

Encyclopedia of Criminological Theory

Michalowski, Raymond J., and Ronald
C. Kramer: State-Corporate Crime

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Raymond J. Michalowski and Ronald C. Kramer's concept of state-corporate crime recognizes that socially injurious actions can be facilitated at the intersection of the political and economic orders, regardless of the existence of criminal codes officially recognizing the malevolence of those actions. Grounded in both the critical criminological discourse of the 1970s and the existing literature on organizational deviance, the concept represents an advance over existing explanations that did not account for the interdependent nature of relationships between public and private institutions. The following discussion chronicles some of the theoretical developments that led to the formulation of the concept of state-corporate crime and articulates the explanatory framework of state-corporate crime. An attempt is also made to highlight some of the case studies examined within its context.

The Concept

Michalowski and Kramer (2006) note that the concept of state-corporate crime was formulated amidst the suite of investigations that followed the 1986 explosion of the NASA space shuttle *Challenger*. However, the episteme of the time did not recognize the functional interdependencies between corporate and government entities, evident in the fact that those two institutions have traditionally been studied separately within the literature on organizational deviance. The concept of state-corporate crime represents an advance over previous studies of corporate or governmental malfeasance in that it recognizes the instrumental role that those relationships play in facilitating socially injurious outcomes.

State-corporate crime involves at least two entities (public and private) and is described by Michalowski and Kramer as “illegal or socially injurious actions that result from a mutually-reinforcing interaction between 1) policies and/or practices in pursuit of the goals of one or more institutions of political governance, and 2) policies and/or practices in pursuit of the goals of one or more institutions of economic production and distribution” (p. 20). Furthermore, Judy Aulette and Michalowski identify two types of state-corporate crime: *state-initiated* and *state-facilitated*. State-initiated corporate crime refers to socially injurious actions that result from corporate entities working at the behest of (or with the tacit approval of) governmental organizations.

State-facilitated corporate crime refers to the failure of governmental authorities to create meaningful regulatory or enforcement mechanisms concerning organizational malfeasance. Incorporating insights from a number of differing theoretical perspectives on organizational deviance, the researchers have [p. 629 ↓] identified three “catalysts for action” that impact deviant organizational outcomes. These catalysts include the degree of emphasis on goal attainment within organizations, the balance between institutional and noninstitutional means for achieving those goals, and the functional availability of effective sources of social control.

The theoretical rationale for state-corporate crime is found amidst the wave of critical discourse that was one of the hallmarks of criminological theorizing of the 1970s. Richard Quinney's refinement of Edwin Sutherland's original definition of white-collar crime differentiated between occupational and corporate crimes, but did not extend that analysis by linking crime in the workplace with the institutional relationships that exist between corporate and governmental entities. Building upon Quinney's work, itself grounded in Marxian analyses, the theory of state-corporate crime recognizes the importance of power differentials in determining how crime is legally demarcated. In doing so, state-corporate crime recognizes the role that the interests of elites play in structuring both legal codification and enforcement practices with respect to formally addressing socially injurious behavior. Consequently, many of the socially injurious actions addressed within the context of state-corporate crime are neither recognized officially nor form the corpus of behaviors central to conventional criminological discourse (namely street crimes), according to Michalowski and Kramer.

Michalowski and Kramer admit that their framework of state-corporate crime may be less a theory (in the formal sense) and more of an explanatory scheme aimed at identifying, understanding, and giving context to relationships between public and private entities. Despite this self-criticism, the theory (as it has often been referred to) does provide insight into the machinations behind some of the most socially injurious actions perpetrated by man. Consequently, state-corporate crime has at least three useful characteristics.

First, the concept directs attention toward deviant organizational outcomes that can be intensely socially injurious, yet have traditionally been ignored by legal scholars, institutions of formal social control, and criminologists. Second, the concept of state-

corporate crime does not treat corporate and governmental institutions atomistically, instead recognizing the importance and power of relationships between those institutions that are central to their effective functioning. This represents an advance over existing theories and explanations of corporate and governmental wrongdoing that ignore those relationships or that explain such malfeasance in terms of individual agency. Third, state-corporate crime considers how relationships are impacted by differing levels of organizational action at the individual, institutional, and macro (political-economy) levels.

Case Studies

As previously noted, the concept of state-corporate crime was developed subsequent to the explosion of the space shuttle *Challenger*. Kramer's analysis of that tragedy revealed that it was not simply the result of an accident, as so many at the time had presumed, but instead was the result of faulty decision making on the part of government safety experts at NASA and technical advisors and engineers at Morton Thiokol (MTI), the private company that designed and manufactured the doomed solid rocket boosters. Political and economic pressures resulted in an ethos focused on launching shuttles in a timely (hence, profitable) fashion, inhibiting those in authority from responding to the legitimate safety concerns of engineers at both NASA and MTI. The lack of effective oversight and communication between internal divisions at NASA manifested itself in the decision to launch the shuttle in weather deemed too cold for the effective functioning of the O-rings, critical for operation of the solid rocket boosters.

Another case study of state-corporate crime involves the tragic 1991 fire at the Imperial Foods' chicken processing plant in Hamlet, North Carolina, which resulted in the deaths of twenty-five employees. In their analysis of the event, Aulette and Michalowski determined the tragedy was set in motion through a confluence of historical forces and organizational practices coupled with an atmosphere devoid of effective regulatory oversight. The fire resulted when a hydraulic line containing flammable fluid ruptured near an industrial deep-fat fryer, resulting in a fireball and a significant amount of smoke that suffocated workers trapped behind fire escape [p. 630 ↓] doors that had previously been barricaded by managers of the facility.

A nuanced analysis of the event revealed that the tragedy was not solely the result of faulty individual decision making on the part of Imperial Foods' management, but had been set in motion years prior due to a number of economically motivated state policies. The state of North Carolina forfeited federal OSH (Occupational Safety and Health) money ostensibly because the state did not envision the protection of worker safety as complementary to its interest of promoting a robust business environment. To make matters worse, the owners of financially troubled Imperial Foods consciously ignored workers' complaints of safety violations concerning the barricading of fire-escape doors, rationalizing those decisions as either related to the prevention of trivial amount of employee theft or to keep insects from contaminating foodstuffs. Both state and local safety inspectors (as well as federal food inspectors) ignored those violations, tacitly allowing the fire-escape doors to entrap workers who could turn to no one for effective protection.

The defense industry was examined by David Kauzlarich and Kramer with respect to its contribution to significant environmental harms. In the rush to develop the first atomic weapons in the midst of World War II, the Atomic Energy Commission (subsequently replaced by the Department of Energy [DOE]) was more concerned with hasty development and testing of weapons than it was with implementing appropriate disposal methods for the volumes of toxic and radioactive waste produced in manufacturing. The secrecy surrounding the Manhattan Project also inhibited effective regulatory oversight, a condition that did not change during the cold war era, when United States weapons production accelerated to keep pace with a rapidly developing Soviet arsenal.

Despite the enactment of environmental legislation in the 1970s, the DOE continued its policy of dumping billions of gallons of toxic waste into the environment. The DOE's self-aggrandized task of national security was emphasized to the extent that noncompliance with existing environmental regulations became departmental ethos; private contractors were given the responsibility of self-regulation by a department reluctant to acknowledge either Environmental Protection Agency oversight or the applicability of environmental regulations. To make matters worse, the U.S. Department of Justice had a policy of not intervening where one government agency was acting out of compliance with environmental regulations. The end of the cold war and the discovery of massive levels of contamination surrounding weapons production led to the

closure of facilities around the country, but not before significant environmental crimes had been perpetrated for more than 50 years.

Finally, the crash of ValuJet flight 592 has been examined within the context of state-corporate crime, which uncovered the patently dangerous conditions that can result from the convergence of a public ideology committed to deregulation coupled with an intense private drive for profit maximization. ValuJet flight 592 plummeted nose first into the Florida Everglades only 10 minutes after takeoff, killing all 110 aboard—the result of a fire that rapidly spread from the plane's cargo hold. Flight 592 contained packages of unused oxygen generators that had been previously removed from older planes in the ValuJet fleet by private maintenance contractors, yet were improperly packaged and shipped in the ill-equipped cargo hold of the doomed flight.

In their analysis of the tragedy, Rick Matthews and Kauzlarich found that the Federal Aviation Administration (FAA) operated with two contradictory organizational directives: the regulation of the airline industry with respect to passenger safety and the promotion of the airline industry's general economic success. The airline industry had been beset by massive consolidation in the wake of passage of the 1978 Airline Deregulation Act. Consequently, the FAA was reluctant to stringently enforce the safety violations of the highly profitable and rapidly expanding ValuJet airline. The lack of effective formal oversight was coupled with a drive for profit maximization by corporate officials at ValuJet, who sacrificed safety in the interest of contracting critical maintenance work to the lowest bidder. The employees of SabreTech, ValuJet's maintenance contractor, were found criminally responsible (in terms of individual agency) for the inappropriate packaging and shipping of the hazardous cargo. However, it was the series of corporate decisions to sacrifice safety in the interests of profit that served as motivation to initially employ relatively inexperienced maintenance contractors, coupled with the knowledge of [p. 631 ↓] an institutional climate that indicated federal regulators would do little to intervene in decisions that might challenge the economic longevity of any individual airline.

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See also

- [Capitalism and White-Collar Crime](#)
- [Quinney, Richard: Social Transformation and Peacemaking Criminology](#)
- [Spitzer, Steven: Capitalism and Crime](#)
- [Sutherland, Edwin H.: White-Collar Crime](#)

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