

Globalization and White Collar Crimes

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Abstract

The present study focuses on the question how globalization through mass media and provision of opportunities by the governments of Pakistan affects tax evasion frauds in Pakistan. The secondary data of tax evasion frauds has been analyzed with effect from 1992 to 2008. In Pakistan, the amount of tax as shown by secondary data is decreasing day by day due to the impacts of globalization. White collar crime is a very important element of the globalization because crime is a social phenomenon and affects the whole world. Globalization influences people to save money for the periods of economic recessions. Stimulation of savings increases the chances of tax evasion fraud among personnel. Tax evasion fraud is one of the important types of white collar crime which has been focused in the present research. Tax evasion fraud is the fraud committed by the officials, wealthy personnel and corporations by misrepresenting the amount of taxes. The objective of the study is to explore the role of mass media and the provision of opportunities by the governments of Pakistan to commit the acts of tax evasion frauds. Misuse of print and electronic media and inability of the state of Pakistan to legislate good laws are promoting the tax evasion frauds in Pakistan.

Keywords: White collar crimes; globalization; Pakistan; media; role of state; frauds; Tax evasion frauds.

Introduction

Many important insights show that white collar crimes have become the important phenomenon all over the world. Along with other important things, one is the non-presence of violence in the acts of white collar crimes. It was observed that during eighteen hundred A.D. the phenomenon of white-collar crimes started in the United States of America. Mostly, affluent people were defrauded by the poor and sometimes the rich people victimized the poorer during their occupation. Individuals, groups, communities and

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societies are affected by this evil all over the world. Several important observations: “respectable” individuals of middle- and upper-class commit acts which are costly both economically and in terms of damage to life and limb. Tax frauds should thus be considered as “crime”; Businesses are occupations which are very necessary for the commission of these acts. This curse of white collar crimes prevails more in some institutions of manufacturers of goods and providers of the services as compared to the other institutions. In the same types of institutions, some are more involved in white collar crimes than others. The factors which are responsible for the working class crimes are similar as that of the white collar crimes. Term white collar crime was first coined by Edwin Sutherland in the United States of America. Tax frauds are committed by an individual citizen, government official or corporation to deceive the government through the misrepresentation of income in order to evade from the amount of taxes (Edwin Sutherland 1940). In the present study, the tax fraud evasions have been focused on their relation to globalization. Term globalization is defined precisely in the following words:-

One person is affected at cities of Pakistan namely Islamabad or Rawalpindi from the acts of white collar crime. No person can say that damage took place to the citizen of Pakistan but on the other hand it will affect the global economy. Similarly, if someone has been deceived by swindlers of white collar crime at Washington no one can say that the white collar criminal had deceived the citizen of America. It will be said that a victim of the world community or global community has been deceived by the white collar criminals (Giddens 1990 and Stromquist 2002).

The variables can be organized usefully by employing the concepts and explanatory linkages of crime-as-choice theory which states that everyone has a free will in order to commit the deviant acts or the acts of compliances with the societal norms and values. The dominant interpretive approach which emphasizes upon matters of making the policy about street crimes, remained dominant for more than three decades. Interpretations of white-collar crime in which the fundamental importance of criminal opportunities has been stressed are basically choice theories. Opportunities are much stressed in the acts of white collar crimes and other crimes. The deviant personnel of the societies takes full

advantage of these opportunities in the commission of crimes. On the other hand, the personnel who consider themselves as conformist will not engage in the acts of white collar crimes. The conformist decision of any person will not cause the loss of wealth through illegal acts in any society as the conformist decision will be based on pleasure and pain principle of committing any crime. The conformist is less likely to have taken a bad decision to commit the crimes even if presented with the opportunities to do so.

The cause of crime-as-choice theory stresses the importance of five fundamental variables:

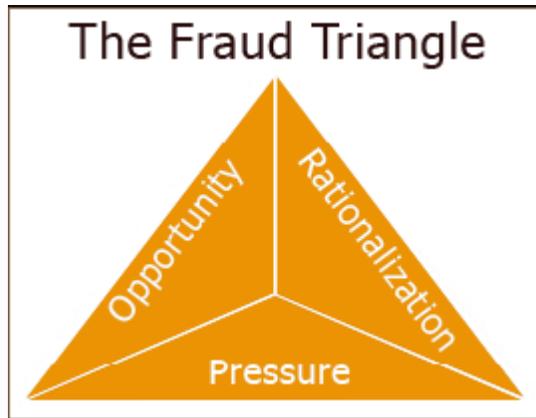
(1) The size of the group of tempted/criminally inclined individuals and criminally prone organizations. (2) The supply of attraction means how much someone is forced to commit the crime. (3) Existing thinking about the reliability of outside misunderstanding (4) How broadly and effectively internal misunderstanding and self-control are deployed and (5) The supply of criminal opportunities. The arrangement to neutralize these five variables is necessary to prevent the people from committing irrational decisions of committing the white collar crimes (Benson and Simpson 2009).

The dealing agencies with tax frauds in Pakistan are as under:-

Federal taxes or central taxes: These taxes are levied in Pakistan with the help of the fourth schedule of the federal legislative list of the constitution of Pakistan. Major federal taxes such as income tax, sales tax, customs duties and excise duties are levied. The detail of these taxes is as under:-

1. Income Tax: It is called direct tax and is imposed under the income tax ordinance of 2001.
2. Sales Tax: Sales tax is indirect tax and is imposed under the sales tax act 1990.
3. Customs Duties: It is also indirect tax and is imposed under the customs act 1969.
4. Excise Duties: It is also indirect tax and imposed upon the citizen of Pakistan under Federal Excise Act 2005.

The tax evasion fraud may be caused due to under mentioned triangle at a broad level. In fact, all cases of fraudsters of white collar criminals use these three elements in the commission of the white collar crimes and especially the acts of tax evasion fraud



Purpose of Study

This study may offer a remarkable benefit to law enforcement agencies, government officials, policy makers and other factions of society who want to curb the menace of tax frauds and rehabilitate the offenders. It may help in eradicating the wave of terror in Pakistani society by making effective strategies to deal with this curse of white collar crimes. It may further encourage different researchers for the betterment of the society in order to promote a culture of peaceful co-existence of different ethnic groups of the society. It may also help in the process of criminal justice system by strengthening it and making it more directional and purposeful. Previous research done on white collar crimes apparently does not suffice all the barriers and challenges which may be faced by a victim and perpetrators of white collar crimes, whereas this study will focus on all the aspects of this issue. Different fraud prevention agencies exist but their efficiency is a question mark in the prevention of tax evasion and such frauds in Pakistan.

Statement of the Problem

The wave of white collar crimes is prevailing in our society at a large scale. Different national and international manufacturers of goods and providers of the services are not only promoting white collar crimes but at the same time will provide the opportunities to commit the white collar crimes in Pakistan. White collar crimes always remained a major issue faced by organizations as such type of crimes have given birth to many issues. The situation worsens when even governments are deceived from white collar criminals through firms and on individual basis by evading taxes. So there evidently is a need to study the white collar crimes in Pakistan.

Objectives of the Study

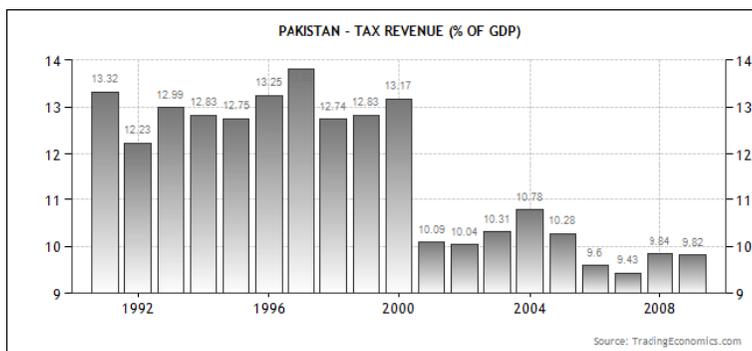
- To explore the role of mass media and white collar crimes in Pakistan.
- To explore the role of Pakistani governments in offering opportunities to commit white collar crimes due to their lack of efforts to upgrade the legislations accordingly.

Research Methodologies

The methods are necessary to formulate the procedures throughout the research. In this research secondary data was used to see the impacts of globalization on white collar crimes in Pakistan. The study of globalization changed the procedures in order to analyze these strategies. Auto ethnography and secondary data of tax evasion fraud with effect from 1992 to 2008 were used to analyze the impacts of globalization on tax evasion frauds in Pakistan. Auto ethnography and autobiographical experiences were used to take help from the personal experiences of the researcher. Since white collar crime is the crime which is committed by the individuals of occupation it is considered to be the social phenomenon in any country of the world (Maréchal 2010). Vast personal experiences, secondary data, and theories were critically evaluated to elaborate the occurrences of tax evasion fraud in Pakistan. Critical discourse analysis was used here in the context of Pakistani society. It was indicated that firstly it was impossible to trace the acts of white collar crimes and secondly it had affected a larger population of the country. The attitude of policy making in Pakistan was also punitive which had created oppression or

inequality in the Pakistani society. Same oppression was identified by critical discourse analysis studies, the way social power abuse, dominance, and inequality are enacted, reproduced, and resisted by content and discourse in the socio-economic and political contexts. The white collar crime was such a heinous deed which was mostly committed by affluent people of the country as such people usually possessed impactful political power in the community. It became much difficult to trace the acts of white collar crimes all over the world and especially in the Pakistani society as the rich exploited the poor in every society. Developing countries like Pakistan where per capita income of the people was low and the majority of the population was poor the scenario was making the situation worse in every of life. There was discrimination between rich and poor in the process of implementation of law. The white collar crime was really deteriorating the condition of citizens of Pakistan (Van Dijk 2008).

Data from tax revenue of Pakistan from 1992 to 2008 shows as under:



Data clearly states that with the invention of new techniques of mass media (print and electronic media), new technologies, new ways of doing the things, advanced means of communications and the role of the existing governments to provide opportunities to white collar criminals has clearly enhanced the acts of tax evasion frauds in Pakistan.

Mass Media and White Collar Crimes

Mass media is mostly represented by the print media having newspapers as major source as well as electronic media with television and radio as primary medium. Some attraction is an

integral component of the natural world; large expanses of unoccupied geography are attractive to citizens and organizations with rubbish or deadly materials to arrange quickly and cheaply. The regions of Pakistan which are less developed are promoting a great number of victims of white collar crimes due to prevailing illiteracy and low income of the undeveloped areas of Pakistan. Undeveloped areas cater the citizens who are even unaware of their rights as a citizen of Pakistan. For example, as far as the federal board of revenues, FIA officials and national accountability institutions are concerned the people of backward areas are unaware even about the location of the courts. The phenomenon of unawareness is considered the paradise of the white collar crimes. When the people of less developed commit the acts of white collar crimes they even do not bother much about such crimes due to their ignorance. This phenomenon also encourages the perpetrators of white collar crimes. Media is a powerful source of globalization and is promoting mostly deceptive advertisements. The deceptive advertisements are such a factor of media which promotes the acts of white collar crimes on all over the world. The people of Pakistan are also being affected by such deceptive advertisements. Similarly, the media disseminates different techniques to commit the acts of tax fraud. The inculcation of techniques regarding tax fraud by the people of Pakistan will definitely increase the acts of tax evasion fraud. On the other hand, media can play a responsible role in preventing the acts of white collar crimes as mass media may promote the enthusiasm of patriotism among the people all over the world including Pakistan and positive use of mass media will abstain everyone from committing the acts of tax evasion and fraud. The governments of the world can be guided by the techniques of the tax evaders on all over the world and sometimes the evidence of perpetrators of tax evaders to bring them before justice. So, misuse of mass media is such a factor of globalization which is increasing the acts of white collar crimes (tax evasion fraud). Pakistan is one developing country among those developing countries of the world where most of the population is illiterate. This phenomenon may lead to the world economic recession. The media must play a reasonable role in order to overcome the acts of tax evasion from all over the world including Pakistan (Gibbs, McGarrell and Axelrod 2010).

Deception of tax takes place when an accused communicates some statements which are not true as the chain of tax evasion fraud is common all over the world. Either it is a developing or developed country no one is safe from the evil of tax evasion and fraud. Pakistan comprises of the majority of the Muslim community and Islam forbids telling a lie in the context of tax fraud as Islam holds that the major sin in the world is being deceitful. Instead of the religious teachings, the act of tax frauds continues in all over the world including Pakistan. This act is creating restlessness in the societies and promotes the restlessness on the sphere of the world. Techniques of tax evasion frauds are disseminated very easily through the invention of print and electronic media. The perpetrator did not receive any punishment. Due to the dissemination of this news on mass media, the people will more likely be prone to commit the acts of tax evasion fraud. It is the media which will create a positive or negative role for the people of any country to indulge in the acts of white collar crimes on all over the world including Pakistan (Vasiu and Vasiu 2004).

A reputable and noble person could motivate themselves in unscrupulous and major activities of deception with special reference to managers in the construction firms of Netherlands. These famous companies were involved in the deception. These firms were involved in black marketing and rigging of tenders. False information of nobility increases the acts of white collar crimes especially the tax evasion frauds in Pakistan (Van 2005).

Role of Pakistani governments to create opportunities for white collar crimes

The government is the sole body which can legislate good or bad laws for the people. Good governance takes place when all the activities are done with the sole purpose of betterment of the society. Criminal justice system requires under mentioned elements: - prison, courts and law enforcement officials. All these three categories come under the control of the government. It is the government which can constitute laws for the betterment of the society. It is the government which can train the law enforcement officials, judges, and tax collecting agencies in a better manner. Training is the prerequisite for detection of every type of crime. All aspects have been connected with the efficiency of the governments.

White collar criminals will be unable to victimize the government officials and it creates a good gesture on the global development. Globalization deals with all the areas of the world. In Pakistan, tax amnesty scheme was introduced by the government. Tax amnesty scheme was aimed at to legalize the black money in the tax structure. Globally, European Union interferes in the punishment of death in developing countries like Pakistan which is a major factor to promote the acts of crimes on all over the world including Pakistan. So, less severe punishments legislated by the states including Pakistan is contributing the acts of white collar crimes especially the tax evasion or fraud in Pakistan (McClellan and Elkind 2003).

The growth of attraction has not been consistent internationally, despite the label "global economic crisis," not all nations have been affected to the same degree. Some managed to avoid the worst excesses of the outbreak and variation in some states. Policies of the states are one of the most important reasons as it reminds us that Canada did not experience the problems that developed in the United States during periods of economic recession. Imitation of global culture by the government of Pakistan is providing the opportunities for the criminals of white collar crimes (tax fraud) to repeat the acts of tax evasion or fraud in Pakistan. The medium of transmission of information is necessary to be in the national tongue which will be easily understood by the majority of people of Pakistan. Once China's prime minister was talking to a news conference and he was asked to speak in English but the prime minister insisted that China is not without language. China has its own language and is progressing due to strict adherence to the mother tongue. Pakistan and many developing countries are following the ways of West as this imitation of the West is apparently hindering country's progress. Victims of tax evasion frauds usually government officials and at large the government may come to know easily about their rights and duties in the native tongue. The native tongue may lead the people to patriotism as well and to a great extent, patriotism instills hate about crimes in the minds of people keeping them abstained from such acts of belligerence.

The government policy of not providing the opportunity to be aware of their rights and duties as its citizens is promoting the acts

of tax fraud in Pakistan. Governments may get the people of their country through print and electronic media regarding the key factors of global economic crisis in national tongues. So, the people may shall be aware of the salient features of the concept of economic crisis. Unfortunately, the government of Pakistan is not paying any attention to translate the global terms and communicate the same concepts in mother tongue i.e. Urdu in Pakistan all because of the intentions of the manufacturers and other potential white collar criminals regarding the tax evasion or frauds. This is occurring due to the reluctance of the government of Pakistan to follow the global culture instead of the culture of Pakistan. The tax collectors are also committing the tax fraud due to the attraction of good standing in the social system. The government of Pakistan should train modern techniques to tax collector agencies. Currently the tax collecting agencies are not fully trained and equipped with required skills to collect or reclaim the amount of tax. Proper training of tax collecting agencies can overcome on this issue of tax fraud. Proper training of tax collecting officials may deter the unscrupulous people to avoid tax fraud. Proper training of judges may increase the efficiency of judges to deal with criminal laws.

The lack of training of tax collecting agencies and judges regarding globalized procedures by the government of Pakistan is creating opportunities for tax fraudsters to commit more and more crimes. Governments of Pakistan may train officials so that no person should dare to commit tax fraud in society. Criminal law must be effective to deter the people from committing tax frauds in society. Modern training of officials and instilling the sense of national responsibility within officials can increase the amount of tax in Pakistan. The government of Pakistan should advertise the punishment of criminals publicly. The inability of the governments of Pakistan to advertise public punishment is promoting the acts of tax evasion in Pakistan. Public and exemplary punishments of tax fraudsters will hinder the potential fraudsters from committing the acts of tax evasion frauds in Pakistan. Neither any person will commit a crime during his or her occupation nor in the population of Pakistan due to exemplary and effective punishment for committing the crimes of tax evasion fraud (J. Braithwaite 2010). The phenomena of savings and loan will inspire the tax evaders to accumulate the wealth for their adverse time period. The intention

of people to accumulate the wealth within days will be increased. The intention of accumulation of the wealth inspired by the government of Pakistan is such a factor which will increase the acts of white collar crimes in Pakistan. The people must be advised by the government of Pakistan to be prudent in their needs and wants (Black 2005).

A violator of white collar crimes may be internally or externally related to any victimized firm or company or organization. The providers of services and manufacturers of goods affect the government officials in order to escape from the amount of taxes through their companies and other institutions. Some organizations are promoting the acts of tax evasion through their influence with the tax collecting agencies. Further, with examples, the deception in white collar crimes committed by insiders is alarmingly prevalent and on rise. To a large extent (eighty-five to ninety percent) of information technology deceptions of white collar crimes are committed by the violators who are internal to the firms and companies and its quite appalling that it is happening all over the world.

Pakistan is also not safe from the deceptive acts of white collar crimes of the highly ranked tax evaders despite the clear instructions of not violating the rights of others. Top position holders in any organization can play the negative or positive role in the field of white collar crimes in any society yet the top position holders of any organization commit the acts of white collar crimes. Such scenario influences the international community as well as the local countries. Every individual is not only the member of the native country but at the same time will share the profit and loss with the international community. This is a much detrimental condition in every state of the world. States should formulate the policies in a balanced way regarding tax frauds. It would facilitate the aggrieved parties rather than frustration. Although, the invention of the internet is creating some problems in the cases of tax frauds. The fraudsters learn a lot of things about the acts of white collar crimes through the internet. Balanced policies of the government of Pakistan may control the people of Pakistan from learning the new ways to commit the acts of white collar crimes through the internet. Federal Board of Revenues and other officials

may be trained in this regard. Some friendly policies may control the acts of white collar crimes in Pakistan.

Individuals are pressurized by some of the government elements in the process of bribes and other financial commission in the developing countries like Pakistan. The prices of goods are soaring as the medical treatments, education and other necessities of life are now precious and rare through capitalists in Pakistan. The poor people get frustrated and commit the acts of white collar crimes at a high rate. This frustration can be overcome by making the policies moderate and creating the healthy opportunities for the people of the country. The centralized authority in this regard is a government of any country. The government can do all these activities to overcome the acts of white collar crimes in the society (Haugen & Sellin 1999).

Conclusion

Globalization is considered an important factor for the progress of any country. Tax evasion frauds are such a type of white collar crimes which results in the deterioration of the economic system of any country. The crime is a social phenomenon of any society as tax evasion or frauds affect the majority of the population of any country. Tax evasion or frauds are committed by individuals and corporations of the country. Data of tax evasion frauds of Pakistan was analyzed with effect from 1992 to 2008 and showed that with the effects of globalization annual rate of revenues in the form of taxes had gone down with the passage of time.

Accumulation of wealth was considered a good symbol in the society of Pakistan but it was the evasion of taxes which could provide an important milestone to commit these acts as the white collar crimes were increasing day by day. The increase in tax fraud can be because of the advanced role of media and inability of the government to formulate the laws. Languid laws of the government of Pakistan were providing opportunities to the fraudsters to commit the crime. Opportunities provided by the government of Pakistan stimulated elite class and corrupt officials to commit the acts of tax evasion or frauds.

Strict laws will hold back elite class and corrupt officials from committing tax evasion or frauds. Although, there were several extraneous variables of globalization in the promotion of white

collar crimes in Pakistan, in this research two variables like mass media and role of governments to provide opportunities had been explained in order to understand in detail regarding the impacts of globalization on white collar crimes. Media was such a powerful instrument which could guide or misguide the people of any country in the commission of white collar crimes. Similarly, the states of developing countries like Pakistan were providing opportunities for the commission of white collar crimes in Pakistan.

The state can eradicate the acts of white collar crimes or promote the acts of white collar crimes by formulating a strong criminal justice system in the society. If the state will not provide the opportunities of good legislation then definitely the acts of white collar crimes will rise in developing countries like Pakistan. Neither any person should be above the law nor should any be inferior in the eyes of the justice. Media can also play an important role in the process of white collar crimes. Justification to take the media and government as an explanatory variable was that these two variables namely media and government possess the three components of any type of fraud namely rationalization, pressure and opportunity in the commission of tax evasion frauds.

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