Financial crime, as a major form of white collar crime, has been principally associated with Western, capitalist countries, especially the United States, the United Kingdom, Canada, and Australia. The study of such crime by criminologists, sociologists, and other experts has been largely restricted to these countries, and not much has been done to examine white collar crime in the newly industrialized countries (NICs) (Bożyk, 2006). China, among other NICs, is undergoing rapid industrialization and marketization, which has driven corporations and individuals toward cost-benefit analysis rather than organizational and individual social responsibility (Bader, 2008; Lambert and Jiang, 2006). The incompatibility between market economy initiatives and China’s continuing authoritarian rule is a fundamental problem. The unique political economy in China has shaped white collar crime in the country (Cheng, 2004a; Zhang and Zhao, 2007).

The scholarly study of white collar crime is a fairly recent phenomenon in China (Broadhurst and Liu, 2004; Cao, 2004), since the exploration of crimes committed by powerful and wealthy elites in China remains extremely sensitive. From the time of American criminologist Edwin Sutherland’s (1940) introduction of the concept of white collar crime more than seventy years ago, there has been much debate (and confusion) about the appropriate meaning of this term. For the purpose of this book, I will simply invoke the position that “white collar crime is a generic term for the whole range of illegal, prohibited, and demonstrably harmful activities involving a violation of a private or public trust, committed by institutions and individuals occupying a legitimate, respectable status, and directed toward financial advantage or the maintenance and extension of power and privilege” (Friedrichs, 2010: 9). The class and status of offenders are a major part of this definition and financial crimes committed by high-status organizations and individuals will be emphasized.
It is also important to compare such crimes with forms of financial crime, such as minor fraud, committed by middle-class and lower-status individuals (Cheng, 2013).

These distinctions are especially important to understanding financial crime in China, as they highlight a complex situation in this country in which the most destructive financial crimes are always committed through collusion between dishonest business people and corrupt government and/or bank officials. Large-scale financial crimes are, principally, carried out by members of the upper class, while conventional minor frauds are disproportionately associated with members of the lower class or lower middle class.

Nevertheless, since the implementation of the core criminal law codes in the early 1980s, Chinese scholars and legal practitioners have, generally, invoked the phrase economic crime to refer to most white collar and corporate crimes. China’s long-standing reluctance to recognize social classes and stratifications, as a result of the CCP’s egalitarian discourse, is the main reason for favoring this term. The term economic crime is, in fact, a catchall term for a wide range of offenses and is sometimes applied when the government wants to silence dissidents or the police need a specific reason to detain someone. The term corruption is also frequently invoked in relation to white collar and corporate crime in China, and this reflects the especially pronounced intersection of public and private sector activities.

But to use the concept of economic crime instead of the concept of white collar crime blurs the distinction between crimes of the upper class and crimes of the lower class in China’s current social structure, and the distinction between crimes committed by organizations and crimes committed by individuals, and thus, to hide conflicts between the classes in China’s move toward capitalism under the CCP’s rule (Cheng, 2013). Following from its legal definition, economic crime covers a wide range of illegal activities in the so-called socialist market economy, such as producing and marketing fake or substandard goods, smuggling and selling smuggled goods, disrupting the administration of companies, disrupting financial administration, committing financial fraud, jeopardizing the administration of tax collection, committing intellectual property crimes, and disrupting the market. Also included are such forms of lawbreaking as property fraud, graft, offering or accepting bribes, embezzlement, dereliction of duty, environmental crimes, and organized crimes. The legal definitions of such illegal activities are contained in the Criminal Law of China, mainly in Part 2, Chapter 3 ("Crimes of Disrupting the Order of the Socialist Market Economy") and Chapter 8 ("Crimes of Embezzlement and Bribery").