

An analysis of the impact of corporate crime on the education sector

[Law](#), [Crime](#)



When picturing the most dangerous criminals do most of us picture a wealthy, well respected and highly educated person? Most likely not. In fact, our perceptions of dangerous criminals is generally the exact opposite of that statement. However, there are criminals out there who affect every facet of society, there is no hiding from them behind a suburban white picket fence. These white collar criminals hurt us all in our daily lives, but they especially hurt those who are already struggling to survive. If the unlawful financial gains of these individuals was used towards urban development and bridging the income gap, not only would the working class benefit but all of those who are not the 1% would see improvements as well. It may not create instantaneous results, but prosecuting white collar criminals is the answer to creating a better America for us all.

For many years Americans have been trying to improve education and support those in poverty. However, many of the programs have had rather bleak results. In fact, according to Jonathan Kozol in *The Shame of the Nation* our schools are only getting worse. Children are being taught in large classes, with limited materials and in condemned buildings in some districts because the funding received from property taxes is not enough to cover their needs. Once those children finish their formal education, if they finish at all, they are then thrown into a job market where the well-paying jobs require more education. If more education is not needed, then often the transportation costs required meets or exceeds the amount they earn according to William Julius Wilson in *When Work Disappears*. When working full time minimum wage does not even bring one to the poverty line, it is not

difficult to see why some people may choose to accept government benefits in lieu of working. Or worse, they seek to survive with a life of crime.

White collar crime is different from “street” or low income crime in that it is being conducted by a person who is well respected and is usually wealthy. Most of the “crime fighting” that we see in our daily lives is focused towards street level crime. Law enforcement, such as police officers, almost primarily arrest for street crime. Politicians for many years have been promising to be “tough on crime” whilst many of them are participating in financial scandals themselves. They encourage more tax-paying money to be spent on street level criminal justice to protect us all, which is ironic when you consider that some individual white collar crimes have both a higher financial cost and more victims than all street crime combined according to D. O. Friedrichs in his 2007 article titled “Trusted criminals: White collar crime in contemporary society”. It is very likely anyone reading this paper has been directly affected by fraud from a white collar criminal. Even more have been indirectly affected.

So how does white collar crime affect education and the job market? For one, by gaining financial riches due to fraud money is being taken from a victim or many victims. Secondly, with these huge portions of the total wealth only being owned by a few individuals it increases the income gap which pushes everyone except the wealthiest 1% closer to the poverty line. If people are not able to survive themselves, then they are less likely to agree to pay higher property taxes or fund their public educations. Finally, if there is less overall wealth moving through the economy and being exchanged by people

then wages must be lower to accommodate the lack of available wealth. Not only this, but lower income employees such as those in the recent Wells Fargo case may actually be the ones carrying out the criminal efforts by command of those in power. To not obey these commands they are at risk of losing their jobs, and may end up losing their jobs anyways along with criminal prosecution. If it cannot be proven that these employees were pressured by those in power to do criminal acts, then those in power can easily wash their hands of the employees and walk away with profits in hand and unscratched. With 60 percent of Americans living paycheck to paycheck, it is likely the majority of the Wells Fargo employees felt they had no choice but to commit fraudulent acts in order to provide for their families. Despite only those in power benefitting from the fraud, 5300 employees, most of which were hourly waged, were fired from the bank. Wells Fargo has a 1.9 trillion dollar balance and will only be paying 185 million in penalties, which significantly less than 1% of their total balance. While criminal proceedings are still in progress, it is unlikely that any the victims in this case will be compensated fairly. This is not to mention that the employees who were fired probably will not find comparable employment due to their record.

The motivations for white collar criminals may be explainable by conflict theory. Conflict theory maintains that society is always in a state of conflict and we must all battle for limited resources. There is a tangible total amount of wealth available, which is about 10.5 trillion (Federalreserve.gov) in the United States. As mentioned earlier, Wells Fargo alone has a balance of nearly 2 trillion. Since wealth is a limited resource, according to conflict

theory we are all in a constant state of conflict over this wealth. White collar criminals are using their power to dominate this limited resource rather than abiding by social order.

When it comes to social stability and change regarding wealth, white collar criminals will resist change. They have power, and if not prosecuted will claim discrimination against them for “ earning” their fraudulent wealth. Their power is great enough that they may even be able to convince others that they want changes that benefit only the richest in society. This is not to say that everyone in the upper 99th percentile for wealth gained it from criminal means, but those who are criminal can use their influence, wealth and insider knowledge to manipulate society to fit their needs. There are many reasons why it is so difficult to prosecute white collar crime, and much of it can be attributed to our society not viewing it as dangerous as street crime. There is very little drive to make social change and bring stability to the wealth in our society.

If these criminals are prosecuted, fraudulent wealth stripped, and increasingly harsher sentences for recidivism were in place then education and other urban problems may improve as well. Hefty fines will ensure more money will be placed back into the economy to be earned rightfully by those within the labor market. With more money being earned the income gap will decrease, possibly allowing those who are impoverished to thrive and participate in society without government assistance. Much of these fines should be allocated to education, but people will be more willing to pay higher property taxes and pass levies if they have more disposable income

thus ensuring schools have more funding. Prison sentences are essential to make people equate white collar criminality as “ real” crime with many victims, not as a less serious offense. White collar criminals see themselves as better than street criminals, but they are in fact criminals and therefore should do their time with other criminals. Ironically some of these street criminals may have only turned to crime because of the effects that these upper class criminals had on the economy. They should spend time with the society they helped create.

The American dream is one in which we all want to believe in, but it is fading fast in part due to wall street fraud. According to the American dream, with hard work, you have the ability to climb the financial ladder if you so choose. Unfortunately, at this point prosecuting elite criminals alone will not fix the damage caused by them. They have the power to create booms and recessions that shake the entire economy. Beyond prosecution, the funds need to be allocated to education so that as a society we can make the American dream possible. These criminals especially target the weak, poor and uneducated and profit off them. During 2008’s recession many homeowners lost their homes due to foreclosure when banks accepted their loan requests without reviewing whether or not the homeowner could actually afford to pay off the mortgage. There are now people coming forward claiming that they were paid to forge and sign as many as 2000 applications a day, sight unseen, to approve these people for loans. None of those involved have been prosecuted and plausibly will never be brought to justice. With education, in another situation like this, it would be hoped that

people would recognize what is reasonably affordable within their means. How is one supposed to learn about finances when inner city schools are on a shoe-string budget and a personal finance course is not a part of standardized testing that determines the district's budget? Who benefits in all this? The criminals do.

From personal experience, education has been the single most important factor of my success in life. I had modest beginnings with teenage parents in a single parent household. To put it simply, I grew up impoverished. However, I was lucky. I lived on the skirt of a middle class suburb in a neighborhood affectionately dubbed as “ Dog Patch”. Dog Patch was where all the families who escaped from the inner city ended up so they could send their kids to nice schools. My parents weren't all that motivated to send me to a nice school, they had little education themselves, but I was lucky enough to be there. I received an excellent education surrounded by very motivated peers. We hung out, studied together, and I got to go on vacations and experience a taste of what an upper middle class lifestyle was like. My teachers and counselors treated me the same as everyone else (being white probably helped) and it was assumed I would go to college even if my parents weren't so sure. In other words, I was given hope. I was given the clear path to climbing the economic ladder even if when I went home I would get scolded for eating too much of our limited food that night. My guidance counselor alone fought hard to find me the opportunities, scholarships, applications and everything I needed so I had an equal chance as all her

other pupils. I will be the first in my family to graduate from a 4 year university and the oldest to not have had a child yet.

It could be argued that my experience was not a matter of an education, but of privilege and luck due to my race. With that in mind, I asked for input from my partner who is a minority. Much of his experiences were very similar to mine, almost verbatim. He grew up in a single income working class household and his quality of education was the only thing that inspired him to become more than an athlete. He also had a guidance counselor that reinforced college-bound students and recognized his potential as a student. His education paved and laid out the path for him to go on to community college, then onto a 4 year university, and to eventually graduate and retain a job within his field of study. This is especially impressive with a degree in Psychology. Even as a minority, his education made the difference between him pursuing college and dropping out to become a runner.

Anecdotes of what happens to intelligent children in a poor educational setting can be found in Kozol's book. Many of them lose their love for learning, begin to hate school, then lose hope. Many dropped out entirely. They have no opportunity or guidance to climb an already difficult financial ladder, and are prey for exploitation by white collar criminals. Some may even feel the need to become criminals themselves. With prosecution of white collar criminals and the fines being properly allocated, the benefits are twofold. One, these criminals will be less likely to commit crime in the first place, and secondly people will be educated enough to recognize when they are being shafted.

This idea for improvement is not a foolproof solution, nor is it likely to become a solution in the near future. The people responsible for making these changes in our society are the ones benefitting from the chaos within our economy. Criminals of wall street and other large corporations have an enormous influence on our daily lives and will certainly resist and fight back to prevent blame from being placed onto them. They may even be able to convince many of us to fight alongside them even if it is not beneficial for us in the long run. Those being hurt the most do not have the hope, motivation or education to properly fight back against these wealthy and powerful criminals. Crime is defined as violating a law, even if those who violate the law are not prosecuted, but justice is only as strong as it is enforced. Those enforcing the laws have been trained to focus on lower class crime and shifting that paradigm would be very difficult if not impossible.

While this is not a realistic solution in the immediate future, long-term it will do a great deal to help all of us in society. Many of those in the 1% were only able to make it there on the backs of hardworking Americans using criminal means. The only way to stop them is to make the price they pay more than what they could potentially earn. Perhaps then those who were burned the most may finally see justice.