

THE MORAL ECONOMY OF EVERYDAY CRIME

Markets, Consumers and Citizens

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Between the crimes in the suites and the crimes in the streets lies the mostly unexplored terrain within which we find crimes of 'everyday life'. Not all of these are formally illegal, but all are generally seen as morally dubious. Most of the crimes of everyday life are committed in the contemporary marketplace, and by those who think of themselves (and are mostly considered by others) as respectable citizens. We contextualize normative orientations that are conducive to such types of behaviour using a framework that links E. P. Thompson's (1963) concept of the 'moral economy' with Institutional Anomie Theory (Messner and Rosenfeld 1994, 2007). Findings from a comparative survey study in three economic change regions (England and Wales, Western and Eastern Germany) show that a syndrome of market anomie comprising distrust, fear and cynical attitudes toward law increases the willingness of respectable citizens to engage in illegal and unfair practices in the marketplace.

The Crimes of Everyday Life

There are well established notions of 'crimes in the suites' and 'crimes in the streets', and both encompass a vast, under-explored and mostly ignored terrain at the core of contemporary society. This is the terrain of the crimes and unfair practices that are committed at the kitchen table, on the settee and from home computers, from desks and call centres, at cash points in supermarkets or in restaurants, and in interactions with builders and other trades people. They are committed by those who think of themselves as respectable citizens, and who would definitely reject the labels of 'criminals' and 'crime' for themselves and their actions. Politicians refer to them as the 'law-abiding majority in this country', ignoring the fact that the majority *does not* abide by the law, or at least is highly selective in when to comply and when not to.

These types of crime fall into a grey zone of legality and morality. They include, amongst other things: jumping red lights; not paying TV licence fees; making false insurance claims; claiming for refunds one is not entitled to; requesting and paying 'cash in hand' in order to avoid taxes; claiming benefits and subsidies that one is not entitled to. Not all behaviours comprised in this zone are formally illegal. They are often referred to as sharp, shady or unfair practices, but all are generally seen as morally dubious, both by those who feel victimized and by those who admit to having engaged in some of them. We call these types of behaviour 'crimes of everyday life' to

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signify that these activities are not unusual, uncommon or, in some other way, events of an outstanding nature. They form part of many people's experiences and, as such, are often treated by them and others as 'mundane' and 'just part of life', 'typical' or 'par for the course'.¹

As well as attempting to draw attention to these types of illegal and unethical behaviour, we seek to account for their prevalence in society by focusing not just on individual morality. Instead, we argue that it is exactly these types of behaviour that are indicative of the moral state of society, perhaps much more so than violent and other street crimes. Many, if not the majority, of the crimes of everyday life are committed in the contemporary marketplace, and these crimes are the focus of our analysis. We contextualize normative orientations and perceptions of (in)justice that are conducive to such types of behaviour within the 'cognitive landscape' that represents the structural setting and moral order of markets and the economy. In this, we follow Sampson and Bartusch's (1998) conceptualization of 'anomie about law', who posit that there is an ecological structuring to normative orientations that is essential for understanding perceptions of justice. We aim at linking individual 'morality' to structural and normative characteristics of markets and the economy within three 'ecological units' or change regions: England and Wales, Western and Eastern Germany. Each of these regions is representative of a specific trajectory of macro-level economic and social change that impacts profoundly on the cognitive landscape in which normative orientations and behaviour are grounded.

The crimes of everyday life reflect the changes of the economy at the late twentieth century. The net result of these changes, it seems, has been a 'cornucopia of new criminal opportunities' (Shover *et al.* 2003: 490; Grabosky *et al.* 2001; Taylor 1999). Complaints from insurers and representatives from the health services about the increase in fraud committed by their customers and clients have been mounting. Large and small retailers see themselves as victims of those customers who take unfair and often illegal advantage of generous offers and terms. Small tradesmen report that their customers fraudulently try to make them responsible for damages. Citizens do not hesitate to take illegal and unfair advantages. Conversely, consumers feel victimized by the practices of insurance companies and financial services. They are sold allegedly useless insurance and financial packages, they are not properly informed about the products and feel that they are being defrauded by small-print clauses. They feel coerced into taking risks that they do not understand and would not have willingly accepted (Ericson and Doyle, in this issue). They find themselves charged for undelivered services, bogus repairs and used parts sold as new.²

Examples from the United Kingdom and Germany perfectly illustrate such developments during recent years. When the BBC posed the question 'What is the difference between ripping off software and shoplifting?', the published emails denied any similarities between these behaviours. Reflecting public opinion, the headline was changed to 'Why is it OK to nick software?' a week later (*BBC News*, 7 July 2003). In Germany,

¹ Throughout this paper, we use the terms 'offender' and 'offences' for all types of these behaviours, irrespective of whether they are legal or not, and include unfair and unethical practices. Victimization equally refers to all types of experiences, and is not exclusively restricted to victims of crime. We appreciate that some may find this approach to definition unacceptable, but it is one that runs as a theme ever since the term 'white-collar criminal' was invented.

² All examples given here were mentioned in pilot interviews with consumers, and expert interviews with representatives from the industries and government agencies, regulating bodies or trade and business people.

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the Federal Office of Criminal Investigation was inundated with calls after hoax emails had been sent with the agency as sender, warning the recipients that they were under criminal investigations for pirating software (*Computerwoche*, 29 November 2005). A survey in the United Kingdom in April 2004 found that more than a quarter of mostly middle-class parents would consider faking a religious commitment or using other dishonest tactics (including bribing the headteachers) to secure their child a place at the school of their choice (*The Guardian*, 19 April 2004), arguably showing themselves willing to commit the crime of fraud.³ Selling exam essays to students who, presumably, will pass them off as their own has become a million-pound business in the United Kingdom (*The Guardian*, 29 July 2006). Consumers and business, as well as citizens, seem to be engaged in a vicious cycle of unfair behaviour, erosion of good practices and normative standards.

Crimes of everyday life are individually small; however, collectively, they do amount to considerable damage. The following estimations are, given the nature of the topic at hand, informed guesses rather than firm, reliable figures, and they are based on information gathered from the experts whom we interviewed in the United Kingdom in the course of the project from 2001 to 2003. The Department of Work and Pensions estimated that 5 per cent of their claims were fraudulent, resulting in £573m or 4 per cent of social security payments. The Association of British Insurers claims that 4 per cent of household insurance claims made in 2000 were fraudulent (ABI 2000). The Association for Payments and Clearing Services set the cost of losses due to counterfeit credit card fraud at £108m in 2000, with a steep increase in the previous years (APACS, no date). Fraud and similar crimes are in the course of surpassing ordinary property crimes, in terms of costs and numbers. In the United Kingdom, the costs of fraud outstrip the costs of the more common crimes like burglary (Karstedt and Farrall 2004; Crime and Society Foundation, email Bulletin August 2006). According to reports from Germany, fraud has recently taken over from theft as the most common of all property crimes.⁴

The Moral Economy of Everyday-Life Crimes

Markets have always been seen as ‘cornucopia of criminal opportunities’, and economic changes seem to produce a particular abundance of new opportunities. However, in the face of an overabundance of opportunities, normative orientations that shape intentions to take advantage of such opportunities become decisive. Even if unscrupulous and unfair behaviour appears to be ‘normal’, it is seen by most offenders and victims as behaviour in need of proper justification, as an exemption from the rule, or as a one-off. It is the ambiguous relation between the normal and the normative that creates moral mazes for the respectable. Whilst they are engaging in such types of behaviour, they are nonetheless eager to blame when they find themselves victims of such behaviours. Markets are not devoid of morality—rather, the reverse. In a paradoxical way, the transition to market economies in Central and East Europe brought home the message that markets need an ‘invisible foundation’ in moral and legal norms and rules. In the wake of high-profile cases like *Enron*, business morality and ethics became a necessary

³ If better schools lead to better grades and universities, and this leads to better jobs, this could constitute obtaining a pecuniary advantage by deception contrary to the Theft Act 1968.

⁴ According to the recently released *Security Report of the Federal Republic of Germany* (personal communication from author); for the United States, see Labaton (2002).

complement to shareholder values. In addition, the new e-commerce markets demonstrated how salient and, simultaneously, how fragile such moral rules and trust in them are (Uslaner 2001; Dieckmann and Wyder 2002).

How can we best frame the cognitive landscape in which these ambiguous perceptions of the normative are grounded? It has become a common notion that there is a 'moral economy' that shapes habits and norms in the economic sphere, and which lends legitimacy to the constitution of the economy and markets. The concept of the 'moral economy' is famously attributed to the historian E. P. Thompson (1963; 1971), who developed it as an explanation of the riotous transition from pre-modern to liberal corn markets in the seventeenth and eighteenth centuries (and more encompassing of class relations). More recently, the concept has been used in a wider sense to describe the particular set of justice perceptions and the 'moral order' of the economy (Arnold 2001; Booth 1994; Mau 2003); it has also been related to a range of crimes, from corruption and theft in Africa (de Sardan 1999; Newell 2006) to interpersonal violence in China (Buoye 2000). Thompson sought to describe the process of thorough deregulation of the most important consumer market of those times, where deregulation impacted in particular on the poor; it was a process whereby the traditional cultural practices operating in eighteenth-century marketplaces were removed by the new 'market economy'. Deregulation considerably shifted the moral order of markets: deeply ingrained beliefs about justice and fairness, about who could be trusted and who not, beliefs about the morality of trading in basic commodities, and beliefs about what set fair and acceptable profits apart from unacceptable and excessive ones, a number of these being enshrined in a set of legal rules and regulations. He also drew attention to the intricate relationship between the regulation of markets and welfare laws, which jointly shaped the moral economy of the time (see, for a contemporary analysis, Mau 2003). Thompson posited two basic 'laws' of markets: first, that they are grounded in a morality of fairness, justice, roles and rules, and shared notions of acceptable behaviours, profits and entitlements; second, that economic changes inevitably shift and change the moral economy, and, in particular, relations of power and the moral constraints imposed on the powerful.

Thompson focused on the contentious nature of such changes; however, he did not expect consumer riots in contemporary society but assumed that 'today we shrug off the extortionate mechanisms of an unregulated market economy because it causes most of us only inconvenience, unostentatious hardships' (Thompson 1971: 134). Our data indicate that consumers and citizens do not easily dismiss unfair treatment, and their resistance takes much more subtle and diverse forms, one of which are everyday-life crimes (see also Lea 1999). Whilst British peasants once raised-up against millers selling corn or flour at inflated prices, consumers are now exercised by 'value for money', mis-selling, hidden charges and inaccurate product descriptions. They resist and hit back by inflating insurance claims as a reaction towards small-print rules or overpriced premiums; they retreat into a shadow economy in which they pay cash-in-hand to circumvent tax and social security laws (Schneider and Enste 2000). German citizens almost collectively took to insurance fraud, when expensive glasses frames were excluded from cover by state health insurance in the early 1990s. Household insurers suddenly were inundated with claims for broken spectacles mainly in the upper range of the price scale, of which about 90 per cent were fraudulent (as the expert hired by the insurance industry estimated; information from interviews in Germany). Consumers reacted with illegal methods on a large scale to the withdrawal of what they thought an entitlement.

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In which ways did recent economic changes that are usually framed as neo-liberal market policies impact on the moral economy of contemporary societies? Three processes are seminal. First, economic citizenship was transformed into the direction of active self-advancement, and neo-liberal policies were directed at maximizing the 'entrepreneurial compartment' of the individual (Rose 1996: 340). Second, consumers were declared 'sovereign', and urged to take responsibility and risks. Simultaneously, markets were de-regulated, thus creating a new 'risk environment' with little oversight or regulation (Ericson *et al.* 1999). Finally, citizens were urged to become 'consumers' in their relations with government agencies, and they were forced into markets of welfare services, security and other government services. These policies re-shaped the relation between risk and blame, responsibility and conformity for consumers and business (Ericson *et al.* 1999), and consequently shifted definitions and perceptions of unacceptable, unfair or outright criminal practices in the marketplace. They also impacted on citizenship roles and identities, particularly when these are intricately linked to consumer roles. Contemporary citizens are treated as clients, as consumers they become sovereign, voters are customers, and democratic participation is just another form of consumption (Barber 1999: 33; Hollis 1992). Citizens' experiences as consumers and vice versa affect their attitudes toward the institutional framework of the state, and the legitimacy that they accord its government and legal institutions.

In this respect, 'sovereign consumers' actively choose when to conform, when to deviate, when to complain, when to take risks of unfair behaviour or offending, and how to express their grievances. They do this in all realms in which they are urged to act as consumers, including the government. They are willing to withdraw compliance if they feel aggrieved. Expectations of redress, when they feel victimized and complain to private or public institutions, may then be transferred into a generalized willingness to engage in norm transgressions whenever an opportunity arises, if they have felt disappointed.

Notwithstanding sweeping global changes, each moral economy shifts in its own way, according to the trajectory of change on which economy and society have embarked (Hall and Soskice 2001). The 'cognitive landscape' in which perceptions of justice are shaped is a small place, and its contours vary along the lines of cultural values, institutional and welfare regimes. Our comparative study is therefore based in three 'change regions', representing different traditions and pathways into neo-liberal policies: England and Wales, Western and Eastern Germany. England and Wales represent an advanced market and consumer culture with comparably fewer state-provided services, where the processes described above are most advanced. Western Germany (the former Federal Republic of Germany) is a market society with strong protective state provision and a still generous welfare regime, and Eastern Germany represents the special case of a 'ready-made' market society in transition from a communist command society—the former German Democratic Republic (Rose and Haerpfer 1997). All three change regions have been the object of neo-liberal policies; however, these have occurred at different times and with differing levels of intensity and impact. England and Wales underwent profound changes between the mid-1980s and mid-1990s as a result of neo-liberal market policies implemented by the Thatcher Government (Farrall forthcoming); Western Germany has only recently started to take this route, and is the most stable of our change regions. Eastern Germany underwent the most profound and rapid change after the fall of the Berlin Wall in 1989 and during the following years.

The Dynamics of Market Anomie: Situating Everyday-Life Crimes

While the concept of the moral economy directly contributes to explaining everyday-life crimes that express grievances and resistance, most of these practices that the participants in our study mentioned, however, seem to be situated in a cognitive landscape that can best be described as 'market anomie'. We argue that the shifts in the moral economy produced an anomic situation in markets and instigated four anomic cycles, all increasing the willingness of individuals to engage in practices like insurance and benefit fraud, claiming for refunds when not entitled, or cheating in second-hand sales. In particular, we draw on a more recent development of anomie theory—Institutional Anomie Theory (IAT) by Messner and Rosenfeld (1994, 2007; see also Bernburg 2002).

In *Crime and the American Dream* (1994, 2007), Messner and Rosenfeld extended the scope of anomie theory beyond the narrow perspective on the strain between structure and culture that focused on structural inequalities. They argue instead that all institutions of society are affected by structural and cultural imbalances in the economy, and between the economic and other spheres in society. The economic sphere and forces of markets need to be embedded in and linked to institutions that countervail and balance them. Institutional anomie arises when the economic sphere is *disembedded* from other social institutions and, moreover, economic models of behaviour and the culture and values of markets dominate other sectors and vital institutions of society, like the family, education and welfare. 'Commodification' makes inroads into social spheres or welfare regimes, where 'de-commodification' should prevail, whilst de-commodification in the form of welfare and government services is reduced. Profound changes in the economy and institutional patterns that cause structural and cultural imbalances into this direction, and, in particular, allow economic values dominate all realms of society, are conducive to violent as well as instrumental crime by increasing perceptions of injustice and creating cynical attitudes towards laws. However, the disembeddedness of the economy and the dominance of market values should have a direct and perhaps even stronger impact *within* markets, and consequently on economic crimes, irrespective of whether they are committed by economic elites or by the majority of consumers and citizens.⁵

We have identified four *anomic cycles* in contemporary markets. All cycles push up levels of offending and unfair and unethical practices by business and consumers alike, and thus link mass victimization and offending in markets:

- (1) Stressing risk and choice blurs the distinction between what is still (legal) risk taking, and what is illegal choice, thus inducing intentions to engage in illegal and/or shady practices when dealing with business or government. Both parties to such transactions trust each other less, which generates more demands for laws, rules and regulation. The resulting increase in complexity and bureaucracy, in turn, increases pressure for rule avoidance and evasion.
- (2) Those victimized by business feel an increased pressure to blame themselves for their victimization—they allegedly have not been sufficiently prudent, or have not

⁵ IAT has been applied to a range of crime and deviance, including violent as well as property crimes, severe crimes (homicide, Messner *et al.* 2002) as well as other less severe ones (robbery, Piquero and Leeper Piquero 1998). Chamlin and Cochran (1995) and Baumer (2006) have argued that the theory is most relevant to offences with a profit motive or instrumental crime. A small body of studies have used IAT for the analysis of white-collar crime (Cullen *et al.* 2004; Dabney and Hollinger 1999). The majority of studies are cross-national comparisons; however, individual-level data have also been used.

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- done their homework as risk takers. This intensification of *caveat emptor* decreases the pressure on business *not* to deceive, *not* to deal unfairly with customers, and *not* to provide misleading and dishonest information (Ericson and Doyle, in this issue).
- (3) The distinction between fair, shady and illegal practices, for citizens as business owner–operators, executives, employees and customers alike, become blurred. Figuring out what is illegal or only unfair or unethical becomes idiosyncratic and personalized: if it victimizes *me*, it is (or should be) criminal; if it victimizes *them*, it is in neutral terrain; if it benefits *me*, it is neutral, understandable or even meritorious behaviour. Consequently, individuals adopt cynical attitudes towards laws and regulations, and comply or not comply as they find suitable.
 - (4) Too many rules and regulations decrease the legitimacy of norms and moral obligations, and create incentives for all to circumvent such obligations. To get things done, citizens revert to illegal practices in order to cut red tape, which they deem justified, legitimate and efficient. This normalizes illegal behaviour and encourages disrespect for regulatory law.

This does not imply that markets are anomic *per se*, or that they generally tend to spiral out of normative control. We are suggesting, however, that there are periods of *market anomie*, when a mood of lawlessness and cynical attitudes towards rules and regulations are spreading that increase both victimization and offending, which, in turn, feed into such a mood.⁶ The shift in the balance of obligations between consumers and business, as well as obligations toward legal and other rules, cuts into the normative fabric of trust, fairness and legitimacy that regulates the moral economy, thus reducing conformity as well as consensus on acceptable practices. On the individual level, institutional market anomie transforms into the *syndrome of market anomie*.

The Syndrome of Market Anomie

The *syndrome of market anomie* as transferred to the individual level implies perceptions of imbalances of market mechanisms on the one hand, which are transformed into a syndrome of distrust, insecurity and specifically anomic attitudes toward legal rules on the other hand. Perceptions of imbalances include predominantly perceptions of prevailing unrestrained profit motives that put others immorally at risk, and of imbalances of power between business and consumers, leaving the latter in a vulnerable position. Closely related to this is the absence of countervailing forces against the profit motive as expressed in values such as common and collective interests, or support for the weak (Hollis 1992). These basic perceptions of structural and institutional deficiencies in the market are linked to perceptions of legitimacy and fairness of the institutional framework or, in the case of market anomie, the lack thereof. This includes perceived legitimacy of market institutions and ‘market players’ in terms of fair treatment, as well as fairness of the general distributive mechanism that is provided by markets. Thus, individual and group perceptions are grounded in the structural and institutional landscape of the market that defines ‘winners’ and ‘losers’ as well as powerful and powerless groups. As Sampson and Bartusch argue (1998: 783), structural settings, in which

⁶ For example, through communication of victimization, exploits and successful deceptions; our data give ample evidence that these are typical topics of daily conversations (Karstedt and Farrall 2005).

people feel powerless, unduly constrained and unfairly treated, ‘also breed cynicism and perceptions of legal injustice’.

The syndrome of market anomie can be best defined as a reactive pattern toward institutional anomie (see also Baumer 2006), and is composed of the three dimensions of distrust, insecurity and cynical attitudes towards legal rules. Its first dimension is the *lack of trust* in big and small business as well as in generalized others that they will adhere to restraining rules and obligations, be they moral or legal, and not take advantage or cheat, or ‘immorally increase risks for others’ (Ericson and Doyle, in this issue). The second dimension is a heightened feeling of insecurity and vulnerability in an environment in which unrestrained pursuits of self-interest and profit reign (or are believed to reign), as expressed in the *fear of becoming a victim* of shady practices by others. The third dimension is *legal cynicism* as defined by Sampson and Bartusch (1998); it indicates the extent to which individuals feel disengaged from legal norms, perceive that others are so disengaged that legal norms have no validity, or perceive legal norms as useless in guiding behaviour in the marketplace.

Figure 1 illustrates the model of institutional market anomie proposed here and the two steps it includes. First, perceptions of imbalances in the structural and institutional landscape of markets and the economy prepare the ground in each of the change regions, in which the syndrome of market anomie will develop. The cognitive landscape is shaped by perceptions of economic change in general, of imbalances of power and ensuing unfair treatment in markets, attitudes towards the profit motive as reigning supreme, self-interestedness and the intent to adopt Machiavellian strategies in pursuit of such interests, and finally the extent to which values are endorsed that support the commonwealth and collective good as a countervailing force. The syndrome itself, which consists of distrust, fear and legal cynicism, in a second step impacts on the withdrawal of compliance with legal and moral rules, resulting in high levels of intent to offend and actual involvement in illegal and/or shady practices. Since markets offer a ‘cornucopia of opportunities’, intentions indicate how willing individuals are to take advantage of such illegal opportunities should they present themselves, which they often do

Moral Economy	Institutional Market Anomie	Syndrome of Market Anomie	Involvement in illegal and unfair practices
<ul style="list-style-type: none"> • Legitimacy of power relations • Assessment of fairness • Moral evaluation/ acceptance of ‘profits’ and revenues • Moral evaluation/ acceptance of risk-taking behaviour and self-interest • Values of the common good and protection of the weak 	<ul style="list-style-type: none"> • Imbalance of power/ decreasing pressure on business not to deceive • Decrease of legitimacy • Unrestrained profit motive • Pursuit of self-interest dominates non-economic institutions • Weak values of the common good 	<ul style="list-style-type: none"> • Fear of victimization • Distrust of business and market institutions • Legal cynicism 	<ul style="list-style-type: none"> • Withdrawal of compliance • Intentions to offend • Actual offending

FIG. 1 The moral economy and the syndrome of market anomie

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on a daily basis. Intentions, therefore, are partially but not fully independent of the opportunities offered in each of the change regions, and thus can be deemed a more suitable measure for comparative purposes. In particular, they are more closely related to those market structures that engender anomie tendencies, and more firmly embedded in their cognitive representation, than to those structures that simply present opportunities for illegal and shady practices.

Each of our change regions differs with respect to its structural and institutional economic setting and to its trajectory of change during recent decades, as outlined above. Accordingly, there is an ecological structuring to the normative orientations and the cognitive landscapes of individuals in their understanding of legal and moral rules and perceptions of justice in the economy. Our models that we present in the following sections therefore separate the change regions from each other in order to account for differences in their institutional and normative backgrounds, and the varying contours of the cognitive landscapes which they produce.

*Data and Measurement**Sample*

The data were collected in large surveys in each of the three change regions. The surveys targeted a random sample of individuals aged 25–65 living in households in these countries. The restriction of the age range should help to target mainly individuals who, as adults and part of the active work force, were confronted with a roughly equal set of opportunities to commit ‘everyday crimes’ when selling cars, dealing with trades people or taking out insurance. The surveys achieved 1,807 respondents in England and Wales, 1,732 in the former Western Germany and 805 in the former Eastern Germany, where respondents were over-sampled by a factor of two.⁷ The fieldwork took place in 2002 as part of an omnibus questionnaire and was conducted by CAPI.⁸ The questionnaire was fully self-completed with the assistance of interviewers in both Western and Eastern Germany, and only partially in England and Wales, covering its most sensitive parts⁹ (see EMNID/TNS Report 2002). The questionnaire explored offending or engagement in dubious market activities (ten offences), and intentions to offend through a list of five offences and three vignettes, of which two were randomly assigned

⁷ The questionnaire was part of an omnibus survey. In Germany, 3,800 interviews were conducted between October and December 2002, which comprised about 70 per cent of the target population (living in households, between 25 and 65 years old); 2,537 interviews were realized with around 2,670 target persons; more than 95 per cent of the interview partners in the multiple theme survey took part in our study. Data for England and Wales roughly mirror the results from Germany (EMNID/TNS 2002).

⁸ The core questionnaire was designed in English by both authors—one a native English and the other a native German speaker—in a way that can be termed as ‘simultaneous translation design’. It was then translated into German by the German-speaking author.

⁹ It was checked whether this had impacted on the respondents in England and Wales by a horizontal comparison of rates of sensitive information between England and Wales and Germany, and a simultaneous vertical check within each country for consistency of response rates for batteries of questions which were all self-completed in the case of Germany, and completed by the interviewer or self-completed in the case of England and Wales. Thus, for example, we assumed that a higher rate of paying cash in hand in West Germany than in England and Wales would be mirrored by similarly higher respectively lower rates for all other sensitive information concerning tax evasion, and since this information was collected through self completion in Germany, it would not be affected by a respective bias. This was indeed the result for this as for two other offences, for which consistent differences between rates were found. We therefore conclude that no serious bias resulted from the different interview techniques used; this was further corroborated by our qualitative pilot interviews and focus groups conducted in England, where we found a surprising openness and willingness to discuss such practices. This, in general, speaks to the character of these behaviours as ‘everyday life crimes’—processes and events about which there is only limited embarrassment.

to each respondent. Offending behaviour was mirrored by equivalent items of victimization and fear of crime, so that for a number of core items, actual and intentional offending, victimization and fear of crime in the market were collected. Through a range of item lists, the independent variables were measured (see below), and were complemented by measures of the moral evaluation of minor transgressions (World Value Survey; Inglehart *et al.* 1998), neutralization techniques and communication about such behaviours (Karstedt and Farrall 2005). Indicators of the economic situation of the household as well as relevant demographic data were included.

Variables

Intentions to offend were measured by scaling the strength of such intentions. Respondents were asked if they 'would consider', 'would never consider' or 'depending very much on the situation' consider doing each of the following: 'agree to pay or to be paid "in cash" in order to avoid paying VAT or other taxes'; 'during an insurance claim, add items which had not been lost, damaged or stolen, or increase the value of any items claimed'; 'when selling second hand hide or not disclose faults in what you were selling'; and 'try to claim for replacement items, refunds or compensation from a shop, small business or travel agent's which you were not entitled to'. These items covered large as well as small business, and private exchanges. The scale of intentions to offend is a sum score of these items and strongly correlated with a scale of actual offending, which measures if respondents had ever committed any of ten offences ($r=0.55$), indicating that specific intentions to offend are easily generalized to other opportunities if these present themselves. Correlations between intentions and actual offending for the individual items range between $r=0.55$ for paying cash in hand, and $r=0.26$ for cheating on an insurance claim (coefficients for the total sample).

Independent variables included those that were indicative of perceptions of market anomie, and the ensuing syndrome of market anomie composed of the three dimensions distrust, fear and legal cynicism. Two scales resulted from the original Moral Economy Scale that included two dimensions of institutional market anomie: perceptions of market change and imbalances, and of unrestrained profit motives dominating the economy. *Perceptions of economic change* are measured as the summed scores to the following three items: 'In the last few years, the profit motive has come to dominate all aspects of our society'; 'Today's reliance upon market forces has deepened social inequalities/Market forces have helped people to get ahead'; and 'Consumers are much more vulnerable these days/Consumers are much more powerful these days', the last two having been presented as semantic differentials. These items emphasize potential anomic changes in terms of dominating values, power relationships and distributive justice within as well as outside the realm of the economy. Perceptions of *unrestrained profit motives* were measured as the sum score of agreement to two items which also gauged into feeling of injustice: 'Large firms often get together to cheat consumers by fixing the price of goods and services' and 'The profits some businesses make cannot be justified'.¹⁰

Perceptions of the *legitimacy of markets* were conceptualized according to Tyler's (1990) theory of legitimacy and procedural justice. The scale was intended to measure

¹⁰ Confirmatory factor analyses suggested that these loaded together irrespective of change region (usually around 0.60).

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the extent to which people felt that power and distributive mechanisms were mainly legitimate and fair, or if they felt disempowered or disadvantaged. For three sectors, including, this time, the state—banks and building societies, insurance companies, and local councils, tax offices and other state bureaucracies—respondents indicated whether they thought that these ‘players’ had too much power or not, and whether they felt treated fairly.

Our scale of *self-interestedness* probed into individual propensity to act in a selfish way and to employ Machiavellian strategies. The scale measured the extent to which individuals had accepted the pursuit of self-interest in the marketplace, but also the extent to which economic metaphors coloured the way in which they thought about social relationships in general outside the realm of the economy. Messner and Rosenfeld (1994, 2007) deem in particular the spread of economic values into other realms of society, and pervasive ‘commodification’ as a defining feature of institutional anomie. Our scale combined items from two scales—a scale of ‘Egoism’ by Weigel and colleagues (1999), and Hagan and colleagues’ (1998) scale of ‘Hierarchical Self-Interest’. The seven items included statements as to how individuals strived to be ‘winners’ in every situation and at all costs, how they prioritized success over all other considerations, and were willing to engage in ‘Machiavellian’ strategies in order to achieve their ends. The following examples illustrate this: ‘It is not so important how one wins, but that one wins’, ‘People who are honest at work never get ahead’ and ‘Never tell anyone the real reason why you did something unless it is useful to do so’. Confirmatory factor analyses also suggested that these items loaded together irrespective of change region (usually between 0.40 and 0.60).

Commonwealth values emphasize those values that express solidarity with others, and awareness of common goods as aspects of modern citizenship (see also Braithwaite and Braithwaite, in this issue), which we assume act as countervailing and restraining forces on the profit motive and restrict the assertion of self-interestedness (Messner 2004). This scale was a sum score of three items: ‘It is important for the common good to pay taxes’, ‘Being a citizen is about becoming involved in your community’ and ‘Citizens do not rely on the state, they take responsibility for themselves’.

The syndrome of market anomie was measured as a first-order factor consisting of three summed scores, which assess the extent to which individuals trust market institutions to operate ‘fairly’, are fearful of being cheated in the marketplace, and are cynical about legal norms. *Distrust of markets* included four items targeting distrust in various market ‘players’. They referred to small business and trades people, large and powerful institutions like banks, buildings societies and insurance firms, as well as to fellow citizens in second-hand sales (‘I generally trust that plumbers, car mechanics or repairmen will not try to “rip me off”’). *Fear of crime* consisted of a battery of questions which asked respondents about their worries about being ‘cheated or ripped off’, thus mirroring the phrasing of questions on general fear of crime. The items were designed as equivalents to those probing into offending and intentions to offend, and thus included five items on fears about big and small business like being cheated upon by insurers and car services, when buying on the internet, but also by other citizens—‘You buy something second hand which you later discover is faulty?’, for example. *Legal cynicism* is defined as the extent to which individuals feel disengaged from legal norms, that legal norms have no validity, or are useless. The concept as developed by Sampson and Bartusch (1998) is a targeted and refined exploration of anomic attitudes, which, in

particular, express cynical views about compliance with legal norms and restraints by other normative bonds and informal controls. The scale is the sum score of five items that include one of Sampson's original items.¹¹ A typical statement for the legal cynicism scale is: 'To make money, there are no right and wrong ways, only easy ways and hard ways', which was also used in other tests of IAT (see Messner 2004; Baumer 2006; Stowell 2000).¹²

Results

Offending, victimization and cognitive landscapes in the change regions

Data from our survey in the three change regions show that in fact, victimization and offending are both widespread in the marketplace. In England and Wales and Germany, a total of 75 per cent of the respondents reported at least one victimization (during their lifetime), while 64 per cent had engaged in illegal or 'shady' practices. More than half of the total sample (54 per cent) reported experiences as both victims of small and large business and private transactions, and as offenders in such exchanges. When comparing (a) those who had both experienced high levels of victimization and simultaneously been involved in equally high levels of offending, with (b) a group with low levels of both victimization and offending, we found that high-level victims/offenders come indeed from the middle classes and the 'respectable' centre of society. They are from higher social strata, are better educated, have higher incomes and are more likely to be employed—a result which is also confirmed by US data (Rebovich and Layne 2000). Victims and offenders in the marketplace are mostly average citizens and even more the 'haves' than the 'have-nots'—a result that was most distinct for the United Kingdom, whilst differences between social classes were not found for either Western or Eastern Germany, indicating that in these change regions, such behaviours were common throughout society. However, need can safely be ruled out as a driving factor for the crimes of everyday life as committed in the marketplace.¹³

The three change regions differ significantly as to the extent of offending and victimization, with England and Wales and Eastern Germany being more similar to each other. The English and Welsh had the highest rate of reported victimization ever for different items (80 per cent). However, when asked about general victimization during the last year, West Germans (30 per cent) and East Germans (27 per cent) reported considerably higher rates than England and Wales (17 per cent). Both the English/Welsh and the East Germans have lower rates of offending (see Table 1A in Appendix 1). West Germans are involved significantly more often in all types of offences and sharp

¹¹ In the original questionnaire, legal cynicism is weighed against and complemented by the concept of moral obligations defined as the feeling that regardless of one's own interests and immediate gains, one ought to obey a set of morally prescribed rules (Nunner-Winkler 2004). Both concepts were originally operationalized with four items each, but factor analyses showed that one of the moral obligation items loaded on the legal cynicism scale. Confirmatory factor analyses suggested that the cynicism items loaded together irrespective of country (usually between 0.50 and 0.80).

¹² Other items: 'People who obey rules often disadvantage themselves'; 'It feels good to "bend" the rules and get away with it'; 'Sometimes you need to ignore the law and do what you want to'; 'I do not care too much if other people think that I sometimes "bend" the rules'.

¹³ A recent study on the informal economy found that 'need, not greed' was the dominant motive for this more limited realm of shady practices (Katungi *et al.* 2006). In addition to probing into just one type of everyday crime, the study is not targeting a representative sample of the population as our study does. It is highly plausible that in small segments of society, need is the driving force, but it is certainly not in the general population.

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TABLE 1 *Comparative rates of intentions to offend*

Percentage of respondents who would consider/for whom would depend on the situation . . .	England and Wales % (n)	Western Germany % (n)	Eastern Germany % (n)	Sig.
Paying cash in hand to avoid taxation	46 (838)	68 (1,167)	58 (472)	***
Padding an insurance claim to make money	22 (391)	40 (693)	42 (337)	***
Not disclosing faults during a second-hand sale	16 (293)	23 (394)	17 (139)	***
Claiming for refunds they knew they weren't entitled to	10 (183)	23 (410)	23 (181)	***
N	1,807	1,732	805	

*** $p < 0.001$.

practices than are the English and Welsh and East Germans, with the exception of keeping money when having received too much change. These differences are only partially mirrored by intentions to offend. Table 1 shows that Western Germany mostly has the highest rates of those who would consider such behaviour or would do so with some reservation, thus reflecting actual offending rates. However, with the exception of employing such practices in a second-hand sale, both West and East Germans score significantly higher on intentions to offend than the English and Welsh, and demonstrate less difference than in actual offending behaviour.¹⁴

Perceptions of the economy vary significantly between the three change regions, and mirror the structural and cultural changes that these regions have experienced during the last decades (see Table 2). As was expected, East Germans score significantly higher on perceptions of change, since they have experienced the most profound and rapid change of the three regions. West Germans have significantly lower scores on perceptions of unrestrained profit motives in the market than the English and Welsh, whilst they do not differ from their fellow citizens in Eastern Germany, who inherited the same type of 'social market economy' more or less overnight. This, however, does not necessarily imply that the English and Welsh have made a negative judgement on the economy. It might equally indicate acceptance of the profit-maximizing principle within the long-standing tradition of neo-liberal market policies, as the significantly higher legitimacy of market institutions with regard to power balance and fair treatment in England and Wales shows. Legitimacy significantly differs between all change regions, with West Germans mostly nourishing feelings of dis-empowerment and being disadvantaged; these differences might well reflect actual differences in fair treatment in markets and by state bureaucracies between Britain and Germany. In contrast, the English and Welsh score lowest (significantly) on commonwealth values. Both results together clearly indicate the long-term impact of the dominance of market values in society, with a high acceptance of unrestrained profits, and a distinct legitimacy of self-interest. In July 2006, for the first time since 1994, the majority (53 per cent) of British Citizens thought that life in Britain would be best improved if all looked after themselves—a statement that had won steadily more support since 2000 (*The Guardian*, 8 July 2006). Machiavellian self-interest is, however, highest in Eastern Germany; this is corroborated by numerous other studies in post-Communist countries. In contrast to official ideology of solidarity and mutuality, the economy of scarcity had nurtured a

¹⁴ These results corroborate the decision to use intentions to offend instead of actual offending behaviour. Differences in actual offending behaviour between West and East Germans possibly indicate different long-term opportunities.

TABLE 2 *Perceptions of markets and the syndrome of market anomie in three change regions*

Change region	England and Wales	Western Germany	Eastern Germany
<i>Perceptions of markets</i>			
Perceptions of change	Lowest	medium	highest
Unrestrained profit motive	Highest	lowest	medium
Legitimacy of market institutions	Highest	lowest	medium
Commonwealth values	Lowest	highest	medium
Self-interestedness	Lowest	medium	highest
<i>Syndrome of market anomie</i>			
Fear of crime	highest	medium	lowest
Distrust of markets	Highest	medium	lowest
Legal cynicism	Lowest	medium	highest

One-way ANOVA; shaded areas indicate significant differences ($p < 0.01$) with either or both of the other change regions.

ruthless self-interest in the population, which often coincided with contempt for the law (Karstedt 2003; Los 1988; 1990; Clark 1993; Rose 1998).

For the three dimensions of the syndrome of market anomie, we find again significant differences between the change regions; however, no distinct pattern emerges that would unambiguously rank them according to their general level of market anomie. England and Wales have the highest level of anxieties in the marketplace, and differ significantly from both Western and Eastern Germany. Distrust in markets is lowest in Eastern Germany and highest in England and Wales, with all change regions differing significantly from each other. The higher levels of trust in markets in Eastern Germany seem to be the result of high general trust in the market economy, and an overall endorsement of free markets after the failure of the Communist command economy. High levels of distrust in England and Wales presumably are engrained in the culture of highly developed neo-liberal markets, and can be deemed a reasonable reaction in the light of high acceptance of the profit motive and low levels of support for the common good and solidarity. Legal cynicism is, however, at its lowest point in England and Wales, and differs significantly from both Western and Eastern Germany, with the highest cynicism levels being in Eastern Germany. Whilst the English and Welsh have a strong tradition of the rule of law, which seems to be quite unaffected by low levels of commonwealth values, Eastern Germans find it considerably hard to embrace the rule of law.¹⁵ These differences indicate that the three dimensions of the syndrome of market anomie vary partially independently, and are linked through specific traditions, cultural values and the pathways that economic change took.

Modelling market anomie in the change regions

The following models show in which ways the different cognitive landscapes shape the perceptions of justice and legal rules. In order to contextualize individual-level relationships in change regions, each model consists of three sub-models for the change regions, with different parameter estimates for each region; however, an identical model structure for all regions was used. The structural equation models were calculated with AMOS (for further details, see Appendix 2). We calculated a first model that

¹⁵ One of the leading dissidents famously said after reunification: 'We wanted justice and got the rule of law.'

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includes the three dimensions of the syndrome of institutional anomie separately, and a second one that includes the syndrome of market anomie as a first-order factor consisting of the three scores. Both models are acceptable in terms of the respective indicators and have a good fit with the data (CMIN, NFI, RAMSEA, PCLOSE; see Appendix 2 for details).

The first model, which is not shown here, included direct paths from each of our five independent variables to each of the three dimensions of the syndrome of market anomie.¹⁶ Distrust in markets, fear of crime and legal cynicism each has a path to intentions to offend, which is itself a first-order factor of self-reported intentions to engage in illegal or shady practices in the marketplace or associated institutions. In all three regions, the three factors that are combined in the syndrome have a significant impact on intentions to offend. Legal cynicism (i.e. the disengagement from norms and normative obligations) has the strongest impact, whilst the impact of fear of becoming a victim seems to be a mild incentive to 'hit back' should the opportunity arise. Distrust in market institutions strengthens intentions to offend, potentially in a similar vein as insecurities and anxieties (see Karstedt and Farrall 2005).

Legal cynicism is clearly embedded within the cognitive landscape of the economy and markets. Perceptions of unrestrained profit motives, and self-interestedness reigning in the economy and society, both increase the level of anomie about law, whilst the perceived legitimacy of market players has a countervailing impact on such anomic disengagement from norms. Distrust in markets is distinctly reduced by values of solidarity and the common good, and also by perceptions of legitimacy of large and small business in terms of balance of power and fairness in dealings with customers. These two factors strongly impact on this dimension of the syndrome of market anomie, and point to vital and decisive countervailing forces against anomie in market environments.¹⁷ The dimension with the weakest contextualization within the economic realm is fear of victimization. Perceptions of legitimacy reduce the fear of becoming a victim of the unrestrained profit motives of others, and self-interestedness enhances the fear of crime. For those who are prepared to let self-interestedness dominate their social relations, the world is a frightening place, since they will mostly expect others to act in a similar way.¹⁸ The model demonstrates that the individual dimensions that compose the syndrome are each related to specific characteristics of the economy and the cognitive landscape through which it is represented. Notwithstanding an independent impact on intentions to offend or engagement in sharp practices, the dimensions slightly differ in terms of the strength of this impact.

We now turn to the model, which includes the syndrome of market anomie as a first-order factor (see Figure 2(a, b, c); Appendix 2 provides technical details). In other respects, the model does not differ from the previous one, with sub-models for the three change regions. In all three regions, legal cynicism contributes most to the factor of market anomie, whilst both fear of crime and distrust in markets make a considerably smaller contribution. Equally in all change regions, the syndrome of market anomie

¹⁶ The model includes only those paths that were significant for at least one of the change regions. We allow the error terms for 'unrestrained profit motive' and 'perceptions of change' to be correlated because the items were originally asked as part of one battery of questions. This improved the value of RMSEA from 0.060 to 0.052, with no impact on the substantive model. According to other indicators (PCLOSE, NFI), the fit of the model is still good.

¹⁷ For Eastern Germany, the perceptions of change decrease distrust in markets, and do not increase it. This is in line with the results reported above, that the change of the economy coincided with trust in the new free-market economy.

¹⁸ This result has extremely interesting consequences for general fear of crime. The fact that fear of crime is not falling in Britain notwithstanding lower crime rates might be related to steadily increasing self-interestedness (*The Guardian*, 8 July 2006).

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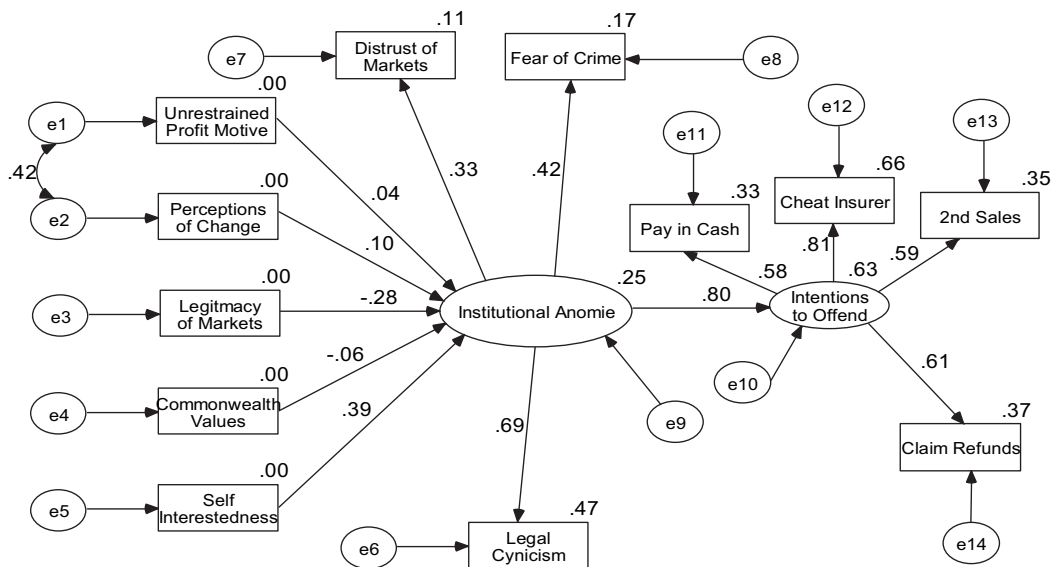


FIG. 2c Market anomie in three change regions

In England and Wales and Western Germany, all of the paths are significant at the level of 0.05, with the exception of the relationship between perceptions of change and the syndrome of market anomie. Perceptions of change such as that the economy is becoming increasingly dominated by the profit motive, that inequality is on the rise and that power differentials between business and consumers have increased in a way that disadvantages consumers are not associated with the syndrome of market anomie in these two change regions. Western Germany has not experienced yet a considerable impact from neo-liberal market policies, and the little change that has happened seems not to be perceived by the cohort of citizens below the age of 44; in England and Wales, notwithstanding sweeping changes, these ‘younger’ citizens also tend to be less aware of them, presumably because they had relatively less knowledge of what went on before and because the changes have been so sweeping that they have left little trace of the *ancien regime*.¹⁹ Beliefs that the economy is generally characterized by an unrestrained profit motive are associated with market anomie, and as such beliefs increase, so does the anomie syndrome. Perceptions of the legitimacy of market institutions with (a) regard to the balance of power, and (b) procedures ensuring equality of treatment restrict the level of the market anomie syndrome. Holding values, which emphasize the aspects of social solidarity and mutuality as essential for ‘market citizenship’, such as believing that one pays one’s taxes for the common good, acts as a strong force in restraining market anomie. In both these established market economies and more mature democracies than Eastern Germany, citizenship values still count in the market economy notwithstanding support for selfishness and unrestrained profit making. Self-interestedness—as

¹⁹ We roughly divided age groups at the age of 45 in order to juxtapose younger cohorts who became consumers and citizens mostly after the changes took place with the older ones who went through an experience of change, and calculated models including six different age/region sub-groups. These models support the interpretation of the data given here.

the extent to which individuals are subjecting their social relationships to utilitarian considerations and Machiavellian schemes—has the strongest impact on the syndrome of market anomie. As shown in the previous model, self-interested people distrust large and small business more, are more fearful of victimization in the marketplace and nourish cynical attitudes toward rules and regulations generally.

Eastern Germany is the region that experienced the most rapid and profound changes of the culture and structure of markets, and indeed of society. The population became consumers at the same time that they became citizens (and therefore politically empowered) in a democratic state. Therefore, and in contrast to the two other regions, perceptions of change significantly increase the syndrome of market anomie. Similarly to the other two regions, perceptions of legitimacy of market players reduce market anomie, whilst self-interestedness considerably increases it. However, perceptions of unrestrained profit motives reigning supreme in markets do not have a significant impact. Since perceptions of change and unrestrained profit motives are correlated (as accounted for by the correlated error terms in our model), we assume that these are encompassed by more general perceptions of change in this region. Interestingly, commonwealth values do not constrain the syndrome of market anomie as they do in the other two regions. The fact that neither the unrestrained profit motive nor values of the common good impact on feelings of market anomie seems to indicate that they are not yet defining features of the cognitive landscape that shapes normative and justice perceptions of the economy. East Germans have not carved out their respective roles as citizens and consumers. According to Sztompka (1993), post-Communist societies suffered from a loss of civil society and civic culture that makes itself felt in all realms of life, and is responsible for many of the problems the economy faces in these countries (including widespread corruption; see also Karstedt 2003). Whilst overwhelmed by economic change, Eastern Germans do not seem to have integrated the values of citizenship and the common good into their perceptions of the economy, as they are defined by liberal democracy in contrast to authoritarian concepts of the commonwealth.²⁰

Moral Economies, Anomic Markets and Everyday-Life Crimes

Our models show that the cognitive landscape of markets and the moral economy shape normative orientations and intentions to engage in everyday-life crimes, which are realized when the opportunities present themselves. We modelled this landscape on the assumption that structural characteristics of institutional market anomie define the ecological context of anomic attitudes about law that are conducive to this type of crime. Our general model combined both Sampson and Bartusch's concept of legal cynicism with Messner and Rosenfeld's IAT. It links the defining characteristics of institutional market anomie to intentions to offend via a syndrome of market anomie composed of distrust in market players, fear of becoming victimized and legal cynicism. This general model stood the test in all change regions and can be deemed as a robust model of intentions to engage in such type of behaviour. Simultaneously, the cognitive landscapes in each region reproduced the trajectories of economic and social change

²⁰ Values of democracy and citizenship seem to be much less developed in many social groups in East Germany than originally anticipated. Recent surveys in some of the East German states show that support for an authoritarian regime and respective values have reached unprecedented levels for post-War Germany (Die Zeit 2003).

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that they had undergone, and differently contextualized normative orientations and justice perceptions in the regions. This demonstrates that there is an ecological structuring to perceptions of market anomie and those normative orientations that lead to illegal, unfair and unethical behaviour endemic in the core, not in the margins of society.

It is the core values guiding contemporary societies and their economies that are important forces in shifting the balance towards higher levels of the anomie syndrome. According to Messner and Rosenfeld, commodification is a distinct characteristic of institutional anomie: the economic model tends to dominate all other relationships in society. The extent to which individuals transfer the 'economic metaphor' into all their social relations and outside the realm of markets, and allow 'economic values' to govern their daily lives, is a strong predictor of anomic tendencies and subsequent intentions to offend and to exploit opportunities in the market by illegal and unfair practices if they present themselves. Our models show that as predicted by IAT, commodification directly impacts on the syndrome of market anomie and indirectly on a range of 'instrumental crimes' (Baumer 2006; Messner 2004). Though they do not provide a test of IAT, they demonstrate the value of this approach within the economic sphere, and on the individual level.

The economy and markets do not thrive without the pursuit of self-interest by business and consumers, nor without the motivation to make profits; the moral economy of late-modern society is based on the pursuit of both and consequently on individuals embracing them. However, the moral economy needs to balance these by rules of fairness, and offset differences in power by protection for the weaker party in market exchanges. Institutional imbalances within the moral economy are the root causes of anomic tendencies and, accordingly, our model demonstrates the impact of such imbalances. If profit motives reign without restraint, if legitimacy is withdrawn from basic market players and if values of the common good and support for others are too weak to act as countervailing forces, then anomic tendencies become pervasive in markets, and individuals withdraw their general willingness to comply with legal and other rules.

Even though legal cynicism is the most important component of the syndrome of market anomie, its two other components—distrust of market players and fear of victimization—point toward nonetheless decisive sources of such 'contingent compliance' (Levi 1997). Since most of those involved in such practices are also victims, distrust and fear are motives to 'hit back' and to seek redress when actually victimized, and even general feelings of unfair treatment or fears of future victimization might instigate a firm resolve to prevent this by future offending. It is here that we find new forms of resistance in our latter-day moral economy. E. P. Thompson showed in which ways changes in the *moral equilibrium* of markets instigated moral indignation that finally led to riots. Consumers do not riot today, but neither are they inclined to dismiss unfair practices in the marketplace as a mere inconvenience. When they see markets spiraling out of control, they react with strong intentions to 'hit back' whenever the opportunity arises. Our data show that communication about incidents of victimization and successful offending are widespread and common (Karstedt and Farrall 2005), thus fuelling this process and providing individuals with a strong belief that 'everybody does it' (Gabor 1994). The cognitive landscape is shaped in such day-to-day encounters between citizens and consumers. General distrust and fear were vividly felt by the consumers we interviewed, and concerned both small and big businesses:

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Well, people are so dishonest these days, they'll charge you extra for something they don't even have to charge you extra for. Or they'll put an extra . . . they'll say you need . . . if you go to have your car repaired, five out of ten times they'll say you need something else done which you don't exactly need doing at that time . . . you might need doing two years down the line, but which you didn't need doing then, just to get an extra bit of cash out of you . . .

I've just been talking to my friend who has been trying to claim on an insurance, travel insurance, that sort of thing. I think insurance companies in particular do get on my wick a bit. There seems to be so much palaver in writing here, writing there, millions of phone calls and then you end up tending not to get what you have claimed for. Getting through lots of different people to get to whatever you want to get to in the end.

It is important to note that the willingness to take advantage of opportunities for deceit is decisive, where opportunities are abundant. Providing opportunities to engage in such practices is a precondition of market anomie; providing a reservoir of motives is a necessary one. These motives are not restricted to the economic realm proper, but also extend to citizens' relationships with state institutions like the tax office, for example, or to the schools that they want to send their children to. Citizens discuss justifications and techniques of committing crimes of everyday life with considerable ease, thus creating a moral climate that encourages such types of behaviour (Karstedt and Farrall 2005). Markets are not in a permanent state of anomie per se, and neither is the moral economy immoral by definition. However, permanent encouragement of entrepreneurial comportment and pursuit of self-interest has its price in terms of market anomie which shows itself in the centre of society, not at its margins. The law-abiding majority which politicians like to address is a chimera.

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APPENDIX 1

TABLE 1A Comparative rates of offending 'ever'

Actual offending ('ever' committed)	England and Wales % (n)	Western Germany % (n)	Eastern Germany % (n)	Chi-square significance
Paid cash in hand to avoid taxation	34 (612)	54 (931)	35 (280)	***
Kept the money when 'over-changed'	32 (580)	30 (510)	28 (225)	NS
Taken something from work	18 (320)	28 (472)	24 (194)	***
Avoided paying TV license	11 (204)	24 (408)	15 (116)	***
Wrongly used identity cards for own gain	11 (200)	20 (344)	11 (89)	***
Claimed for refunds they knew they weren't entitled to	5 (83)	17 (294)	10 (81)	***
Not disclosed faulty goods in second-hand sales	8 (145)	13 (231)	7 (59)	***
Asked a friend in a bureaucracy to 'bend the rules'	6 (100)	28 (482)	19 (148)	***
Padded an insurance claim	7 (121)	22 (377)	15 (122)	***
Deliberately mis-claimed benefits for own gain	3 (56)	10 (167)	6 (49)	***
Any of the above	61 (1,104)	70 (1,208)	60 (481)	***
Total N of cases	1,807	1,732	805	

APPENDIX 2: STRUCTURAL EQUATION MODELS

Our model, as specified diagrammatically in Figure 2a–c, centres on the syndrome of market anomie, in this case an unobserved variable (first-order factor) produced via a factor analysis of distrust, fear and legal cynicism. According to our theoretical model, five factors impact on the syndrome of market anomie: perceptions of unrestrained profit motive; perceptions that the marketplace and power relations within it have changed in recent years; feelings about the legitimacy of market institutions and players; commonwealth values; and self-interestedness. Because items from scales measuring the profit motive and perceptions of change were asked within the same set of questions, we have allowed the error terms to co-vary in order to account for common errors in the collection of data. According to our theoretical model, the syndrome of institutional market anomie directly impacts on intentions to offend. Intentions to offend are included in the model as an unobserved variable (first-order factor) produced via a factor analysis of four different intentions: to consider paying cash in hand to avoid taxation, over-claiming insurance, cheating in second-hand sales and claiming refunds to which one is not entitled.

The structural equation model (calculated with AMOS) includes sub-models for each change region, which are represented in Figure 2a–c. It only includes those paths that were significant for at least one of the change regions. The figures also show the error terms. They display the Standardized Regression Weights adjacent to the paths, and the Squared Multiple Correlation (SMC) adjacent to the box/circle with the variable name. The SMC value represents the proportion of variance that is explained by the predictors of the variable in question (they are, accordingly, 0 for the set of independent variables).

We used the following measures of goodness-of-fit for our models: CMIN, RAMSEA and PCLOSE, and also NFI. CMIN (minimum discrepancy, also referred to as chi-square (see Byrne 2001: 79–85)), measures how close the fit is between the hypothesized model and the perfect fit, with a high probability indicating a good fit. However, numerous problems with this goodness-of-fit measure have led to alternative indexes which are deemed to be more practical. RAMSEA (root mean square error of approximation) relates to the covariance matrix of the population and measures how well the parameters chosen fit the matrix. Values of less than 0.05 indicate good fit, up to 0.10

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reasonable to mediocre fit, from 0.10 poor fit. In addition to the RAMSEA, Table 2A also reports its confidence interval and closeness of fit (PCLOSE), namely that it is 'good' for the population; a value of $p > 0.5$ indicates a satisfying fit. Values of the NFI (normed fit index) and related indices above 0.90 also indicate a good fit.

The model indicators presented in Table 2A show a reasonable good fit of the model according to RAMSEA (0.056) and PCLOSE (0.753). Other indicators also show a good fit (NFI). All these indicators override less satisfying values for CMIN. Further, the covariance for the error terms e1 (unrestrained profit motive) and e2 (perceptions of change) are shown for each submodel, with their standard error (S.E.) and critical ratio (C.R.) the latter indicating significance levels.

TABLE 2A *Structural equation model*

England and Wales

To	From	Estimate
Institutional anomie	Profits	0.137**
Institutional anomie	Change	-0.003 n.s.
Institutional anomie	Legitimacy	-0.221**
Institutional anomie	Commonwealth	-0.181**
Institutional anomie	Self-interest	0.395**
Intentions	Institutional anomie	0.597**
Distrust mkt	Institutional anomie	0.286**
Cynicism	Institutional anomie	0.626**
Fear	Institutional anomie	0.164\$
Second-hand	Intentions	0.589**
Insurance	Intentions	0.705**
Pay cash	Intentions	0.486**
Claim refunds	Intentions	0.625\$

Standardized regression weights: * $p < 0.05$; ** $p < 0.01$; \$, not available.

Covariances

	Estimate	S.E.	C.R.	P
e1 and e2	0.832	0.057	14.678	0.000

Squared multiple correlations (SMC)

	Estimate
Self-interest	0.000
Commonwealth	0.000
Legitimacy	0.000
Change	0.000
Profits	0.000
Institutional anomie	0.256
Fear	0.027
Distrust mkt	0.082
Cynicism	0.392
Intentions	0.356
Second-hand	0.346
Claim refunds	0.391
Insurance	0.497
Pay cash	0.236

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Western Germany

To	From	Estimate
Institutional anomie	Profits	0.1008**
Institutional anomie	Change	0.006 n.s.
Institutional anomie	Legitimacy	-0.267**
Institutional anomie	Commonwealth	-0.135**
Intentions	Institutional anomie	0.744**
Distrust mkt	Institutional anomie	0.375**
Cynicism	Institutional anomie	0.738**
Fear	Institutional anomie	0.496\$
Second-hand	Intentions	0.580**
Insurance	Intentions	0.740**
Pay cash	Intentions	0.545**
Claim refunds	Intentions	0.531\$

Standardized regression weights: * $p < 0.05$; ** $p < 0.01$; \$, not available.

Covariances

	Estimate	S.E.	C.R.	P
e1 and e2	1.142	0.071	16.096	0.000

Squared multiple correlations (SMC)

	Estimate
Self-interest	0.000
Commonwealth	0.000
Legitimacy	0.000
Change	0.000
Profits	0.000
Institutional anomie	0.370
Fear	0.246
Distrust mkt	0.140
Cynicism	0.544
Intentions	0.554
Second-hand	0.337
Claim refunds	0.282
Insurance	0.547
Pay cash	0.297

Eastern Germany

To	From	Estimate
Institutional anomie	Profits	0.036 n.s.
Institutional anomie	Change	0.095*
Institutional anomie	Legitimacy	-0.285**
Institutional anomie	Commonwealth	-0.064 n.s.
Institutional anomie	Self-interest	0.394**
Intentions	Institutional anomie	0.796**
Distrust mkt	Institutional anomie	0.328**
Cynicism	Institutional anomie	0.686**
Fear	Institutional anomie	0.416\$

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TABLE 2A *continued*

To	From	Estimate
Second-hand	Intentions	0.595**
Insurance	Intentions	0.812**
Pay cash	Intentions	0.579**
Claim refunds	Intentions	0.607\$

Standardized regression weights: * $p < 0.05$; ** $p < 0.01$; \$, not available.

Covariances

	Estimate	S.E.	C.R.	<i>P</i>
e1 and e2	1.122	0.101	11.060	0.000

Squared multiple correlations (SMC)

	Estimate
Self-interest	0.000
Commonwealth	0.000
Legitimacy	0.000
Change	0.000
Profits	0.000
Institutional anomie	0.254
Intentions	0.634
Second-hand	0.353
Claim refunds	0.368
Insurance	0.660
Pay cash	0.335
Fear	0.173
Distrust mkt	0.108
Cynicism	0.471

Model fit

Fit measure	Default model	Saturated	Independence	
Discrepancy	2281.902	0.000	140639.577	CMIN
Degrees of freedom	156	0	234	DF
<i>P</i>	0.000		0.000	<i>P</i>
<i>N</i> of parameters	114	270	36	NPAR
Discrepancy/df	14.628		601.024	CMINDF
Normed fit index	0.984	1.000	0.000	NFI
Comparative fit index	0.985	1.000	0.000	CFI
RMSEA	0.056		0.372	RMSEA
RMSEA lower bound	0.054		0.370	RMSEALO
RMSEA upper bound	0.058		0.373	RMSEAHU
<i>P</i> for test of close fit	0.753		0.000	PCLOSE