
THE GENERAL IMPACT OF WHITE COLLAR CRIME: REFERENCE TO INDIA AND KENYA

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ABSTRACT

White collar crime is a disease that frankly speaking is increasing at an alarming rate all across the globe. While the numbers of white collar crime increase, the impact it leaves behind down the line is astonishingly high after their ripple effect. First the impact of white collar crime to economy of the country is destroyed immensely leaving behind an economy that burdens the citizens who are trying to make end meet. Secondly, Political impact of these crimes on the other hand gives rise to civil unrests and protests perpetuated by citizens to their government. Leaving behind a state of political instability and a nation that harbors mistrust towards the governments. Thirdly, the impact it leaves towards the social fabric is astoundingly devastating, because it leads to lawlessness, increased crime rates and a culture of corruption in the country; which later becomes an accepted way of life. Fourth is the Impact it has on the environment; this is evident with the high cases of adulterated food in the market that poses a health problem to its consumers and pollution to the environment. Lastly is the impact on various professions, with reference to India and Kenya.

Introduction

Sir Edwin Sutherland an American sociologist first defined white collar crime as the crimes committed by those in high social status at the course of their occupation¹. This definition helped to identify these kinds of crimes over the years as follows; - corruption, bribery, embezzlement, fraud, tax evasion, forgery, identity theft, insider trading, cyber hacking among many more that come as a result of development and progress. These crimes however, simple or small they appear they have the highest impact; its results usually go unnoticed because the impact is not instantaneous.

In Kenya the case of corruption for instance has been growing at an alarming rate, it's at the point where, corruption is now a part of livelihood in Kenya. Corruption in Kenya has a slogan among its people "*kitu kidogo*" or "*chai*" these words means something and a cup of tea irrespectively. They are used while asking for bribe by those in positions of power to dispense their duties, which they wouldn't do until paid. This has now become a day-to-day practice it's become a way of life and common transaction within India and Kenya.

Embezzlement and misappropriation of public funds has gone up also in India and Kenya as we see various ministries cannot account for funds dispersed to their various accounts. The Kenyan ministry of health for instance was on the spotlight for misappropriating 2billion dollars from WHO donated to aid the fight against Covid-19, also, matters of fraud and tax evasion are on the rise and hugely still posing a big problem to Indian and Kenya going forward just to mention a few.

This article however is aims at studying the impact of this crimes in India and Kenya, so to better understand its implications, it will focus on various aspects like economic, social, political, environmental, and professional aspects. Understanding the "theory of ripple effect" which is also known as the domino effect, is key to getting to the bottom of the real impacts this crime has to the country. In brief, "ripple effect" means; an action that causes another or several other events to occur simultaneously². This is because in understanding just how ripple effect unravels all the way from a single white collar crime of an individual to the end result of

¹ Edwin H. Sutherland, "White collar Criminality", American Sociologist Review, Vol. 5, No. 1. February 1940, pp. 1-12, at p. 1.

² Collins Dictionaries. "Ripple effect" Collins. Retrieved August 12, 2022 from Collins web site: <https://www.collinsdictionary.com/dictionary/english/ripple-effect>

that action down the line. Having this understanding in mind, then one can comprehend just how vast the impact white collar crime has.

General Impacts of white collar crime in India and Kenya

Political impact

Following are some of the political impact of white collar crimes; -

Civil unrest or civil disturbance; which usually includes acts of violence, riots, insurrections and unlawful assembly, this acts usually come up as a result to the influence of white collar crime among governmental officials to express their distrust. For instance, there was an outcry by the public when 2 billion dollars given to the ministry of health by the WHO to help manage Covid-19 pandemic in Kenya³. This money was later misappropriated and it led to upset among Kenyans seeking accountability within the ministry.

Political instability; when policy makers in the country no longer prioritize making policies that seek to improve the country both politically and economically both at a national and international level, this is likely to create instability in the country.

Mistrust towards the government; a continued influence of white collar crimes among the public servants and misconduct in an effort to make money contributes immensely to the growth of mistrust towards the government and its officials. When the general public develops such mistrust towards its own government and leaders, it tends to open a flood of negative perception towards the government in power, also towards the international community the image appears negatively as well.

Impact on Economy

Following are some of the economic impact of white collar crimes; -

Growth of a Parallel economy; The GDP (Gross Domestic Product) of any given country is used to measure its economy upon a given time. There are many contributing factors to countries GDP; such factors include investment, consumption, imports and exports, and

³ Igunza, E. (n.d.). BBC. Retrieved August 11, 2022, from BBC News web site: <https://www.bbc.com/news/world-africa-54278417>

government spending. Depending on how these factors are being manipulated, the GDP of that concern country may either increase or decrease. However, white collar crime poses a big challenge to growth of economy of any particular country. India and Kenya for instance which is greatly affected by high cases of white collar crimes for example high cases of bribery and corruption among its public officials, will in turn affect the country's economy. Since white collar crime among its public servants and the government contributes to the growth of a negative economy and not the main economy of the country, this leads to the creation of a parallel economy in the country. Parallel economy doesn't help raise the country GDP level or promote increase in economy or development but the complete opposite.

Destruction of economic equilibrium; is another impact of white collar crime influences the destruction of India and Kenya's economic equilibrium. The equilibrium of any given country varies based on its capital or assets and its liabilities or expenditure. When the government is influenced by white collar crime among its officials, as is the current case in India and Kenya a deficit of liability and expense that isn't even declared poses a destruction of that equilibrium on the economy creating a burden to these two counties economic equilibrium.

Increase in the supply of black money; White collar crime also influences an increase in the supply of black money within India and Kenya. In the 2016, November the prime minister of India announced demonetization with its main intention to weed out black money from the country. This exercise saw a lot of public servants having a difficult time explaining the sources of the black money they had in huge sum. In as much as this practice being a success at the time, on 23rd July 2022 however a minister from West Bengal was found to possess 21 Crores at the residence of one of his associates⁴. This clearly demonstrates that even after November 2016 demonetization, the problem of black money still poses a big challenge. This being an example of the fight against black money, Kenya implemented a demonetization plan on 1st June, 2019.

This aimed to put a stop to corruption and scrutinize corrupt public servants and tax evaders who had billions of Kenya shillings stashed away⁵.

⁴ Singh, S. S. (n.d.). *The Hindu*. Retrieved August 11, 2022, from The Hindu News web site: <https://www.thehindu.com/news/cities/kolkata/ed-arrests-west-bengal-minister-partha-chatterjee-in-school-recruitment-scam/article65673841.ece>

⁵ Benita van Eyssen, Isaac Mugabi, "Smoking out the dirty money in Kenya", Retrieved August 29, 2022, from DW AKADEMIE web site: <https://www.dw.com/en/smoking-out-the-dirty-money-in-kenya/a-50625031>

Uneven distribution of resources; Priority on development of infrastructure in the society like in construction of roads, dams, schools, hospitals, police stations, shopping centers among other basic infrastructure is clearly unevenly distributed in these two countries. Places that have a high-income generating population gets priority when it comes to development of such facilities and services within their area, however in low-income areas, none can be seen. This discrimination in distribution of resources affects general development of the country, since good roads and dams for irrigations promotes agriculture and transportation of product to the market which in turn help build the economy.

Disruptions in development work; White collar crime has also impacted the economy by a way of disruptions in development work; here we find that while money has been allocated for a particular project by the government, the money set aside for the side work is embezzled by the concern body. This leaves the project that was projected to be completed in a particular time period to be extended indefinitely. Thus, interfering with the process of development and hindering the economy in the long run.

Increase in Corporate corruption;

Corporate corruption is corruption committed by either a business person, company, firm, or any person who may be associated with the company or other element of the business. Corporate corruption is sky high in India and Kenya as white collar crime is taking place every day in this corporations. For instance, matters of procurement of government tenders, these corporate elite give pay backs to government agents to win such tenders. Shortcuts are being taken to get permits for bog corporations to get licenses and permits to conduct their businesses. All this have highly increased to the point where, it's even hard to identify which practice to be right from wrong.

Impact on society

The impact of white collar crimes to the society leads to the following; -

Lawlessness; when the society is suffering due to the harsh conditions set in place because of high living standards created by white collar crimes, in general the atmosphere in the country breeds a situation where lawlessness is rampant because it's an assumption that committing crime to make ends meet is somehow okay. This assumption then goes on to grow as white

collar crime becomes a way of life, and little before u know, white collar crime is a direct cause to a rise in crime in the country. White collar crime robs money from a low-income person who works on a day-to-day basis to make ends meet, so when this white collar crime cases increase the more they suffer and will resort to a rise in blue collar crime perpetuated bey this people since they are desperate, thus leading to lawlessness in the country.

Public confidence is diminished; every citizen has a right and a duty to his/her country, patriotism and love of country is a very important duty to be valued by all but when one's country is identified to be among the most tarnished by white collar crimes, the confidence in one's country becomes an embarrassment. This love of country is threatened by the acts performed by civil servants who indulge in white collar crime. Such acts of white collar crime destroy the morel of its citizens as well as their commitment to their country and duty. Thus, any actions by our publicly appointed and elected leaders have a great impact on how the citizen will view their government in office and boost patriotism.

Public perception towards corruption; another great impact of white collar crime in the society is the perception towards corruption. Now days, in India and Kenya corruption has become a way of life, despite people knowing that it's a crime to participate or harbor corruption, they don't report it, instead they take part in it as it's become a common practice. The police take bribe in traffic violation matters, the lawyers have backdoor deals amongst themselves (prosecutors and defendants), and the judges also are on take. The biggest contributors to this practice being our politicians and elected leaders, who accepts bribes in exchange of prioritization of their duties and awards of tenders⁶.

Impact on the environment

Following are some of the environmental impact of white collar crimes; -

Adulteration; As far as food and food safety is concern, white collar crime has contributed a lot in enabling and ensured and increase in adulterated food and products in the markets. This not only illegal and wrong, it's also hazardous. Adulterated medicine for example could pose a serious danger to people who take them, especially since they are made in exact similarity

⁶ Natalia Melgar, Máximo Rossi, Tom W. Smith, The Perception of Corruption, International Journal of Public Opinion Research, Volume 22, Issue 1, Spring 2010, Pages 120–131, <https://doi.org/10.1093/ijpor/edp058>

with the original product. Adulterated food on the other hand has been greatly linked to the rising cases of cancer and tumor growths.

Pollution and violation of clean air and water act; is also another impact to the environment coming as a result of white collar crime. Big corporations and government officials who don't follow proper waste disposal procedures are the contributors to the worse pollution situation we are in at the moment.

1. Water pollution; - Big industries draining chemicals of harmful nature to the rivers and lakes which in turn pollute the waters, causing harm to aquatic life and harm to those who rely on water from rivers, dams and lakes for domestic use. Despite the laws in place to prevent against this kind of water pollution acts in both India and Kenya and even international laws, it's clear the extent in which white collar crimes can affect the environment,
2. Air pollution; - The industries that produce harmful gases and smoke through chimneys in turn pollutes the air⁷. All this contributing to a much-polluted environment that is not safe, plants are dying because of it, some animals are migrating away from their homes to escape such toxicity.
3. Noise pollution; - noise pollution might not seem to have to serious impact to the environment, but it still contributes to pollution and thus creates nuisance. In Kileleshwa ward Nairobi, Kenya, 11 people were arrested on 2nd October 2022. Following numerous noise complaints from residents about a club that was playing loud music late at night⁸.

The violation of endangered species and wildlife protection; the endangered species act has done tremendously well in protecting the lives of some certain species of animals and plants. But over the years, these laws are still being violated; and those protected animals and plants are now in verge of extinction. The greatest risk to the endangered species is an overzealous legislature⁹ which prioritizes destruction of habitats for these animals and clearing of fields

⁷ Beveridge and Diamond, "Environmental Crimes, White Collar". Retrieved August 12, 2022, from the Beveridge and Diamond web site: <https://www.bdlaw.com/environmental-crimes-white-collar/environmental-crimes/>

⁸ Vileta Wakwelo, "Kenya: Kileleshwa Bar Operators, Patrons Arrested After Alai's Noise Pollution Complaint". Retrieved on 17th October 2022. From All Africa website: <https://allafrica.com/stories/202210020083.html>

⁹ Center for Biological Diversity, "Politics of Extinction". Retrieved August 12, 2022, from the Center for Biological Diversity web site: https://www.biologicaldiversity.org/campaigns/esa_attacks/

with protected plants so they can commercialize the area. Also, the existence of black market, operated within the dark web that trades in endangered animals and plants shows the impact and the extent to which white collar crime operates¹⁰.

Impact on various professions

The following are some of the impacts of white collar crimes in various professions

Legal profession; the great's impact to it is the creation of distrust in the rule of law among the people. This is mainly because as profit remains the goal in the profession instead of justice, the services of advocated go to the highest bidder. Whoever pays more money gets a considerable number of lawyers fighting for them and in the process, justice is delayed by cover ups and depositions and loss of finance by the other part to the suit. Other practices here which are an influenced by money is arranging of bail, helping arrange expert testimonies and helping acquit known criminals instead of helping provide justice.

Medical profession; white collar crime has influenced some doctors to performing illegal operations, running and managing of unlicensed drug stores, committing insurance fraud in conducting operations while insurance has lapped. Doctors administering untested drugs to patients without their knowledge and without prior authorization from the concern medical boards as well as prescribing medicine to patient that are not necessary to the patient, all so as they can sell drugs and make money to meet their share of profit at the expense of the patient life.

Engineering profession; there are many practices unethically conducted by engineers to save money and make profit, which in turn end with structures that are not strong enough and that sometimes collapse and even causing more damage and loss of lives. The practice of using low quality materials for constructions, acquisition of construction permits in areas that are not safe for construction. Between 2006 and 2014, there has been 17 building collapses in Kenya recorded¹¹ and this number has risen a lot since then. From research of each collapse, it's sad

¹⁰ Amy Fontinelle, "How Black Market Work". Investopedia. Retrieved August 12, 2022, from Investopedia website <https://www.investopedia.com/articles/economics/12/mechanics-black-market.asp#:~:text=Why%20Black%20Markets%20Exist,data%2C%20as%20transactions%20are%20unrecorded>.

¹¹ Steve Mackay, "Kenya building collapse sees civil engineers in hot water". Engineering Institute of Technology. Retrieved on August 29, 2022 from Engineering Institute of Technology web site: <https://www.eit-za.com/kenya-building-collapse-sees-civil-engineers-in-hot-water/>

to realize that all those buildings had proper permits which poses the question of how the concern officials in Kenya become accountable for their work, do they even visit the sites to check on the nature and state of construction sites? or are they paid to look the other way at the expense of loss of lives?

Education profession; with the influence of white collar crime, we nowadays find a lot of university certificates which were attained through a business transaction between concern university authorities and rich students who buy certificates rather than attend classes. This certificates that were bought contribute highly to unqualified and unskilled employees who later do more harm than good in their place of employments.

Corporate profession; the influence of white collar crime can be seen is various practices like; corporate espionage, illegal contracts among companies, bribery in matters of getting permits and tenders, increase in fraud cases and practicing illegal labor practices.

Police (Law Enforcement); in both India and Kenya, several standard and unethical misconduct behavior has been seen to ran rampant among the police force when evidence of corruption emerges within the police department. While the main duty of the police is to maintain law and order in the society, police are now involved on a daily lifestyle of corruption among other misconduct acts while making financial gain. Such deviance include; intimidation, illegal surveillance, sexual harassment, discrimination and use of excessive force just to mention a few.

Conclusion

They say a journey of a thousand miles start with a single step. The journey to remedy the problem that is being posed by white collar crime in the economic, social, and political as well as professionally, therefore this article has shade light to the impact of white collar crime. Broken down to various sectors of the nation's fabric, so it can easily be examined and a remedy to it are attained.

While the article brings all these devastating impacts to light, it's not consoling to realize that, there are several laws, provisions agencies and mechanisms already put in place in different countries to deter, prosecute and punish white collar crimes, but the numbers still rise. This can

only mean, while the proper procedures, agencies and mechanism to deal with this kind of crime is in place, the implementation is however lacking.

Therefore, this article, other than shining a light to the impact of these crimes, it would also encourage that the concern bodies put in place to deal with white collar crime, implement the procedures in their respective laws and bring the concern perpetrators to justice.