their lifetimes; and it's also almost twice the market capitalization of General Electric. But there's much more. Each year, according to reports by the insurance industry, individuals add a bogus $24 billion to their claims of property losses. The IRS, meanwhile, estimates a loss of $350 billion per year, representing the gap between what the feds think people should pay in taxes and what they do pay. The retail industry has its own headache: it loses $16 billion a year to customers who buy clothes, wear them with the tags tucked in, and return these secondhand clothes for a full refund.

Add to this sundry everyday examples of dishonesty—the congressman accepting golfing junkets from his favorite lobbyist; the physician making kickback deals with the laboratories that he uses; the corporate executive who backdates his stock options to boost his final pay—and you have a huge amount of unsavory economic activity, dramatically larger than that of the standard household crooks.

When the Enron scandal erupted in 2001 (and it became apparent that Enron, as *Fortune* magazine's "America's Most Innovative Company" for six consecutive years, owed much of its success to innovations in accounting), Nina Mazar, On Amir (a professor at the University of California at San Diego), and I found ourselves discussing the subject of dishonesty over lunch. Why are some crimes, particularly white-collar crimes, judged less severely than others, we wondered—especially since their perpetrators can inflict more financial damage between their ten o'clock latte and lunch than a standard-issue burglar might in a lifetime?

After some discussion we decided that there might be two types of dishonesty. One is the type of dishonesty that evokes the image of a pair of crooks circling a gas station. As they cruise by, they consider how much money is in the till, who