why so much cheating goes on. Perhaps it's why Jeff Skilling, Bernie Ebbers, and the entire roster of executives who have been prosecuted in recent years let themselves, and their companies, slide down the slope.

All of us are vulnerable to this weakness, of course. Think about all the insurance fraud that goes on. It is estimated that when consumers report losses on their homes and cars, they creatively stretch their claims by about 10 percent. (Of course, as soon as you report an exaggerated loss, the insurance company raises its rates, so the situation becomes tit for tat). Again it is not the case that there are many claims that are completely flagrant, but instead many people who have lost, say, a 27-inch television set report the loss of a 32-inch set; those who have lost a 32-inch set report the loss of a 36-inch set, and so on. These same people would be unlikely to steal money directly from the insurance companies (as tempting as that might sometimes be), but reporting what they no longer have—and increasing its size and value by just a little bit—makes the moral burden easier to bear.

There are other interesting practices. Have you ever heard the term "wardrobing"? Wardrobing is buying an item of clothing, wearing it for a while, and then returning it in such a state that the store has to accept it but can no longer resell it. By engaging in wardrobing, consumers are not directly stealing money from the company; instead, it is a dance of buying and returning, with many unclear transactions involved. But there is at least one clear consequence—the clothing industry estimates that its annual losses from wardrobing are about $16 billion (about the same amount as the estimated annual loss from home burglaries and automobile theft combined).

And how about expense reports? When people are on