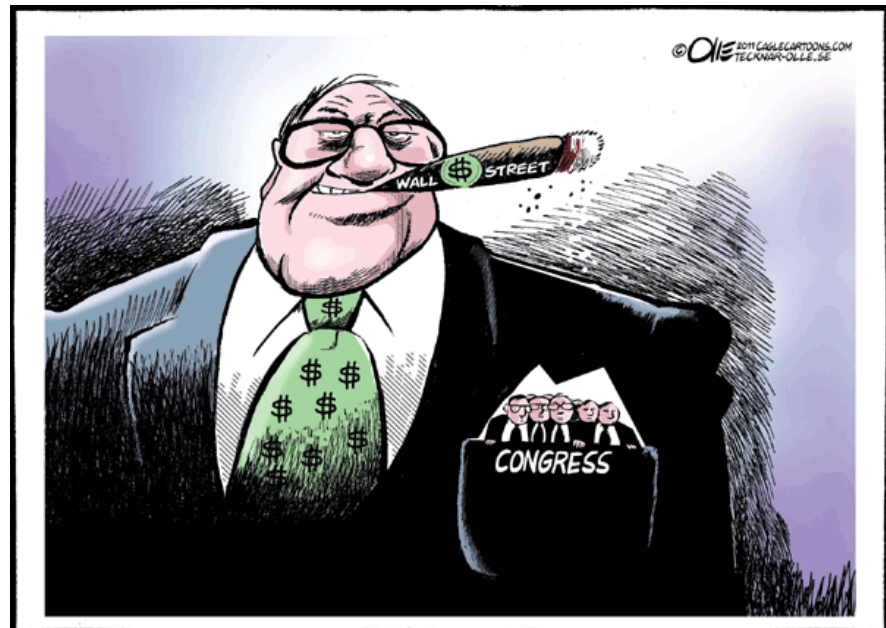
Fortune 500 from http://money.cnn.com/magazines/fortune/fortune500/2011/full_list/.
 International Monetary Fund, World Economic Outlook Database, September 2011. Gross domestic product is expressed in current (2011) U.S. dollars.
<http://www.imf.org/external/pubs/ft/weo/2011/02/weodata/index.aspx>.

* In billions of US dollars

Inequality & Criminology

- Inequality worsens both crimes of poverty motivated by need and crimes of wealth motivated by greed

Braithwaite, John. 1992. Poverty Power and White Collar Crime, in Schlegel and Weisburd, White-Collar Crime Reconsidered (Boston: Northeastern University Press).



Inequality & crimes of the poor

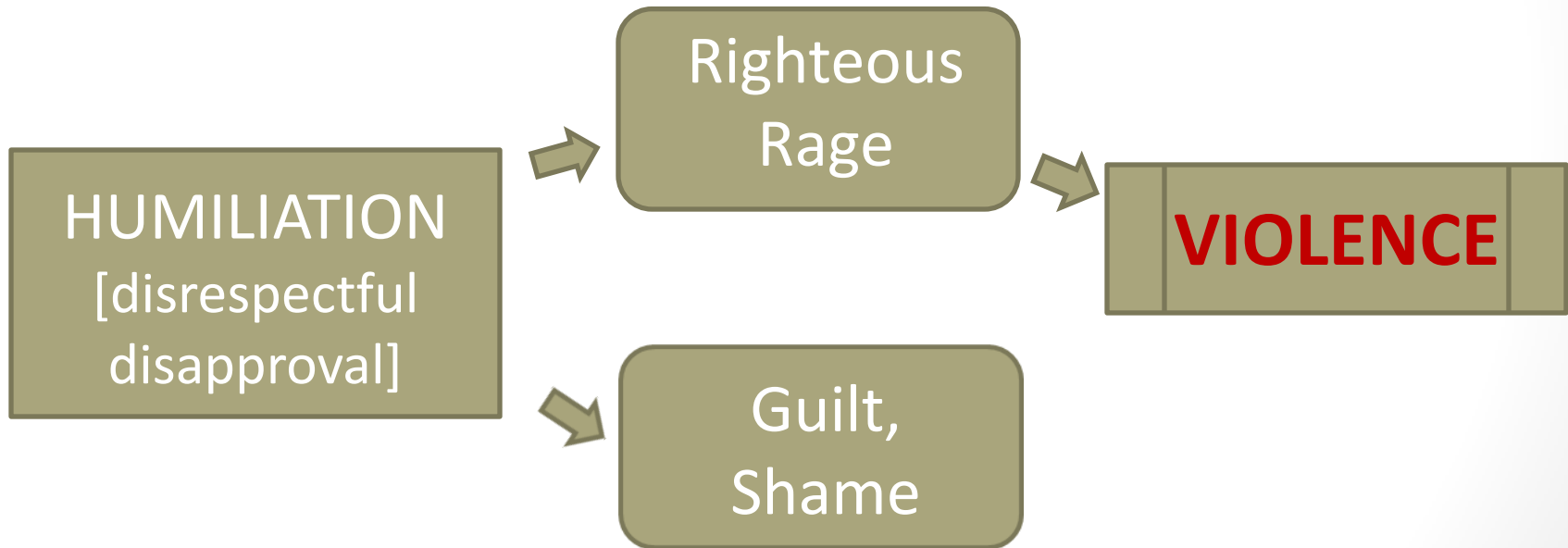
- “Need”: absolute, perceive others to have, what whites have, expectations based on “advertising and dramatization of bourgeois lifestyles” (Braithwaite 1992 p 83)
- Fewer legitimate means to success, so more people try illegitimate means



<http://occuprint.org>

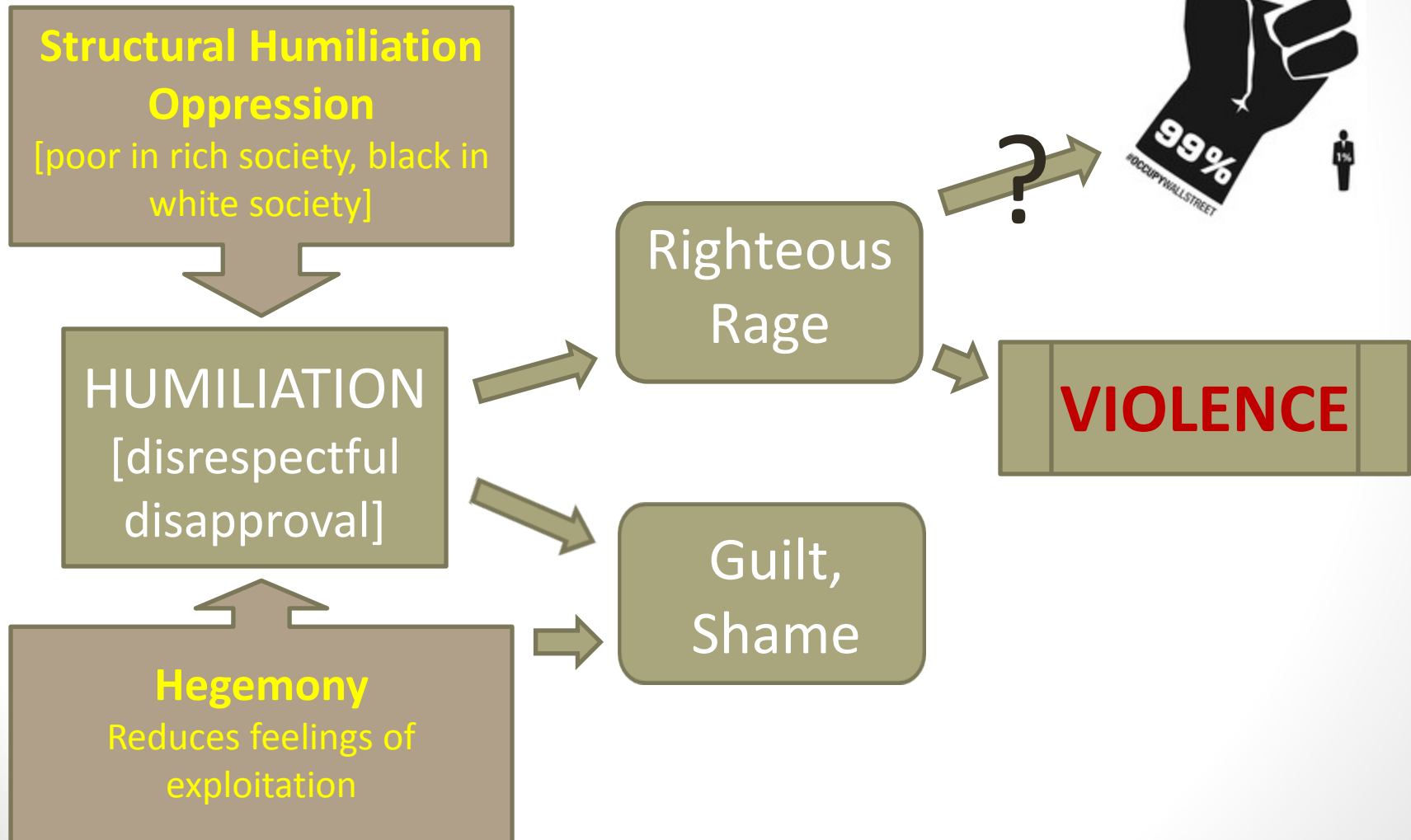
Inequality & Violence I

- Jack Katz (1990) *Seductions of Crime*
 - Transformation of emotions that result in violence



Inequality & Violence II

- Katz + Braithwaite [+ Quinney 1977]



Inequality & crimes of the rich

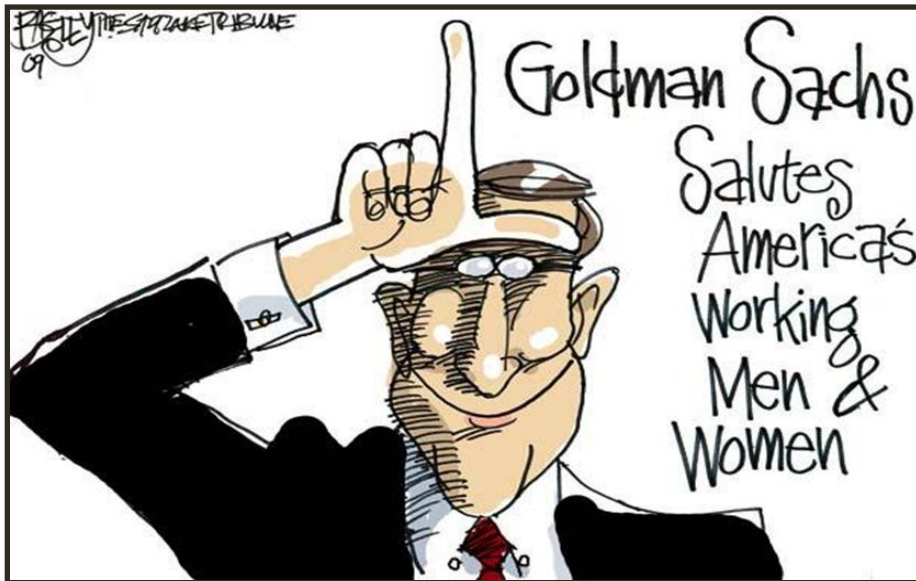
- “increasing concentrations of wealth [enables] the constitution of **new forms of illegitimate opportunity**” (p 85)
 - Novel illegitimate strategies that “excel because they **cannot be contemplated by those who are not wealthy**” (p 88)
- “people in positions of power have opportunity to commit crimes that involve the abuse of power, and **the more power they have, the more abusive those crimes can be**” (p 89)
- “**undermines respect for the dominion of others**” (p 80)
- “power corrupts and unaccountable power corrupts with impunity” (p 89)



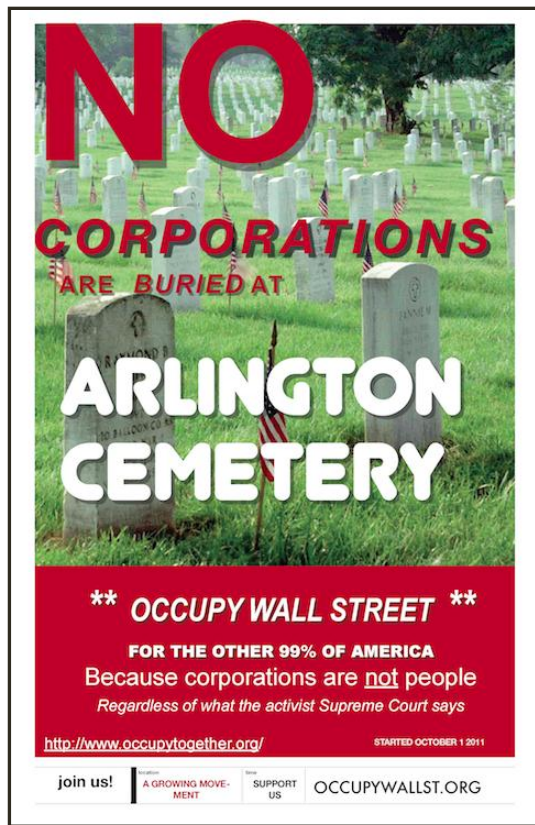
All quotes from Braithwaite 1992

Conclusion I: More inequality than you realize

“to claim to be apolitical or neutral in the face of such injustices would be, in actuality, to uphold the status quo – a very political position to take and on the side of the oppressors” -Sister Helen Prejean, *Dead Man Walking*



Conclusion II: Corporations have more power and less conscience than you realize



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Conclusion III:

Rule of Law increasingly broken

- "Everything's fucked up, and nobody goes to jail"
- Peaceful protesters get arrested for disorderly conduct, while those who created serious disorder with the world economy keep getting bonuses and go about business as usual. Financial crooks lobby against reform legislation and consumer financial protection.

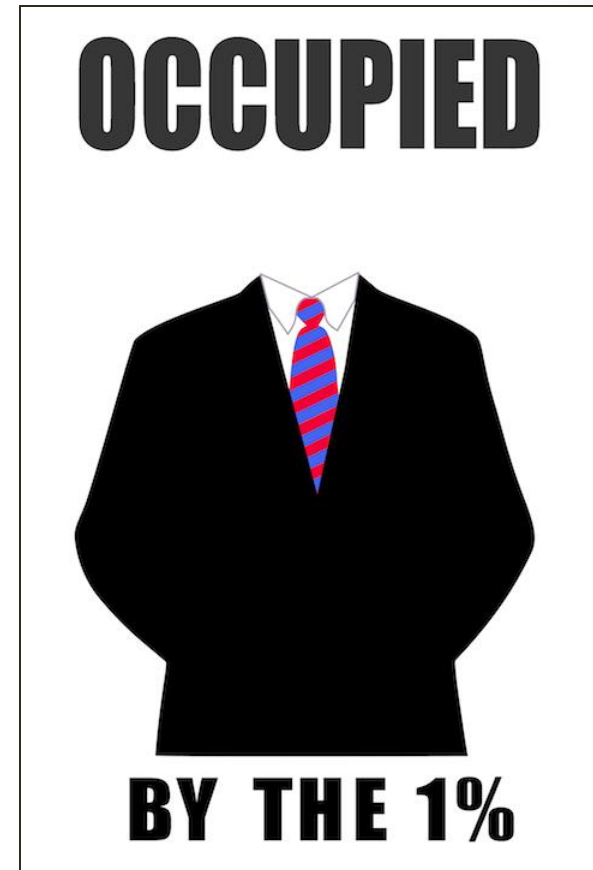


Taibbi, Matt 2011. Why Isn't Wall Street in Jail? *Rolling Stone*, Feb 16. <http://www.rollingstone.com/politics/news/why-isnt-wall-street-in-jail-20110216>

Reiman, Jeffrey and Paul Leighton. 2013. *The Rich Get Richer and the Poor Get Prison*, 10th ed. Boston: Allyn & Bacon (forthcoming)

Conclusion IV: Official “crime” rates do not reflect reality

- During the collapse of Enron and other companies in 2001 – when accounting fraud cost investors 70 to 90 percent of their money and top officials of those companies “were getting immensely, extraordinarily, obscenely wealthy” (in Reiman and Leighton 2013: 146) – the Department of Justice reported that “property crimes had continued their downward trend and fallen to an all-time low” (in Barak 2012: 73).

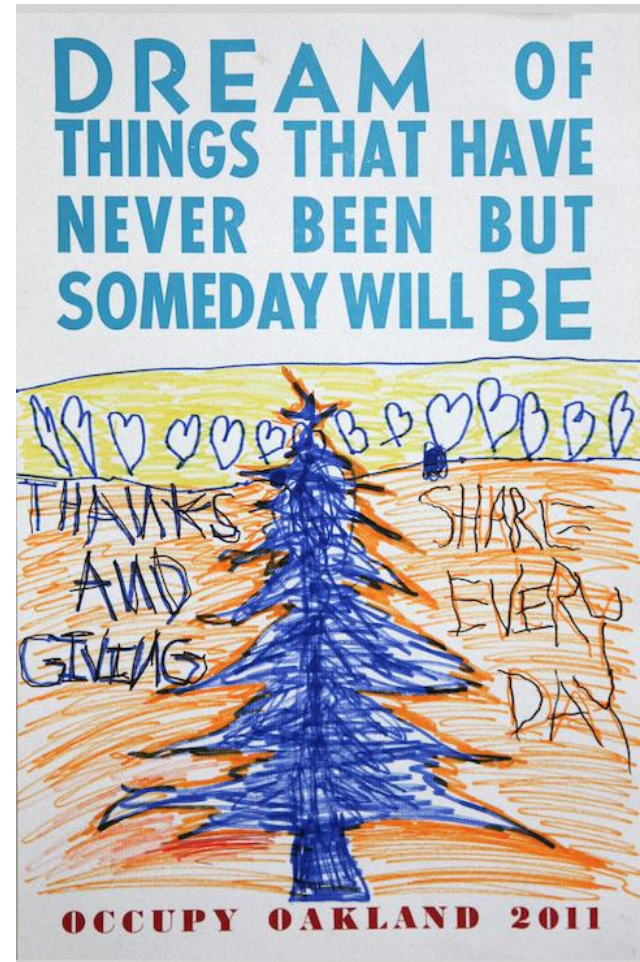


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Conclusion V:

Redistribution reduces crime

“If crime in the suites arises from the fact that certain people have great wealth and power, and if crime in the streets arises from the fact that certain other people have very little wealth or power, then policies to redistribute wealth and power may simultaneously relieve both types of crime” (Braithwaite, 1992 p 90)



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More information about him is available on his website,
<http://paulsjusticepage.com/paul/pauls-cv.htm>

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<http://paulsjusticepage.com/paul.htm>

