

# Candidate 1 evidence

**Title: Recent economic turbulence has led to a resurgence in Socialist parties. Discuss.**

**Word Count: 4953**

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## **Introduction**

My justification for choosing this topic is that it is a highly relevant political issue given the close time proximity of the economic crash (2008) and the extent of the impact. The issue surrounds recent elections with mixed results, with anti-establishment, modern day 21<sup>st</sup> century socialism, challenging the “neo-liberal” elite, either winning the election, achieving unexpected results or holding on to power, and on the other hand, populist party’s with a largely neo-conservative streak. Thus, the issue is not just the discussion of a resurgence of socialist parties, but of all more extreme parties that challenge the status quo. The reasons for this general “revolt” against the mainstream highlights two socio-economic topics, a rise in migration due to severe instability in many regions of the world and the alienation and economic disputes that have arisen from the 2008 economic dispute, hence allowing for the issue of whether socialist parties offering to change this system are rising to do so of the utmost importance, for it is the discussion as to whether there is an alternative in the 21<sup>st</sup> century. Another reason for choosing this is the debate around the issue, for example, the discussion as to whether socialism is still a force in politics. This also matters as it puts into question whether the statement of Francis Fukuyama, that after the collapse of the USSR and other socialist countries collapsed, “history was over”, meaning that the debate around the very system that countries operate in is still in play. This is a complex issue, for with many political events, there is no one cause for it, hence making the discussion of the issue more nuanced and permitting for a greater area of analysis. Fukuyama’s quote is the very backbone of the discussion: is there still a struggle between classes in the traditional Marxist sense, or is it true that we are left with capitalism and free market economics

for the rest of history, or is there a new socialist politics that is allowing for a change in politics? Hence, this issue is a hugely relevant one, with many nuances and points of discussion, that may lead to a worldwide change in the system of the world, individual countries beginning to transfer their economies to one of public ownership. In order to answer my question, my aims and chapter headings are:

Chapter 1: Have traditional political parties made way for new, more radical parties?

Chapter 2: Are people more aware of socialist parties in the UK, and the World?

Chapter 3: Has economic turbulence led to this resurgence, and is it just socialist parties that have benefitted from this turbulence?

My overall line of argument is that economic turbulence has led to a resurgence in socialist parties, but this is not exclusive to parties of a socialist persuasion, and has also led to a resurgence in populist anti-establishment parties. My conclusion will be outline to greater extent on page [ ].

I have evaluated my research methods below:

I originally planned to utilise a range of sources and research methods, with a mix of primary sources from politicians and secondary sources from journalists and political theorists. This would allow my analysis to mix nuance from journalists with the first-hand experience of politicians, however it proved difficult to find sources from politicians that were trustworthy and did not contain obvious bias towards a party or ideology, hence I decided to use a

majority of articles, with some books to allow for a mix of depth in the source, however as with every person there will be some element of bias in the source making it less reliable. I also chose to use a survey, to investigate the awareness of parties amongst the public. Overall, the survey gained 120 responses, however, the majority of respondents were 16-26 years old, middle class males from urban areas, meaning that the research is not entirely trustworthy as it is not a true representation of the public's views. Although the results may lack trustworthiness, the research was carried out ethically with respondents told what the data will be used for and that it was anonymous.

On the other hand, whilst the primary research was not entirely reliable, I believe the secondary research I undertook in journal articles was valuable, as the article was written by an academic whose speciality is in social science and political research into the fall and rise of parties, specifically left wing parties. Li Minqi is a well-known Marxist economist, political analyst working in academia, meaning that he is obviously knowledgeable about the subject and as well as this, he will have to have passed academic checks prior to the publication of his work, which further proves its reliability. However, whilst the source is mostly reliable, due to the political leanings of the author, the source may have some bias and suggest that there is a greater resurgence in socialism than there really is.

## **Chapter 1 - Have traditional political parties made way for new, more anti-establishment parties since 2008?**

Since the global economic crash of 2008, politics in Europe has arguably shifted from the mainstream, neo-liberal political consensus, bringing in new anti-establishment politics, from both left and right wings. There are many reasons for this instability in politics, from economic turbulence to a rise in immigration. From the stability of the post-cold war years, when history was declared dead, "The world has entered into a new era of economic, political and environmental crisis. History is back!"<sup>1</sup>. This new era of crisis has caused a rift that can be identified in countries all over Europe; in Greece, with the rise of SYRIZA and the neo-Nazi Golden Dawn, in Spain, with the increasing popularity of Podemos and in Great Britain, with the arrival of Jeremy Corbyn and the vote to leave the European Union. To explore whether there has been a resurgence of socialist parties, we must first discuss whether there has been a shift in the political mainstream or not and whether this is related to economic turbulence, so to study this topic, economic data and election results will be compared and used as evidence.

The economic crash hit Greece extremely hard, with unemployment reaching a high of 27.27% in 2013, rising 19.71% in 4 years from 2009. The youth unemployment rate has also seen an exponential growth in this period rising 36.37%<sup>2</sup>. This is significant as those without jobs and a steady income are more likely to vote for a change in an election, as the party in power may have mishandled the economy and not done enough to support the worst off during

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<sup>1</sup> Li, M., (2017) Barbarism or Socialism: 1917 – 2017 – 2050 (?), *Agrarian South: Journal of Political Economy*, 6(2), pp. 263–286, p. 264.

<sup>2</sup> <https://data.oecd.org/greece.htm> (accessed 5.3.18)

the crisis. Hence, to look at the effects of the crisis on Greek politics, polls compared to the timing of the crisis will be used as evidence for the effect. During the period, the conservative party, New Democracy, was in government and following the European Union's bailout plans with reluctance, however refused to fight the EU on the details of the package. However, the traditional democratic socialist party, PASOK, who were in power at the start of the sharp increase, with 43.92% of the vote, crashed to 5.6% by the end of 2013 and New Democracy, who were in power, were in second place in the polls with 21.7%<sup>3</sup>. Both parties lost out in the January 2015 elections. New Democracy won 27.8% of the vote and PASOK won 4.7% of the vote. This shows that in the years of the crisis and at the height of the crisis, the traditional parties support was falling. The party that was leading was a largely new party, SYRIZA, a coalition party of left to far left political groups. In 2009, the party was polling 4.6%, but at the peak of the crisis, it was polling an average 32%, by the end of December 2013 and in January 2015, in the elections it won a minority government with 36.3%. This obviously shows that the economic crisis led to a rise in radical socialist politics in Greece, but it also led to a rise in far right extremist politics, in the shape of the neo-Nazi Golden Dawn party. This party, in 2009 only gained 19,636 votes, but in the 2015 election in January, they were the third largest party and won 6.3%. At the end of 2013, they were third in the polls with 8.3% average of the vote. This effectively shows a direct switch in fortunes for the more anti-establishment radical parties. Both Golden Dawn and SYRIZA rose from

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<sup>3</sup> [https://en.wikipedia.org/wiki/Opinion\\_polling\\_for\\_the\\_next\\_Greek\\_legislative\\_election](https://en.wikipedia.org/wiki/Opinion_polling_for_the_next_Greek_legislative_election)

political obscurity in 2009 to be the government, SYRIZA, or be the third largest party, Golden Dawn. Hence, it can easily be argued that the economic turbulence of Greece led to the traditional mainstream parties ceding ground to radical parties and that there has evidently been a rise in

In France, during the 2017 Presidential Election, there was a surge of support for two anti-establishment candidates. A far left candidate – Jean-Luc Melenchon and the far-right candidate – Marine Le Pen. Whilst the 2008 crash did not have as large an effect on the economy or on figures such as unemployment as Greece, it did nonetheless have an effect on France. The national debt continues to grow and its growth is stagnating, whilst the unemployment figures to rise. All this, arguably led to the election results in France in 2017, when Emmanuel Macron won, with a new centrist party, and Marine Le Pen, from the National Front coming in second. Melenchon finished in fourth ahead of the traditional socialist party candidate. This again shows that there has been a general resurgence in new, non-traditional parties. Even Macron, an establishment candidate himself, was arguably against traditional politics, by promising to bring new politics to France, and not selecting deputies with previous political office. The two mainstream parties in France, the conservative candidate and the socialists party candidate finished below the top two, and the top 5 candidates were made up primarily of politicians promising change – Le Pen, promising to change France's relationship with the European Union and changing immigration laws; Melenchon, who promised a radical set of policies to make workers in France have more power and hoped to reverse the large amount of income inequality; and Macron who promised to stop the complacency of previous French governments and alter

labour laws to get the French economy to grow faster. The success of these candidates can be pinned to the effect of the 2008 economic crash, however other factors may have played a part. The rise in immigration and terrorist attacks on French soil, while not intrinsically linked, may have been a contributing factor to the votes for Le Pen, as she promised to curb immigration and take a more hard-line approach to terrorism than Francoise Hollande, the president prior to the election. Another factor that may have played into the result are the accusations of corruption and nepotism within both the traditional parties, with the conservative candidate Francois Fillon hiring his wife to effectively do nothing. This may have influenced further right conservative voters to vote for Le Pen, and for the more centre-right voters to vote for the centrist choice of Macron. Ultimately, there has been a definite rise in non-traditional, anti-establishment politics and parties in France, for a multitude of reasons, however, whilst Macron represented a change in politics, he cannot be defined as a non-traditional candidate, as he was a cabinet member in Hollande's government and had been mentored by Hollande himself. Hence, there are signs that France's politics is shifting from the mainstream but it largely remains in the neo-liberal consensus of European politics.

Overall, in Europe, with the examples of France and Greece, it can be argued that whilst there hasn't been much of a quick rise in new, anti-establishment parties, there has been a gradual shifting of the political landscape to represent a broader range of views. In France, with the election of Macron, however, it highlights that there is a general consensus from both left and right that there is a need for a change in politics, as he represented the centre

ground, taking in cabinet members from all across the political spectrum. However, Macron did not directly challenge the status-quo of politics in general. Whilst he changed the way French politics looked, it did not mean they were varying much from the existing order of affairs. He did however, lead to the dissolution of the two party state in France. "there is every possibility, indeed probability, that neither of the two main political parties/historic tendencies in France will make the second ballot in May 2017."<sup>4</sup> This is unlike Greece, where there has been a much more noticeable desire for change, with radical left and right wing parties undergoing an resurgence, moving firmly into the mainstream of politics, challenging the consensus of neo-liberalism. Therefore, it will be argued that there has been a rise in socialist parties, with economic turbulence being a major factor for this, as well as alienation from the status quo and the rise of austerity politics.

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<sup>4</sup> Hainsworth, P. (2017), Swings and Roundabouts, Ups and Downs: The French Presidential Election of 2017, *Political Insight*, 8(1), pp. 30-32.

## **Chapter 2 – Are British people more aware of socialist parties in the UK and the World?**

Socialist parties have been almost always present in a countries political system since the release of Karl Marx's Communist Manifesto. However, in the modern day, are people in Britain aware of Socialist parties, and would they vote for them? If we can analyse the awareness of Socialist parties it gives us a better image of their popularity and, arguably, the extent to which socialist parties have undergone a resurgence.

In recent years, it could be argued that in Britain, in a country where socialism was not often in the main parties public discourses, has seen a sudden and silent return to the word being used in debate. The leader of Labour, Jeremy Corbyn, often tells his supporters that they have a vision of a modern socialist Britain, and the Conservatives have used the word to attack Labour, as well as suggesting Corbyn is a Marxist or a Communist. Hence, then it could be argued that there has been a 'resurgence' of socialism in Britain, as there is more public discourse about Socialism and there is more debate about different ways to manage the economy. In fact, in a survey sent out, 41.2% of respondents stated that they would vote Labour in the next General election<sup>5</sup>. However, this survey may be inaccurate as it may have been shared amongst those in an "echo chamber", hence showing more support for Labour than there is. If this issue is disregarded, it can be argued that broadly left parties (Labour and SNP), make up 79.9% of respondents political leanings. Another issue with this survey is that there is a large amount of respondents from Glasgow, a city synonymous with left wing and socialist politics, again

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<sup>5</sup> See Appendix 1

skewing the results. The case still stands however, that socialism has undergone a resurgence of sorts in Britain. The polls in Britain indicate that the largely socialist Labour party will be the biggest party if there was to be an election held in 2018, the reliability of these polls has to be scrutinised due to their mistakes in recent elections.

Another reason to suggest that British people are more aware of socialist parties and presidential candidates around the world is that there has been many prominent and large scale protests against the Conservatives in the UK, as well as the general election which will have introduced the ideas of left wing and socialist politics to more people, meaning that those who took the ideas on board may have searched online for more information, and then read up on other parties as well as different theorists. Hence then, it could be argued that socialism is not only resurgent but is extremely relevant, as it has engaged more people into politics, and crucially, more young people are voting for left wing parties in Britain<sup>6</sup> Not only does this show that the socialist Labour party are extremely popular with those under 40, it shows that there is clear trend that young people are more likely to vote for a left wing party, and with the amount of elections in recent years, young people will research their politics more widely, aided by social media. Hence it could be argued that whilst economic turbulence was the context to which there has been a resurgence in socialist politics, but it is the rise of social media and a more politicised youth that are forcing change. An example of this is the use of social media by young people with content being made in support of left wing

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<sup>6</sup> See Appendix 2

politicians, which highlights to other supports policies as well as almost pushing politicians and socialism into popular culture. Overall, then, whilst there is a greater extent of awareness of socialist parties, it is not a resurgence, for there has always been a general awareness of socialism, a global solidarity, and with economic turbulence and a greater connectivity through social media, awareness in Britain has grown.

### **Chapter 3: Has economic turbulence led to this resurgence, and is it just socialist parties that have benefited from this turbulence?**

On the eve of the 2008 economic crash, and when news first broke of the collapse, no one would have predicted that 10 years later, recovery was almost over, and that the political aftershocks were still being felt.

Traditionally, when there is a crisis, the politics of a country will either remain stable, albeit with less overall security or will choose the radical option and this can be seen throughout history: the rise of the Nazis, the Russian revolution or the rise of Italian fascism. Hence, it could be argued that whilst the economic crash in 2008 has led to shift to radical politics, there are other factors for this shift.

The economic crash and following turbulence forced many countries to begin to undertake a policy of austerity, cutting benefits, pensions and public spending. Many people have felt their income decreased, with inflation at a higher rate than stagnating wages, meaning that people are generally feeling that money is harder come by and having to work harder to earn the same wages they were pre-2008. Hence, it can be seen why those who have felt the cut in their wages would turn to socialist parties, especially in Britain.

There is clear binary between the two parties when it comes to economic issues. Labour are firmly against austerity and believe that there should be increased funding for public services, that taxes should rise for those in the highest income bracket and that utility and transport services should be put under public control, whilst the Conservatives are firmly pro-austerity, against taxing the wealthy and very much against public-owned services. This binary opposition between parties suggest that in the Britain at least, when pre-

Corbyn, socialism wasn't prevalent, but with the continued austerity due to economic turbulence, people have begun to support Labour, and as discussed previously, they have reached new heights of popularity, taking the highest vote share since their landslide 1997 victory and directly challenging in all recent polls, with their lowest polling since the election in 2017 being 38%<sup>7</sup>, hence showing that they have reached a new level of popularity since they had a nationwide platform to campaign on. Another example of this is the Portuguese Socialist Party, which is currently in power with a confidence and supply agreement with other left wing parties. Portugal was one of three southern European countries that were greatly affected by the 2008 crash, with the International Monetary Fund placing it under the Excessive Deficit Procedure, however it has since been removed, but the GDP to debt ratio still remains high, with debt taking 134% of the GDP.<sup>8</sup> The Socialist Party won the election directly after the 2008 crash, in 2009, forming a minority government. They did however, fall into opposition in the next election in 2011, but in the most recent election (2015), they have formed a supply and demand agreement with other left wing parties and have ruled since, suggesting that whilst there was a swing back to conservatism, in the decade since the 2008 crash the Socialist party has ruled the majority of the time, holding power in 6 of the 10 years. This aptly shows that there is a trend, that the economic crash and following turbulence has led to a resurgence in socialism. However,

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<sup>7</sup> <http://britainelects.com/polling/westminster/> (accessed 5.3.18)

<sup>8</sup> Agência Lusa. "[Dívida pública passa a ser inferior a 130% do PIB em 2015 – Observador](http://observador.pt)". observador.pt. Retrieved 14 December 2017.

as there was already a socialist government prior to the crash, whether their electoral victories can really be called a resurgence, but rather that they managed to hold on to power. Another counterpoint is that the fact that in 2011, when the crisis deepened, a conservative party was elected, highlights that when the economic instability worsens, countries often vote for a "safe" option such as a conservative party to manage the economy better. Overall, economic turbulence, whilst directly it has not led to a resurgence in socialist politics, it is the catalyst for change in politics, and for other issues to be used to give parties a basis to debate economics.

With the severe instability and wars in the Middle East, southern European countries on the Mediterranean have had an influx of refugees and economic migrants. This would be tough for a country with a strong economy to deal with in a humanitarian way, however, countries such as Greece and Italy having refugees arriving by their thousands to their shores, both with weak economies hit by the crash in 2008. This highlights a cause for resurgence in socialist politics, as those arriving will wish to be represented and often it will be a left wing party that offers them representation given that many parties have become increasingly xenophobic in rhetoric in both countries. However, this also may suggest a reason for the rise in parties that are against immigration, in both countries. In the 2018 Italian election, whilst results are provisional at time of writing, parties that are against immigration, anti-establishment and euro-sceptic have won an overall majority of votes in Italy, which leads to the argument that whilst the economic turbulence of the past decade has led to a resurgence in socialist politics, with workers seeking a party that will give them a voice in times of austerity, countries that have had a

large amount of immigration have consistently voted towards a more right wing, anti-immigration, radical party. An explanation for this is that those in areas that find themselves worst affected by the crash 2008 have seen new immigrants come to the country, and whilst often being granted the same rights as citizens as those born there, have been led to believe that there is a culture of immigration that is detrimental to the economy and the country in general. It can be argued that right wing parties have seized the opportunity to make a scapegoat out of the immigration population for a countries economic woes. As well as this, due to the austerity carried out by governments in an attempt to curb their debt, public services will have suffered, meaning that people who live in areas that have seen a rise in population due to immigration will start to blame the decreased quality of public services on immigrants and the immigrant population, meaning that despite the fact the impact of the crash in 2008, austerity, is the reason for reduced public services, far right parties have managed to exploit this situation to push for increased popularity. Overall, then, the impact of the crash has meant that other crises, such as the refugee crisis of 2015, can be used to blame a countries problems on, hence, then the recent economic turbulence has contributed to a rise in socialist politics when discussed a single event, however, the various impacts and reactions to it have not only led to rise in far-right politics and parties, but in some places, caused a loss in popularity for traditional socialist politics.

Another reason for the resurgence in socialist politics is the rise in globalism. Countries are increasingly interconnected, with trade and intelligence shared between nations across the world. People have easier access to information

from all around the world, be that economic statistics or anecdote. This means that the inequalities and issues around the world are now more widely talked about, by most people. Hence, there is greater awareness of wealth gaps, meaning anyone can become more inclined to vote for a party that is tackling inequalities, such as a socialist party. Secondly, with globalism come greater alienation for workers – a part produced by a worker in China will be assembled with parts from all around the globe, to make a single product, like an iPhone. This means that workers are losing their stake in the economy and with every economic downturn, faith is lost in the establishment in politics, which in turn leads to a rise in support for extreme parties, on the left and on the right. The cyclical nature of capitalism, from boom to bust, means that there is often a fluctuation in support for parties, with the electorate either voting for a party like the Conservatives that hold the best reputation on the economy, or a party like Labour, if its policies differ from the Conservatives massively, to radically change the economy or society, for example in 1945, with the election of Clement Attlee and the Labour Party. With this, we can see that globalisation has its impact on politics, as with growing global crises that are shared amongst the world, people have moved to extremes, to either combat globalism or support it.

Ultimately, there are a lot of reasons explaining why there has been a general rise in radical politics; economic turbulence, general instability and globalisation. Each had an impact on the resurgence of radical parties and politics as well as, more specifically a resurgence towards socialism.

Economic turbulence gives socialist parties wind under the sails – they can more effectively argue against the ills of capitalism if capitalism is in crisis,

and as well as this, they can argue that those in power are ineffective in management of the economy. General instability also give steam to socialist causes, as again they can they can push their belief that it is the system of capitalism is the reason for the instability, however, right wing parties can also capitalise on this instability by scapegoating minorities, blaming them for crises. Finally, globalisation has led to a rise in both extremes of the political divide, as the population will have to choose whether it will vote for a protectionist, isolationist right wing party; a party in the middle that has a mixture of isolationist and globalist policies, or a left wing party that seeks to embrace the world. All these factors play into the political systems recent volatility and also the rise in socialist politics.

### **Conclusion**

It is clear that there has been a general rise in radical politics, and there are many possible factors for this rise. Given the recent surge of support due to the “youth quake” in Labour, it can be seen that socialism has undergone a relative resurgence in the United Kingdom for sure. Whether this has been replicated worldwide is debatable, for with recent economic turbulence, instability and the increasing amount of global crises, countries are voting for right wing parties, from Italy to America. This shows that whilst in some countries, where the socialist party of the country has modernised itself to suit a 21<sup>st</sup> century system and political landscape, success has been felt by socialist parties, however, in other countries the rise has been more from the right wing. Hence then, there is a very good argument to be made there has been a rise in radical politics all around the world.

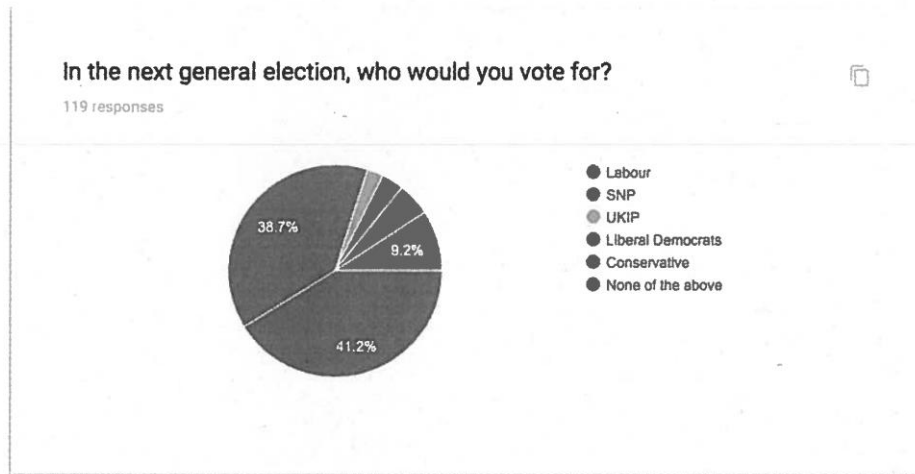
It is true that there has been a rise in less traditional parties, with parties like the 5 Star Movement winning the lion’s share of the vote in the Italian election and Donald Trump winning the American presidential election, as well as Jeremy Corbyn leading Labour and Podemos in Spain, showing that worldwide, establishment parties are falling in support. This collapse has not just led to increased support for left and right wing parties – new centrist parties like Emmanuel Macron’s En Marche in France, have found success. This, as well as parties like Golden Dawn on the extreme right and Syriza on the left, in Greece, show a huge trend in the loss of support for parties that are traditional politically, more specifically in countries that were impacted largely on by the 2008 economic crash.

Furthermore, with research, it has been shown in this dissertation that there is a greater awareness of socialist parties and politicians, as well as Labour being the party most respondents would wish to vote for. This also shows that there has been a resurgence in socialist politics, for Labour have transformed into a more democratic socialist party. Hence, then, it can be seen that they are undergoing a new found surge in support.

Overall, there has been a resurgence in socialist politics, with economic turbulence being the catalyst for this, creating global instability and showing the cracks within global capitalism. However, whilst leading to a resurgence in socialism, the factors also have led to radical right wing parties gaining support and anti-establishment broad big-tent parties winning elections all around Europe. Hence, then, economic turbulence is the cause for the resurgence, but this is not a sole resurgence and it has affected all parties across the spectrum. Not one party will feel the benefit as other parties that are more directly oppositional to them will feel a boost, creating more volatility and more uncertainty in politics.

## Appendices

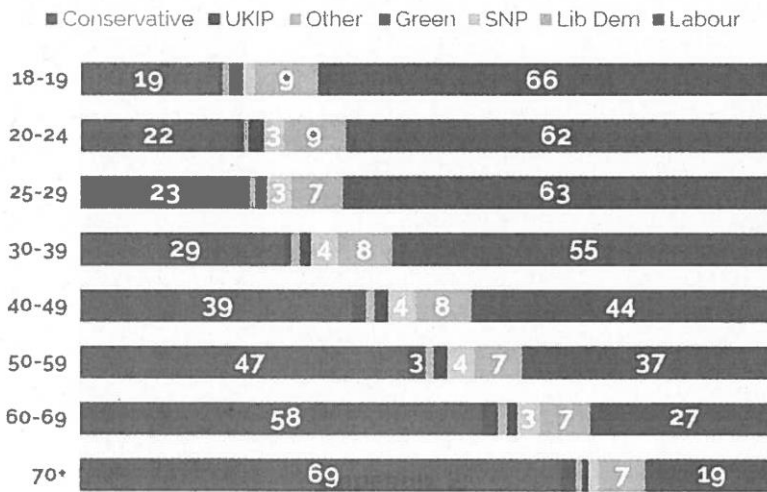
### Appendix 1:



### Appendix 2:

#### Vote by age

Based on a survey of 52,615 GB adults about their vote in the 2017 general election



YouGov | yougov.com

June 9-13, 2017

<https://yougov.co.uk/news/2017/06/13/how-britain-voted-2017-general-election/>  
(accessed 4/3/18)

### **Bibliography**

<sup>1</sup> Li, M., (2017) Barbarism or Socialism: 1917 – 2017 – 2050 (?), *Agrarian South: Journal of Political Economy*, 6(2), pp. 263–286, p. 264.

<sup>2</sup> <https://data.oecd.org/greece.htm> (accessed 5.3.18)

<sup>3</sup> [https://en.wikipedia.org/wiki/Opinion\\_polling\\_for\\_the\\_next\\_Greek\\_legislative\\_election](https://en.wikipedia.org/wiki/Opinion_polling_for_the_next_Greek_legislative_election)

<sup>4</sup> Hainsworth, P. (2017), Swings and Roundabouts, Ups and Downs: The French Presidential Election of 2017, *Political Insight*, 8(1), pp. 30-32.

<sup>5</sup> *Own survey*

<sup>6</sup> <https://yougov.co.uk/news/2017/06/13/how-britain-voted-2017-general-election/> (accessed 4/3/18)

<sup>7</sup> <http://britainelects.com/polling/westminster/> (accessed 5.3.18)

<sup>8</sup> Agência Lusa. "Dívida pública passa a ser inferior a 130% do PIB em 2015 – Observador". [observador.pt](http://observador.pt). Retrieved 14 December 2017.

# Candidate 2 evidence

**Discussing the impact of Corporate Crime in  
the United Kingdom**

Hypothesis: Corporate crime has a hugely damaging impact upon  
society.

## 1. Aims

Aim 1: Discuss the economic impact of corporate crime.

Aim 2: Discuss the wider societal impact of corporate crime.

Aim 3: Discuss public opinion on the damage caused by corporate crime and look at the sentences received by organisations who commit these crimes.

Word Count: 43

## 2. Introduction

Corporate crime has recently had significantly more media coverage lately, with companies such as Google receiving fines of 2.4bn euros<sup>1</sup> and our MSPs saying “People on the street don’t see equality”<sup>2</sup>. In addition to this some speculate a “vicious cycle” has been created where business have been taking advantages of consumers. I hope to highlight the impact of this type of crime and just how damaging it can be to the everyday person.

This topic is especially relevant in current times as major UK political parties<sup>3</sup> and HMCPSP (Her Majesty’s Crown Prosecution Service Inspector)<sup>4</sup> have started to criticise the SFO (Serious Fraud Office) and commented on the body’s limitations.

By establishing a more effective system for dealing with this type of crime there

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<sup>1</sup> Boffey, D. (2018). *Google fined record €2.4bn by EU over search engine results*. [online] the Guardian. Available at: <https://www.theguardian.com/business/2017/jun/27/google-braces-for-record-breaking-1bn-fine-from-eu> [Accessed 16 Feb. 2018].

<sup>2</sup> George Adam MSP, MSP, interviewed on 15<sup>th</sup> December 2017 see appendix 1

<sup>3</sup> Policyforum.labour.org.uk. (2018). *Tackling Serious Fraud*. [online] Available at: [https://www.policyforum.labour.org.uk/uploads/editor/files/Tackling\\_serious\\_fraud.pdf](https://www.policyforum.labour.org.uk/uploads/editor/files/Tackling_serious_fraud.pdf) [Accessed 16 Feb. 2018].

<sup>4</sup> Justiceinspectorates.gov.uk. (2018). *Serious Fraud Office Governance Arrangements (May 16)*. [online] Available at: <https://www.justiceinspectorates.gov.uk/hmcpsi/inspections/sfo-governance-arrangements/> [Accessed 16 Feb. 2018].

is potential to greatly benefit the British economy and incentivise companies to continue doing business here.

Aim 1: I plan to discuss the damage which is caused as a result of economic crimes committed by companies and highlight the degree to which everyday individuals are affected by corporate crime.

Aim 2: I plan to look at the wider impact of corporate crime within society, focusing on recent examples of the Grenfell Tower Fire and the News of the World Phone Hacking Scandal.

Aim 3: I plan to gauge public perception of the damage caused by corporate crime and compare this to the sentences and punishment received by the companies who commit these crimes.

Word Count: 237

### 3. Research Methodologies

Most of my information was provided by publications from newspapers and the government. There are obvious concerns regarding newspaper bias and in order to counteract this, I tried to draw from a large range of different newspapers across the political divide, left leaning newspapers like The Guardian and right leaning newspapers like The Telegraph. In addition to this, I used government reports to further back up my findings - which are less open to bias due to the impartial nature of the Civil Service. I conducted a survey receiving 46 responses

to verify some claims made by newspapers. After comparing these, I was satisfied with the impartiality of the newspapers.

I was satisfied with the impartiality of the survey I conducted as I checked the questions with other individuals prior, including individuals in the class and local politicians. Although I received illegitimate responses - I deemed them illegitimate as they were purposefully irrelevant or unsuitable for the question - I felt this was down to the length of the survey, which I would minimise in future.

I also conducted an interview with George Adam MSP, member of the Justice Committee. I used the opportunity to validate claims made by other sources. It allowed me to gain a deeper understanding of the legislative difficulties of tackling corporate crime, it also made me consider the ethical implications of tax evasion. I found the interview informative though by preparing more questions and videoing the interview, I feel I would have been able to avoid ending up off topic and ensure accuracy in my quotations.

I also attempted to contact Patrick Harvey MP and Michael Matheson MSP. I received a response from the prior, however, he was unable to respond as I was not a constituent. I received no response from the latter.

Finally, I drew from a variety of other sources to form my opinions. I utilised statistics both official and non-official and relied on government reports in my analysis of the effectiveness of HMRC and the SFO.

Word Count: 334

## 4. Economic Impact

In this chapter, I plan to discuss the economic impact of corporate crime. Although overall crimes rates continue to decrease, I believe that there remains a serious issue regarding corporate crime in the UK. I will highlight this through discussing the money which is lost to these crimes, what that money could fund, the SFO (Serious Fraud Office), and other international organisations which deal with corporate economic crimes. Overall, I believe that corporate crime has a significant economic impact on society.

Since corporate crime is non-violent people perceive it as victimless. Although, corporate crime cost British business around £40bn in 2003<sup>5</sup>. £32bn was lost due to crimes such as fraud, embezzlement and corruption. £8bn was spent combatting these crimes. Although Bill Cleghorn - a forensic accountant - claims that "The £40bn cost to business is staggering and could just be the tip of the iceberg"<sup>6</sup>. If we were to recover half of the money lost, that would mean an additional £385m per week for the government. Which equates to over 5700 GP's annual wages<sup>7</sup>. Hence it is clear to see that this type of crime has a significant economic impact upon Britain but it also highlights that it has a wider more significant impact by removing funding for government to spend on vital services.

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<sup>5</sup> This is Money. (2018). *Corporate crime cost UK £40bn*. [online] Available at: <http://www.thisismoney.co.uk/money/news/article-1584242/Corporate-crime-cost-UK-16340bn.html> [Accessed 16 Feb. 2018].

<sup>6</sup> Evening Standard. (2018). *Corporate crime cost UK £40bn*. [online] Available at: <https://www.standard.co.uk/news/corporate-crime-cost-uk-40bn-6966971.html> [Accessed 16 Feb. 2018].

<sup>7</sup> Payscale.com. (2018). *Physician / Doctor, General Practice Salary (United Kingdom)*. [online] Available at: [https://www.payscale.com/research/UK/Job=Physician\\_%2f\\_Doctor%2c\\_General\\_Practice/Salary](https://www.payscale.com/research/UK/Job=Physician_%2f_Doctor%2c_General_Practice/Salary) [Accessed 16 Feb. 2018].

One explanation for why the damage caused by corporate crime is so significant in the UK is due to the failings of the SFO (Serious Fraud Office). There have been a number of reports including one from HMCPsi which suggests that the SFO has insufficient resources in order to combat all the reports of fraud which it receives through its own whistleblower service<sup>8</sup>. The SFO receives a core budget from the Treasury and then receives additional “blockbuster” funding - which is funding provided by the Treasury when the SFO wants to investigate high profile cases - they say it “enables us to take on big cases where the annual expenditure is expected to exceed an agreed percentage of our core budget”.<sup>9</sup> There have been many criticisms of this method of funding including HMCPsi’s view the SFO relies too heavily on blockbuster funding. This leads to the weaknesses of the SFO, as in 2014 the SFO requested an additional £26.5m in funding on top of their core budget allocation of £35.2m<sup>10</sup>. The reliance on this irregular funding has a number of problems which leads to the efficiency of the organisation being compromised; it leads to gaps in staffing and a large number of more expensive non-permanent staff. This leads me to conclude that the reliance on blockbuster funding is due to a lacking core budget. This overall decreased efficiency allows companies to take advantage of the SFO’s weaknesses and get away with more crimes contributing to the significant economic impact that this type of crime has on the UK. One report from HMCPsi even concluded that they were “failing to train staff in basic investigative techniques and for accepting inappropriate

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<sup>8</sup> Gov.uk. (2018). *Serious Fraud Office inspection report published - GOV.UK*. [online] Available at: <https://www.gov.uk/government/news/serious-fraud-office-inspection-report-published> [Accessed 16 Feb. 2018].

<sup>9</sup> Serious Fraud Office. (2018). *About us*. [online] Available at: <https://www.sfo.gov.uk/about-us/> [Accessed 16 Feb. 2018].

<sup>10</sup> Ft.com. (2018). *Serious Fraud Office seeks 75% extra funding*. [online] Available at: <https://www.ft.com/content/d172db9a-5a05-11e4-be86-00144feab7de> [Accessed 16 Feb. 2018].

cases. The inspection asserted that “interviews conducted by the agency were often unnecessarily long and failed to focus on relevant issues”.

By comparing the SFO to other international organisations we can highlight the areas in which it fails and analyse how other organisations deal with similar problems. One example which allows us to compare the effectiveness of international organisations is the US DoJ’s (Department of Justice) intervention in the LIBOR (London Interbank Offered Rate). After the SFO declined to act on the case, the FSA (Financial Services Authority) and US DoJ took on the investigation. The FSA was responsible for the regulation of the financial services industry in the UK up until their dissolution in 2013. As a result of this the UK bank Barclays paid \$453m to US and UK authorities for crimes committed from 2005 - 2009, fines continued to be extracted from RBS (Royal Bank of Scotland) HSBC, Deutsche Bank, JP Morgan Bank, Citibank and UBS<sup>11</sup>. The involvement of the US in this investigation highlights their willingness to act and the amount of resources which they are willing to dedicate to prosecute international cases. Whereas the SFO fails in even the basic training of their staff and lacks to the budget to prosecute domestic cases. This shows that the inefficiency of the SFO almost encourages corporate crimes to be committed in the U.K. as other international organisations are so proactive and efficient when dealing with this type of crime. Again, through the crimes committed by the banks during this period, it is clear that corporate crime has a significant economic impact upon society which is worsened by the U.K.’s archaic system for dealing with it.

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<sup>11</sup> Treanor, J. (2018). *Banks fined record €1.7bn over benchmark interest rate rigging cartel*. [online] the Guardian. Available at: <https://www.theguardian.com/business/2013/dec/04/banks-rate-rigging-libor-euribor-rbs-citigroup-jpmorgan> [Accessed 16 Feb. 2018].

There are also legal weaknesses in the UK as the prosecutors need to prove “directing (of) mind and will”<sup>12</sup>. Whereas in the US a company can be held responsible for a crime of any individual it employs as long as the illegal activity was either expected of them or was intended to benefit the company<sup>13</sup>. The combination of the SFO’s funding weakness and the legal weaknesses in the UK lead to the SFO’s overall weakness, explaining why only 4% of people view it as better than equivalent international bodies<sup>14</sup>. As a result of this, the SFO is weak by international standards and when compared to other organisations such as FIOD (Fiscal information and investigation service - in Dutch). In the Netherlands, companies can be prosecuted for any criminal offence, whereas in the UK some offences cannot be committed by a legal entity. In 2003 the Dutch Supreme Court ruled that companies are able to be prosecuted when a criminal offence can be credited to them - within reason<sup>15</sup>. This allows companies to be prosecuted for a number of reasons, including for failing to act upon conduct they were aware of, which led to the offence. Meaning that if suitable preventative procedures are not in place to combat this, then large fines can be imposed. Leading to many fines in the Netherlands being higher on companies than individual criminals. In the case of having undeclared assets, individuals who admit to having these assets will have to pay 120% of the tax they would have initially, whereas if the FIOD uncover these assets 300% of the initial tax

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<sup>12</sup> Cps.gov.uk. (2018). *Corporate Prosecutions | The Crown Prosecution Service*. [online] Available at: <https://www.cps.gov.uk/legal-guidance/corporate-prosecutions> [Accessed 16 Feb. 2018].

<sup>13</sup> Apps.americanbar.org. (2018). *Corporate Criminal Liability for Insider Trading | Securities Litigation | ABA Section of Litigation*. [online] Available at: <http://apps.americanbar.org/litigation/committees/securities/articles/fall2014-1114-corporate-criminal-liability-insider-trading.html> [Accessed 16 Feb. 2018].

<sup>14</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbldbZxriFg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

<sup>15</sup> HR 21 October 2003, NJ 2006, 328 (*Drijfmest*).

will be expected to be paid back<sup>16</sup>. There is a total of 6.04 per capita frauds committed in the UK in comparison to 1.52 per capita frauds committed in the Netherlands<sup>17</sup> highlighting that the Dutch system for dealing with this type of crime is superior. With similar powers, the UK would be able to stop large companies and organisations from taking advantage of the country and damaging the economy. Considering the size of the financial services market in the country, it is of the utmost importance that the UK restores public faith in its ability to ensure fairness and equality for businesses of all sizes in order to promote a healthy economy. The damage to public faith in businesses translates to individuals being less likely to spend which again leads to significant economic damage and toward recession.

Another crime often committed by companies is tax evasion. It was made illegal in early 2017 under the Criminal Finances Bill to fail to prevent the facilitation of UK and non-UK tax evasion<sup>18</sup>. HMRC commissioned a survey on tax avoidance in 2015 and found some of the following. 63% of people thought that the use of tax avoidance schemes was widespread. Interestingly, a number of people in this survey responded that large companies get away with not paying tax, so they do not understand why they should have to pay whilst the major companies get away with it. In my own survey, I found 59% of people thought it was unfair that people should continue to pay the correct amount of tax whilst large companies

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<sup>16</sup> Government.nl. (2018). *Income tax and corporation tax fraud*. [online] Available at: <https://www.government.nl/topics/combating-tax-and-benefit-fraud/income-tax-and-corporation-tax-fraud> [Accessed 16 Feb. 2018].

<sup>17</sup> Nationmaster.com. (2018). *Countries Compared by Crime > Frauds per 1000. International Statistics at NationMaster.com*. [online] Available at: <http://www.nationmaster.com/country-info/stats/Crime/Frauds-per-1000> [Accessed 16 Feb. 2018].

<sup>18</sup> Gov.uk. (2018). *Criminal Finances Bill - GOV.UK*. [online] Available at: <https://www.gov.uk/government/collections/criminal-finances-bill> [Accessed 16 Feb. 2018].

avoid it<sup>19</sup>. One company that has recently been in the spotlight over tax avoidance is Apple. A company which holds their board meetings in California yet, incorporated one of their main subsidiaries Apple Operation International (AOI) in Ireland in 1980, although the subsidiary had no employees and no actual physical presence within the country. This allowed the company to avoid paying taxes that it would be expected to under normal circumstances. The EU pressured Ireland to change its taxation laws and eventually Ireland did. The laws forced Apple to either admit that the subsidiaries were being run from the US - which would lead to them paying more taxes in the US - or they would have to find another location for the subsidiaries. So, in order to continue to avoid tax, they moved the subsidiaries to Jersey - a crown dependency - due to its low corporation tax<sup>20</sup>. This shows how large companies are able to manipulate governments by threatening to move their operations which causes damage for the country as they stand to make more money if the company remains in the country - even if it does pay less tax than it is meant to. This again causes economic damage to the country as a result of both the instability caused by this and the loss of tax revenue.

Some experts suggest that manipulating the system in the same way as Apple have done could reduce the tax companies have to pay to 2.5%, even with this Apple continues to pay 7% of the total corporate income taxes in the country, this shows the sheer scale of the company and shows why Ireland and now Jersey

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<sup>19</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44OSDS1Td4JSD87WBX3MulbldbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

<sup>20</sup> Jersey, S. (2018). *Taxation in Jersey*. [online] Gov.je. Available at: <https://www.gov.je/LifeEvents/MovingToJersey/Pages/Tax.aspx> [Accessed 16 Feb. 2018].

fail to take action. George Adam MSP says “big business gets away with more and the [UK] government justifies it with economic growth”. This also raises questions as to the damage which Apple causes to the other countries in which it avoids paying tax<sup>21</sup>. The purpose of taxation is to raise the money for the government to spend, and Apple avoids helping the government in raising this money, yet take advantage of these countries by continuing to sell their products. Yet companies who are smaller and less profitable than Apple pay more tax. It is estimated that Apple made £1.9bn in the UK in 2014, under normal circumstances this would be taxed at 21% which means Apple should have paid £399m however, they paid £12m<sup>22</sup>. They paid a similar amount the year before, meaning that over these two years the company could owe around £760m in unpaid taxes. This could pay the annual salary of over 23,000 Scottish Teachers<sup>23</sup>. The dangers that are caused by avoiding taxation are significant. Companies who avoid tax, cause damage to these vital services and take advantage of the consumers of the country. Although there is public outcry about the underfunding of the NHS and our schools, there is limited outcry about the practices of the companies which can - in part - be held responsible for this. George Adam MSP describes large companies as “becoming like nation states” as a result of the influence they are able to exert to avoid taxation, although he also believes there has been a lack of campaigning against it<sup>2</sup>. Here we are able to see from the perspective of a member of the justice committee that

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<sup>21</sup> Hopkins, N. and Bowers, S. (2018). *Apple secretly moved parts of empire to Jersey after row over tax affairs*. [online] the Guardian. Available at: <https://www.theguardian.com/news/2017/nov/06/apple-secretly-moved-jersey-ireland-tax-row-paradise-papers> [Accessed 16 Feb. 2018].

<sup>22</sup> Mail Online. (2018). *Apple pays just £12m UK tax on £2bn profit*. [online] Available at: <http://www.dailymail.co.uk/news/article-3149056/Apple-pays-just-12m-UK-tax-2bn-profit-Miserly-bill-400million-short-figure-tech-giant-paid.html> [Accessed 16 Feb. 2018].

<sup>23</sup> Gov.scot. (2018). *Teach In Scotland: Primary and Secondary 2013/2014*. [online] Available at: <http://www.gov.scot/Publications/2013/09/2075/4> [Accessed 16 Feb. 2018].

companies are able to exert enormous pressure over governments, which contributes to the governments being less able or willing to introduce harsh laws against these companies. Through exerting their influence over government policy and elected officials to stop legislation of this nature being successfully passed, enormous economic damage is inflicted upon the UK as a result of the lost tax revenue.

In conclusion, there are a number of factors which combine to cause significant economic damage to the UK. The overall failings and inefficiency of the SFO show that the UK government fails to take corporate crime as seriously as it should. This is further supported by inaction on their part to tackle the factors - such as the legal definitions - which make corporate crime difficult to prosecute. As a result of the inaction of the government in previous years, it has allowed these companies to develop significant amounts of money and influence, which further work to undermine the UK through their manipulation of the taxation system. In order to combat that this is it essential that organisations such as HMRC and the SFO are empowered and incentivised to deal with the large multinational companies which do the most damage to the country. This combined with strong new laws and clear definitions of what is considered a crime will help restore public faith in business and allow the UK to remain an attractive and fair place to do business.

Word Count: 2096

## 5. Wider Impact

In this chapter, I plan to look at the wider impact that corporate crime has upon society. Historically there have been few cases of notability which often lead

people to the conclusion that the damage was limited -to economic damage over anything else - however recently there has been a significant number of events for which corporate crime has been responsible. I plan to look at the Grenfell Tower Fire and the News of the World phone-hacking scandal and the as two examples of this and I believe that through these events many individuals have suffered significantly.

The Grenfell tower fire which occurred on 14<sup>th</sup> June 2017, the tower itself was owned by the local council however it was managed by KCTMO(Kensington and Chelsea Tennant Management Organisation).The residents of the tower and many other residencies owned by KCTMO were reported as being so poorly managed that they were “playing with fire” <sup>24</sup>.There were complaints of large amounts of rubbish blocking hallways and generally endangering the residents. This is especially concerning when you consider the size of this housing organisation, the top four board members earned around £650,000 between them last year<sup>25</sup>. Furthermore, the local government paid £8.7m for the block of flats to be refurbished years prior<sup>26</sup>. This raises questions as to the effectiveness of the poor-quality refurbishments which had taken place here and in a number of other properties owned by KCTMO last year. This is perhaps the greatest example that corporate crime is not victimless, and in attempts to maximise profits often

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<sup>24</sup> Grenfell Action Group. (2018). *KCTMO – Playing with fire!*. [online] Available at: <https://grenfellaactiongroup.wordpress.com/2016/11/20/kctmo-playing-with-fire/> [Accessed 16 Feb. 2018].

<sup>25</sup> Mail Online. (2018). *Taxpayers paid £11MILLION to company managing Grenfell Tower*. [online] Available at: <http://www.dailymail.co.uk/news/article-4603626/Taxpayers-11MILLION-company-managing-Grenfell-Tower.html> [Accessed 16 Feb. 2018].

<sup>26</sup> the Guardian. (2018). *The Guardian view on the Grenfell Tower fire: never again* | Editorial. [online] Available at: <https://www.theguardian.com/commentisfree/2017/jun/14/the-guardian-view-on-the-grenfell-tower-fire-never-again> [Accessed 16 Feb. 2018].

other people suffer as result. In this case in particular around 80 people died, and this is not the only company responsible for the installation of poor quality cladding which contributed to the fire spreading, the cladding was also later found in a number of other buildings across the UK<sup>27</sup>. The police have launched a criminal investigation into the company who owned the tower and the company responsible for the recent renovations<sup>28</sup>, some expect the charge of corporate manslaughter to be brought. This highlights that through corporate negligence many people have suffered significantly.

This is not the only example of corporations deeming people's safety as less important than their profits. The majority of people believe profit is the single most important thing to a company<sup>29</sup>. The News of the World phone-hacking scandal is one example of this, as the company was found guilty of bribing many public officials and hacking voicemail messages in order to gain information which they could use to publish exclusive news stories. It was assumed that this was only the case for high ranking officials such as politicians and celebrities. However, as investigations showed many everyday people suffered, as members of the public were also victims of phone hacking. Including the families of killed British soldiers and victims of the London bombings. This behaviour makes it clear that in attempts to maximise profit, the consequences for everyday people are often ignored. The difference, in this case, is it is one of few cases which has

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<sup>27</sup> BBC News. (2018). *Tower cladding 'linked to other fires'*. [online] Available at: <http://www.bbc.co.uk/news/uk-40283980> [Accessed 16 Feb. 2018].

<sup>28</sup> Publicfinance.co.uk. (2018). *Police conducting 'meticulous investigation' into Grenfell | Public Finance*. [online] Available at: <http://www.publicfinance.co.uk/news/2017/12/police-conducting-meticulous-investigation-grenfell> [Accessed 16 Feb. 2018].

<sup>29</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbldbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

resulted in significant action being taken because of the type of people which the phone hacking targeting. Additionally, a former editor of the newspaper - Charles Coulson - was appointed as director of communications by David Cameron in 2010. Although no wrongdoing had been proven by this point, many people had raised concerns over the former editor's potential involvement and after the full extent of his involvement was revealed it led to some members of the public believing that the managers of companies that commit crimes are often not held accountable for their actions. By allowing an individual who had committed these crimes into office without understanding the extent of his involvement first, it decreases public faith in the government's effectiveness at tackling these crimes and shows that many people suffered due to the criminal actions of this company.

In the case of the phone-hacking scandal, there was much difficulty achieving justice for the public and for the people involved. Now, many people have received custodial sentences and it is agreed upon that the act was disgusting and the company has apologised for its actions and has subsequently been closed down. However, in the case of many corporate crimes there is rarely an individual for the public to rally behind. The crimes are often committed quietly and unintentionally, in an attempt to maximise profit. This is one of the reasons I believe contributes to the aforementioned inaction on the government's part to deal with many corporate crimes especially fraud and money laundering. There is a lack of public outcry, whereas although crimes such as murder will get the public's attention. Companies - through crime - have a much greater ability to cause significant damage to more people than murderers. Yet, since the crimes are often committed out of a drive to earn more money and not intentionally to harm someone, they are often overlooked regardless of the fact that they affect

the majority of our society. Some critics argue that individuals often commit crimes such as murder with far worse motives and hence should be punished more harshly. However, I would argue that the companies often entirely disregard the value of life in their attempts to seek profit, which leads to more suffering than the abhorrent acts of an individual. This shows just how much potential these companies have to inflict suffering upon many individuals.

In conclusion, it is clear that through the unethical behaviour of many companies in attempts to maximise their own profit and promote their own agendas they have caused many individuals to suffer significantly. In the case of the Grenfell fire, through cutting corners to save money ultimately over 70 people died and the News of the World was responsible for causing - both physical and economic - damage to several hundreds of people through phone hacking but also for undermining British democracy by bribing elected officials. All of these examples show that if profit is valued above the safety and wellbeing of the public then it can result in serious harm being caused.

Word Count: 1010

## 6. Public Perception

In this chapter, I plan to look at the public perception of the damage which corporate crime poses by comparing it individual crime. I plan to look at surveys which were conducted on the topic and compare sentences which companies receive in comparisons to individuals for similar crimes. Overall, although a lot of corporate crime is successfully tackled within the UK, evidence shows that bodies

responsible for prosecuting focus on smaller organisations and individuals instead of dealing with the more damaging crimes of larger organisations.

Through my research, I have found 80% of people believe corporate crime is more harmful than individual crime<sup>30</sup>. Where an individual may commit manslaughter, generally, there is only one instance of someone dying as a result and their actions, and it is far more likely to be accidental. Whereas with a company there is often the potential for the incident to occur in many different instances. In the case of the 6-year-old girl that was killed by a gate, the company admitted to having automated the gate in an unsafe manner. If this child had not died, it would have been possible that it could have happened to other people before the problem was resolved. Clearly, companies are in a position in which they could cause serious damage to more people than individuals could ever cause independently. Even though this is the case, individuals are often punished more harshly for committing similar crimes as the vast majority of individuals who are prosecuted for manslaughter or similar crimes are convicted<sup>31</sup>. So it is clear to see, although companies often pose a much greater threat through their negligence than individuals, the individuals are nearly always punished more harshly by our justice system. This clearly shows that the organisations which are responsible for prosecuting these crimes focus more on individuals than they do on larger organisations.

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<sup>30</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbldbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

<sup>31</sup> Ons.gov.uk. (2018). *Homicide - Office for National Statistics*. [online] Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/crimeandjustice/compendium/focusonviolentcrimeandsexualoffences/yearendingmarch2016/homicide> [Accessed 14 Mar. 2018].

HMRC is another organisation which has been criticised for focusing too heavily on the “easy targets” in order to meet their goals for number of cases successfully prosecuted, as a result of this, they have failed to prosecute a number of the large multinational corporations<sup>32</sup>. The public is aware of this with 40% saying that the size of the company is taken into consideration before deciding to prosecute<sup>33</sup>. This again shows how companies like Apple are able to get away with tax avoidance as the bodies responsible for tackling it fail to prosecute it and instead they focus on the small companies and individuals. This is what leads to the general public having the perception that bigger companies can get away with tax avoidance and justifies the increase in the usage of tax avoidance services by the general public as highlighted by the “paradise papers” leak<sup>34</sup>. There are many ways in which the UK could punish these companies for their actions but ultimately the taxation laws need to be changed. Through changing law and empowering organisations like HMRC to tackle larger companies, the public perception that large companies can get away with tax evasion will fade. But currently, large companies in some cases are even aided by the countries in their tax avoidance in order to stop the companies from moving their business elsewhere, as can be seen with Apple in Ireland<sup>35</sup>. Whilst small

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<sup>32</sup> Syal, R. (2018). *UK tax fraud costs government £16bn a year, audit report says*. [online] the Guardian. Available at: <https://www.theguardian.com/politics/2015/dec/17/uk-tax-costs-government-16bn-each-year-audit-report-says> [Accessed 16 Feb. 2018].

<sup>33</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbdbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

<sup>34</sup> Globalwitness.org. (2018). *Trust transparency in the EU*. [online] Available at: [https://www.globalwitness.org/documents/19285/GW\\_Briefing\\_-\\_EU\\_Trusts\\_Transparency.pdf](https://www.globalwitness.org/documents/19285/GW_Briefing_-_EU_Trusts_Transparency.pdf) [Accessed 16 Feb. 2018].

<sup>35</sup> Europa.eu. (2018). *European Commission - PRESS RELEASES - Press release - State aid: Ireland gave illegal tax benefits to Apple worth up to €13 billion*.

businesses and individuals are punished more harshly and are actively pursued by HMRC, leading to the general public distrusting all businesses<sup>36</sup> summed up by George Adam MSP in the quote “[Corporate crime] financially damages all business as their legitimacy is called into question”<sup>37</sup>.

In conclusion, the public perceives the damage of corporate crimes to be far higher than that of individual crimes<sup>38</sup>. The public is aware of the underfunding of public services and the tax avoidance policies of multinational corporations yet fail to take action personally. Instead of seeking government action on the situation many individuals are turning to avoid tax themselves, which further worsens the situation but they feel it is justified as the large companies do the same. Yet these individuals are often punished more harshly than companies because they are easier targets for the organisations responsible for prosecuting these cases, resulting in them becoming even more dissatisfied with the situation. This leads to an overall lack of trust in big business and this could have serious implications for the economy of the UK. To combat this the goals for HMRC and similar bodies need to be changed in such a way that does not promote the prosecution of individuals over large companies as by prosecuting these companies successfully, the root of the issue will be tackled and

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[online] Available at: [http://europa.eu/rapid/press-release\\_IP-16-2923\\_en.htm](http://europa.eu/rapid/press-release_IP-16-2923_en.htm) [Accessed 16 Feb. 2018].

<sup>36</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbldbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

<sup>37</sup> George Adam MSP, MSP, interviewed on 15<sup>th</sup> December 2017 see appendix 1

<sup>38</sup> Google Docs. (2018). *Corporate Crime v Individual Crime (Responses)*. [online] Available at: <https://docs.google.com/spreadsheets/d/1s44O8DS1Td4JSD87WBX3MulbldbZxrifg1jnEX1H5-g/edit?usp=sharing> [Accessed 19 Mar. 2018]. See Appendix 2

ultimately, many individual's reasons for avoiding tax will disappear, allowing faith in big business to be restored and potentially a more trusting and ethical approach to business to be adopted in the UK.

Word Count: 804

## 7. Conclusion

In conclusion, there are many different factors which when combined result in the UK being ineffective in its dealing with corporate crime. Historically the inaction on the government's part to introduce legislation has resulted in many companies being able to become "like nation states"<sup>39</sup>. There are many issues which surround the organisations who are meant to tackle corporate crime such as HMRC and the SFO, including legal barriers which make it more difficult to convict companies of crimes. Allowing the companies to grow in influence and ultimately to cause damage by undermining the country's laws. Giving these organisations new legal powers and making them prioritise crime which causes the most damage to society is the only way in which this situation can begin to be resolved.

It is clear through examples such as the Grenfell Tower Fire and the News of the World phone-hacking scandal that companies who operate solely to maximise their own profits and disregard the well-being of the public have the potential to pose significant amounts of damage to society on a physical level.

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<sup>39</sup> George Adam MSP, MSP, interviewed on 15<sup>th</sup> December 2017 see appendix 1

Through a combination of these factors corporate crime is almost encouraged in the UK and by failing to tackle it now we will continue to allow these large companies to gain more power and influence, George Adam MSP describes the situation like this “The more you tax people at the top the more they avoid it”<sup>40</sup>. By continuing to allow companies to work against the organisations which are meant to stop them from committing crimes there is a potential for enormous damage to be caused both economically, but also to our countries as a whole. Currently Apple Inc’s market cap is greater than the GDP of the Netherlands<sup>41</sup> and given their enormous size, resources and influence, if we fail to take action there is a possibility we will fail to resolve the situation in future leading to incredible amounts of damage upon society.

Word Count: 322

Overall Word Count: 4846

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<sup>40</sup> George Adam MSP, MSP, interviewed on 15<sup>th</sup> December 2017 see appendix 1

<sup>41</sup> Anon, (n.d.). *Apple is Now Bigger Than These 5 Things*. [online] Available at: <https://www.investopedia.com/news/apple-now-bigger-these-5-things/>.

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## 8.12. Court Cases

HR 21 October 2003, NJ 2006, 328 (*Drijfmest*).

### 8.13. Appendix 1

Quote 1: "People on the street don't see equality. The more you tax people at the top the more they avoid it"

Quote 2: "[Corporate crime] financially damages all business as their legitimacy is called into question"

Quote 3: "There is no campaigning about ethical businesses anymore. Young People aren't campaigning"

Quote 4: "There has been a corporate America Takeover"

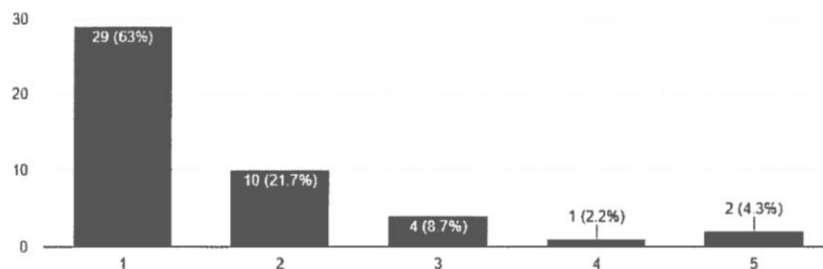
Quote 5: "An independent Scotland would have supported lowering corporation tax to encourage businesses to move here"

Quote 6: "'big business gets away with more and the [UK] government justifies it with economic growth"

### 8.14. Appendix 2

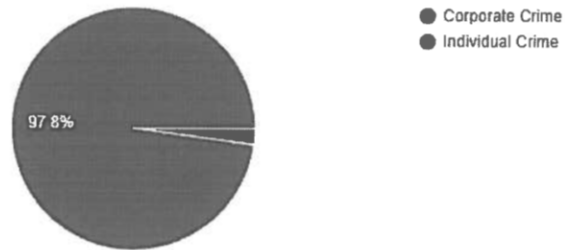
Describe your thoughts on the following statement "Corporate crime is victimless"

46 responses



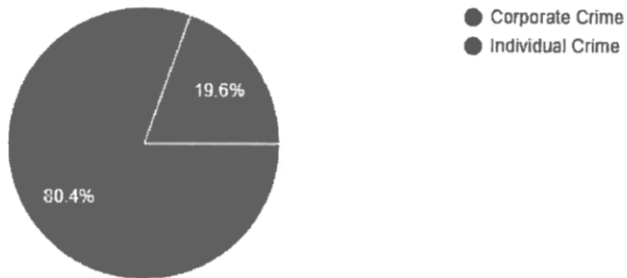
### Which type of crime is reported more frequently

46 responses



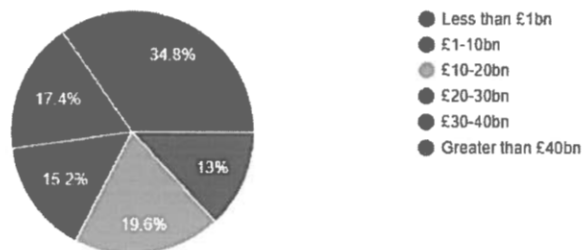
### Which type of crime is more costly to society

46 responses



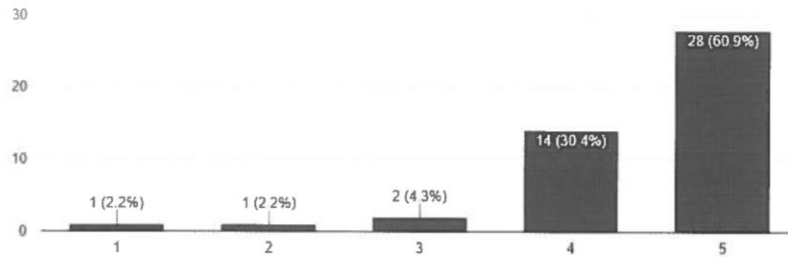
### In which of the following brackets would you place the cost of corporate crime in the UK

46 responses



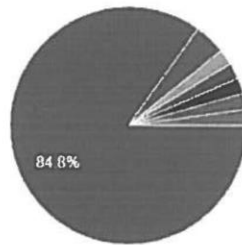
### There is a perception that large companies avoid paying tax

40 responses



### What would you describe as being the most important to companies

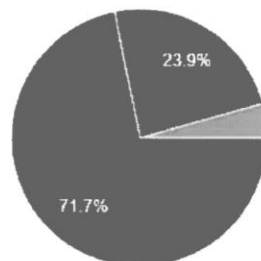
46 responses



- Profit
- Customers
- Shareholders
- Profit, but it should be workers
- Profit purely for individuals (ie, CEOs, shareholders)
- this is an erroneous survey response
- Destroying the working man's short and sad life.

### What is the general public's perception of large companies

46 responses



- Decrease in faith
- No change
- Increase in faith

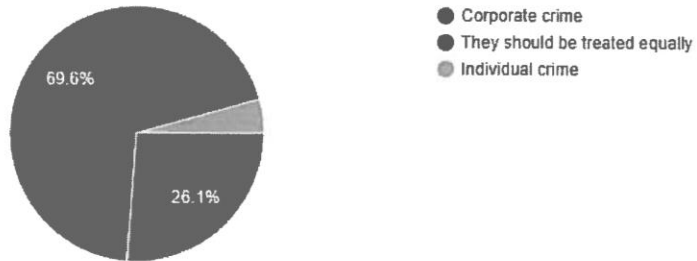
### Which type of crime is currently punished more harshly

46 responses



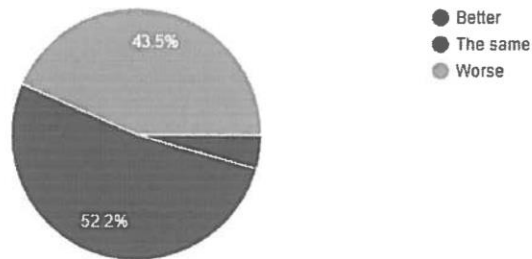
### Which type of crime should be punished more harshly

46 responses



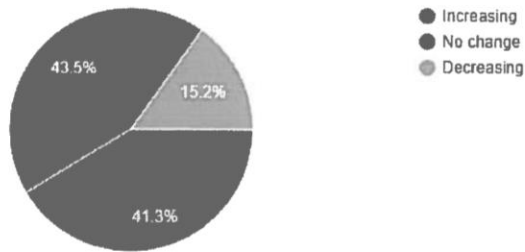
### Describe UK's ability at tackling corporate crime in comparison to other countries

46 responses



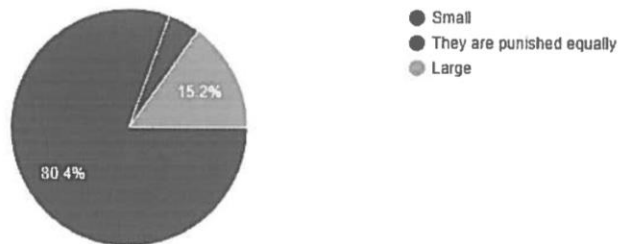
### Which of the following best describes the general public's usage of tax avoidance schemes

46 responses



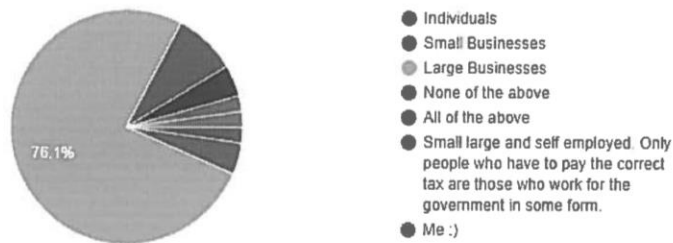
### Crimes committed by which size of business are punished more harshly

46 responses



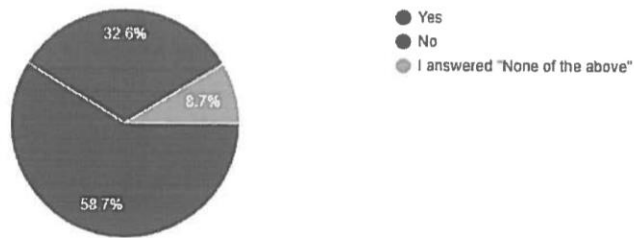
### Which of the following are able to get away with tax avoidance

46 responses



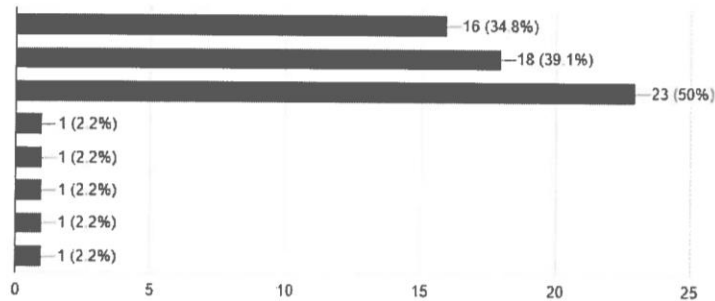
If you did not answer "None of the above" to the previous question , do you feel that it is unfair the others should continue to pay the correct amount of tax

46 responses



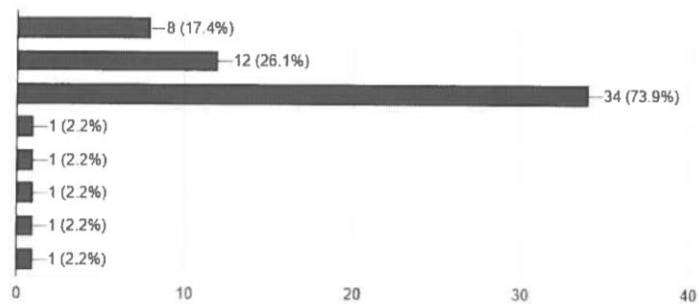
Which of the following affects if a company should be prosecuted

46 responses



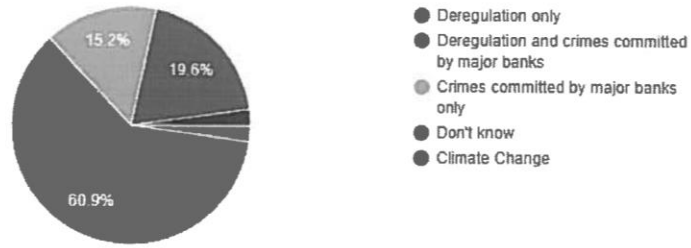
Which of the following should affect if a company should be prosecuted

46 responses



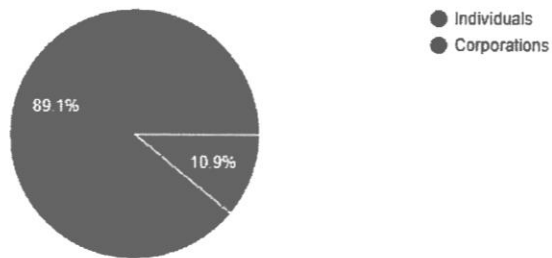
### Which of the following factors are responsible for the financial crash of 2008

46 responses



### Which of the following has the potential to cause more damage through their crimes

46 responses



### Corporate crime affects people who I know

46 responses

