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THE OHIO STATE UNIVERSITY, PH.D., 1978

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PAWNBROKING: A MARGINAL OCCUPATION

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
the Degree Doctor of Philosophy in the Graduate
School of The Ohio State University

By

Catherine Mary Hartnett, M.A., M.S.

* * * * *


The Ohio State University

1978

Reading Committee:

Professor Simon Dinitz
Professor Christen T. Jonassen
Professor Joseph E. Scott

Approved By


Adviser
Department of Sociology

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VITA

November 11, 1926 . .	Born--Wilmerding, Pennsylvania
1958.	B.S. in History, College of St. Mary of the Springs, Columbus, Ohio
1963.	M.A. in History, Duquesne University, Pittsburgh, Pennsylvania
1970.	M.S. in Sociology, Illinois Institute of Technology, Chicago, Illinois
1970 - 1975	Assistant Professor, Albany State College, Albany, Georgia
1976 - 1978	Teaching Associate, Ohio State University, Columbus, Ohio

FIELDS OF STUDY

Major Field: Sociology

Studies in Criminology. Professors Simon Dinitz and Joseph E. Scott

Studies in Urban Sociology. Professor Christen T. Jonassen

Studies in Social Organization. Professor John Seidler

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CHAPTER I

PURPOSE AND ORGANIZATION

Introduction to the Problem

This study concerns an ancient and almost always marginal occupation known as pawnbroking which has survived adversity and prosperity throughout Western history. The roots of this social institution may be traced to man's first urban centers (to be explained in a later chapter).

In the United States pawnbroking was a major form of credit for people living in urban centers at the turn of the twentieth century and well into the 1930's. Since that time, the number of pawnshops in American cities has declined steadily. The future of pawnbroking is questionable. For example, there were three hundred licensed pawnshops in Ohio in the early forties; as of January, 1978, there were only seventy-four.

Why has so hoary an economic institution lost its function so fast? Will the disappearance of the pawnbroker materially impact the economic scene? Will this marginal occupation merely fade into history along with other social fossils such as the tinker, the peddler, the blacksmith? The answers to these questions cannot be documented in a single study; nevertheless, an investigation to

determine the implications of an historically marginal occupation may contribute to the growing body of knowledge about human social behavior.

Purpose of the Study

This study is an intensive inquiry into the nature of pawnbroking in a community. Operating within the legitimate world of finance and the peripheral world of deviance, the pawnbroker is in a marginal social position. As a financier, he lends money to people who pledge some personal possession as security. As a "poor man's banker," he associates with marginal people experiencing money problems. One consequence of this marginality is that the pawnshop and the pawnbroker are usually defined in terms of meanings and values derived from novels, films and songs that tend to reinforce a stereotype wherein the pawnbroker is depicted as greedy, heartless and dishonest and the profession itself as dishonorable.

Part of this negative valuation may be traced to the success-achievement philosophy which dominates the American value system. An individual may claim he "has arrived" or "has made it" when he has acquired some symbolic evidence which signifies success such as material possessions or upward social mobility. Williams (1970) has observed that even though there is no positive relation between success and moral virtue, the success theme is linked to achievement, achievement is associated with work, and work is

invested with a complex of ethical values. According to Erikson (1966), such ideas are reflective of the peculiar ethos generated by Puritanism which may still be a cultural survival in our value system. Associated with this belief are two related notions: first, the idea that virtue will be rewarded by material success; and second, the belief that financial failure is more likely to be a sign of defective character rather than fate, accident or impersonal social and economic forces. Closely related to success-achievement philosophy is the behavior discussed by Chinoy and Veblen. Chinoy (1955) generalized from his study of automobile workers that consumption patterns are symbolic of success, that is to say, it is not how one earns his income, but rather how one spends his money which is the mark of achievement. Earlier Veblen (1899) reported a similar phenomenon when he wrote that conspicuous consumption not only heightened or reaffirmed one's social status but also provided direct gratification derived from the simple consumption of more expensive items, not necessarily superior ones. Money in a success dominated culture comes to be valued not merely as a means to an end but as evidence of success and personal worth. As a result of this success orientation, a person who is without money is not only considered poor but also marginal or deviant because he is not sharing a common societal value.

Another explanation of the low prestige associated with pawnbroking is the pawnbroker's reputation for trafficking in and being a receiver of stolen goods. Because the pawnbroker is a potential fence for stolen goods, the police in most large cities supervise the transactions that occur in a pawnshop. A detective from the pawnshop squad visits the pawnshop several times each week to check on articles which are pawned or bought. (Details about the relationship between the police and pawnbroker will be described in a later chapter.)

If the alleged relationship between fencing and pawnbroking is accurate, it would seem reasonable that the incredible increase in burglary, robbery and larceny in recent years would be reflected in a corresponding increase in the number of pawnshops or at least in the volume of pawning activity. The fact that there is an inverse relationship between the increase in crimes against property and a decrease in the number of pawnshops and pawning transactions challenges the assumption that the pawnshop is mostly a cover for fencing operations involving stolen goods. Whatever the truth, an empirical investigation is warranted in order to distinguish fact from fiction regarding this occupation.

The objectives formulated to conduct and direct the research are as follows: first, to trace the origin, history and development of pawnbroking; second, to determine the nature of pawnbroking utilizing a sociological

perspective; finally, a more general goal, to demythologize a little known and long misunderstood occupation.

Scope of the Research

The unit of analysis of this investigation is the business of pawnbroking defined in terms of a marginal occupation. The expression, marginal occupation, is synonymous with conceptualizations of deviant work situations or differentness in business activity. The notion of marginal occupation in this study is similar to the description Bryant (1974:4) ascribed to deviant work situations:

Some occupational specialities, while not always illegal, do often transcend the boundaries of propriety and community acceptance, either because of intent, or the nature of the service rendered, and can accordingly be classified as deviant.

Since the concept deviance is so value laden, by substituting marginal for deviant in the above citation, a partial description of pawnbroking is obtained. If one defines propriety as the standard of what is considered socially acceptable in contemporary work activities, the pawnbroker would measure low on a scale of acceptability in modern technological cultures. Refusing to conform to modern credit practices, the pawnbroker operates a simple, low-cost, no frills, independent operation midst a complex, expensive, conspicuously oriented organizational environment. The fact that pawnbrokers operate outside the pale of modern economic activity by

adhering to traditional forms of credit would be sufficient reason to categorize pawnbroking as a marginal occupation. However, there is another aspect that shapes the identification of pawnbroking as a marginal occupation and that is the nature of the service rendered. Because of the ingrained stereotype of the pawnbroker as a maverick, the business is subject to restraints imposed by society to protect the public from any wrong doing. What other occupation has daily inspection by police of every business transaction? Although the pawnbroking services are available to all classes of people, the majority of customers are the poor, those in need of financial help, and those with different life styles. In a position where he services individuals whose habits and values are divergent from those of the predominant cultural patterns, the pawnbroker finds himself vulnerable to adverse criticism.

In this study, then, a marginal occupation refers to an unfamiliar and ambiguous work situation wherein the actor is caught in an environment characterized by diverse definitions of what is socially acceptable and morally proper; as a consequence of these equivocal interpretations, the occupation is viewed with fascination and suspicion by a broader status conscious society. It is in this sense that pawnbroking is perceived as a marginal occupation.

In addition to being a marginal occupation, pawnbroking is conceptualized also as a social institution. Sociologists utilize the notion of social institution as a basic tool in research. As noted by Sumner (1906), an institution is a concept plus a structure. The concept is the term that expresses the general idea while the structure refers to the social organization or orderly manner in which individuals interact with each other. According to Davis (1949), a social institution is a cluster of folkways, mores and laws built around one or more functions. In his analysis of institutions, Burgess (1929) differentiated institutions according to the types of function performed, for example, cultural institutions, economic institutions, or social control institutions. Caplow (1971) described a social institution as distinctive patterns of social activity and values centered upon some major human need and accompanied by distinctive modes of social interaction. An institution represents society's accumulated solutions for dealing with some important need including the people and organizations engaged in this activity. In sum, these sociologists agreed that a social institution is characterized by the following elements: a basic need or problem, a means of solving this problem, and a mechanism to maintain stable relationships in the process of ameliorating the problem.

The process of pawnbroking may be conceptualized in terms of a social institution because the three elements

are present: the need is a temporary distressful situation; the solution is to pawn a personal possession; the mechanism is the legal and social restraints devised to control abuses in the pawnbroking process. Since borrowers and lenders have existed from ancient days, it would appear that lending was an invention devised by man to solve his needs when faced with misfortune. The notion of reciprocity or sharing among ancient men is not necessarily challenged by the idea of contracting a loan upon the security of a material object. Pawning practices probably existed along with other forms of interaction.

The evidence from ancient laws suggests that the necessity for borrowing was a temporary condition wherein the lender would be repaid within a specified time. (Details will follow in Chapter III.) The extant documents reveal that from his early interactions as lender or borrower, man elaborated customs and norms to control the use of force and fraud and to regulate the conditions of exchange. With certain modifications, the basic transaction initiated in an ancient age continues to the present. Hence, pawnbroking may be referred to as a social and economic institution based on the concepts of pledge and necessity and around these ideas are constructed an organizational phenomenon characterized by a stable network of norms, rituals and systems of control.

Other terminology relating to pawnbroking employed in this study are pawn, pawner, pawn ticket, and pawnshop.

A definition of each follows:

A pawn or pledge is an object deposited or left in another's possession as security for a debt.

A pawner or customer refers to the person who deposits something as a pledge with a pawnbroker.

A pawn ticket is a statement upon which is written the name of the pawner, the amount of the loan, the rate of interest, the date when the loan is made, the date when payable, a description of the condition of the pawn and a storage charge. The pawnbroker issues a pawn ticket to the pawner and keeps a record of loans and computes the interest when loans are unpaid. The amount of interest is generally determined by state law. To the pawnbroker, the pawn ticket is as basic a legal instrument as the check to the banker or a policy to the insurance agent.

A pawnshop is the place licensed by the state to house a pawnbroking business.

Limitations of the Research

This investigation is limited to an analysis of pawnbroking on the basis of data collected from ten pawnshops in Creditsville. Therefore, replication of this study in other cities and states will be necessary to determine the reliability of the findings. Even though the generalizations derived from this study will have limited applicability, the author believes the knowledge acquired should sensitize policymakers and the public to

the relevance and meaning of this activity for the individuals who engage in it.

Research Perspective

The theoretical orientation which provides the framework for this research is exchange structuralism as developed by Peter Blau (1964). Briefly, this perspective focuses on exchange processes which utilize self-interests of actors who are seeking profits through reciprocal exchanges in their interactions with others. Over an extended period of time these processes develop into stable patterns of social order giving rise to cultural norms and rituals. Participants in a given social setting are committed to these expected patterns of behavior. With such a theoretical perspective for organizing this research the working hypothesis may be stated as follows: the characteristic pattern of pawnbroking, with its regulation by state and local officials for the extension of credit and the reception of property, fosters reciprocal exchanges which serve pragmatic functions. The expression pragmatic functions is used to designate the contributions that pawnbroking provides for the participants and for the community. Recognizing the fact that function has multiple connotations, the phrase pragmatic functions eliminates any controversial or confusing interpretations. Pragmatic functions does not mean purpose or motive. It answers the question, how does pawnbroking affect other participants

of the social system. Pragmatic functions may be intended and unintended, recognized or unrecognized. Pragmatic functions refer to the beneficial and serviceable aspects this phenomenon maintains in the society. Methodological consideration will focus on efforts to describe and analyze these functions.

In addition to utilizing the exchange structuralism theoretical orientation, this dissertation is written from a naturalistic, holistic, and humanistic perspective. It is naturalistic in that it seeks to explain human behavior as a result of the forms and processes of social relationships as contrasted with moralistic or normative interpretations. It is holistic in that it attempts to study all aspects of pawnbroking in a broad social context emphasizing the interconnections between it and the social system rather than focus on atomistic features of behavior. It is humanistic in that it seeks to study those aspects of the human condition which serve broad human interests rather than those of some elite group. Such a perspective represents a blend of ideas that other sociologists have noted about human social behavior. It is hoped that this synthesis of interpretations of human existence will contribute not only to an understanding of the nature of pawnbroking but also of the nature of the social world. In summation, this perspective employs "the sociological imagination" described by C. Wright Mills (1959:15) as

the quality of mind that seems most dramatically to promise an understanding of the intimate realities of ourselves in connection with larger social realities. It is not merely one quality of mind among the contemporary range of cultural sensibilities--it is the quality whose wider and more adroit use offers the promise that all such sensibilities--and in fact, human reason itself--will come to play a greater role in human affairs.

Organization of the Dissertation

In addition to this introductory chapter, this research contains six chapters that treat selected dimensions of pawnbroking.

Chapter Two describes the principles, procedures and problems associated with multiple operationism, a method intended to eliminate uncertainty in qualitative research.

Chapter Three focuses on the origin and development of pawnbroking from ancient days to the present. Legal restraints and theological assumptions are emphasized as the principal source of societal reaction toward this occupation.

Chapter Four is an analysis of a two-month survey of pawn records for the city received by the police detective pawnshop squad. It also contains findings based on an inspection of records in six pawnshops obtained during a one-month investigation with a pawnshop detective.

Chapter Five concerns the patterns of social organization within a pawnshop setting. The significant structural characteristics of the interactions, relationships, and social ordering are presented. Quotations and

descriptions are employed to provide evidence for the conclusions which were drawn from the data.

Chapter Six contains a case study of a stolen television set as background material for problems pawnbrokers encounter in their relations with regulatory agencies. Particular emphasis is given to police and pawnbroker relationships.

Chapter Seven contains the summary and conclusions of the research.

CHAPTER II

METHODOLOGY

The purpose of this chapter is to discuss the principles, procedures and problems involved in the process of gathering and analyzing research data. Field research and library research were utilized. An elaboration of the methodology employed illustrates the manner in which an exploratory qualitative study can expand incomplete knowledge of a type of social phenomenon to permit a more thorough understanding of it.

Data for this dissertation were drawn from a qualitative investigation of pawnbroking conducted by the researcher during a two-year period in a large midwestern city referred to as Creditsville in this study.

Note Concerning Qualitative Research

Qualitative research is an unobtrusive and systematic methodology characterized by a period of social interaction between the researcher and the subject in the milieu of the latter. The advantage of this type of investigation is that it allows the sociologist to obtain first-hand information about the social world while developing the analytical, conceptual and operational

components of the study. Such a flexible approach eliminates a "tunnel-vision effect" inherent in a more rigid research design and stimulates a study in the tradition of Weber's "verstehen." Qualitative research provides for a natural and informal growth in understanding achieved by participation, introspection and imaginative reconstruction. The methodological goals of the author are as follows: to make sensitive observations of relevant patterns of social behavior; to classify the observations systematically; to emphasize underlying relations and processes; to provide reasonable explanations, based on theory, of the pawnbroking process.

Various methods were employed in this study. The researcher was influenced by the position articulated by some social scientists (Webb et al., 1966) that no research method is without bias; furthermore, critics lament the fact that sociologists often become overdependent on a single, fallible method. The writers advocate multiple operationism, which refers to "a collection of methods combined to avoid sharing the same weakness" (Webb et al., 1966: 1-2). Since factors in the setting may contaminate the data, the observer should attempt to supplement and cross validate observations and interviews with other measures. The value of multiple operationism is explained as follows:

Once a proposition has been confirmed by two or more independent measurement processes, the

uncertainty of its interpretation is greatly reduced. The most persuasive evidence comes through a triangulation of measurement processes. If a proposition can survive the onslaught of a series of imperfect measures, with all their irrelevant error, confidence should be placed in it (Webb et al., 1966: 3).

The methods employed in this study include participant observation, interviews, historical analysis and systematic documentation. The principles, procedures and problems of each are discussed in the following sections.

Participant Observation

The research developed originally from a graduate sociology course in which participant observation of an unfamiliar setting was required. A decision was made to study pawnshops. The services rendered by this form of business were recognized. When it was discovered that neither pawnbrokers nor pawnbroking had ever been a subject of sociological inquiry, it seemed desirable to conduct a thorough analysis of this occupation.

The research process started with a search of the yellow pages of a city phone book for pawnshop listings. Ten pawnshops were noted. Next, a visit to each shop was made in an attempt to locate an ideal shop for observation. Three of the shops were located in the central business district; the remaining shops were located in areas of transition near the downtown area. Assuming the role of a buyer, the researcher observed the patterns of social behavior in a pawnshop setting. Pawnshops are rather

empty places and it was not possible to stay too long in one shop without drawing attention. Also, it became evident that during the pawning transaction in some of the larger shops, the interaction between the pawnbroker and customer often precluded the opportunity for coherent listening. It would be necessary to arrange interviews with the pawnbrokers in order to better understand the occupation.¹

Interviews

The next phase of the research involved interviews with the pawnbrokers. Rather than phone or write for an appointment, the investigator visited six shops, approached the proprietors, (introducing self as a university student conducting research) and requested an interview. Generally, the pawnbrokers were reluctant to consent to an interview; however, they would invariably ask, "What do you want to know?"

By this time, the researcher had an awareness of the number of people who were redeeming their personal possessions as well as the number of individuals who were pawning articles.² The author decided to employ a technique suggested by Schatzman and Strauss (1973) called "posing the ideal." By this tactic the interviewer poses an ideal, i.e., a construct developed from experiences in the setting which pushes an observed process to an extreme. At the beginning of a conversation with a

pawnbroker, a remark would be made to the effect that pawnshops seemed to be a service to the community since pawning enabled individuals to obtain money without any hassle. The construct, "service to the community" became the entry to the social world of the pawnbroker. Somehow this favorable definition reassured the men. Upon hearing this phrase most of the men took the time to familiarize the author with some aspect of pawnbroking. By the time of the sixth interview, the category list included licensing, recruitment, decreasing number of customers, declining number of pawnshops, police reports, types of customers and other features of pawnbroking.

An observer's task is to detect what is fundamental to the people under consideration. The pawnbrokers had referred to licensing problems and police relations. It seemed legitimate to expand the boundaries of the study to include interviews with members of regulatory agencies whose authority affected the pawnbrokers.

All interviews are not alike; some interviewees provide more pertinent data than others. Dexter (1970) distinguishes between informant interviews and elite interviews, a discrimination which proved useful during the research. Informant interviews are occasions when the investigator asks questions in a standardized way. The researcher continues to probe in order to acquire a better picture of the norms, attitudes and expectations of the interviewee. An elite interview, on the other

hand, involves a person who is well-informed about a particular situation. In an elite interview the researcher encourages the interviewee to structure the account of an issue or topic. The investigator assumes the role of a student encouraging the interviewee to teach him what the problem is. It is the interviewee who determines what is relevant, not the investigator. The role of the researcher is to find out what an issue or topic involves from the informed person.

Before the interviews, there was no way of predicting the degree of interviewee cooperation. The principal tool used was the advice of others who had collected data using similar methods. The two researchers whose recommendations were most helpful were Whyte and Dexter. For example, Whyte (1955:29-30) points out the importance of researcher silence where he writes:

As I sat and listened, I learned the answers to questions that I would not even have had the sense to ask if I had been getting information solely on an interview basis. I did not abandon questioning altogether of course. I simply learned to judge how and when to question.

Dexter (1970) extends the above observation by emphasizing three characteristics considered essential for successful interviewing: concentrated attention, ability to shift gears, and empathic understanding. Although it may be difficult to follow another person, especially when the interview lasts longer than an hour, a good researcher will not permit his mind to wander. The success of this

technique is attributed to the fact that few people receive the flattery of concentrated attention. Hence, an interviewee may react to the attention by telling more than he might otherwise intend to say. By keeping these suggestions in mind during the interviews, the author was able to maximize the opportunity to learn about pawnbroking from different perspectives.

One of the most rewarding interviews was with the state licensing official. The explanation was brief; the researcher was studying the occupation of pawnbroking and requested information concerning the role of the state regarding this business. Fortunately, the gentleman contacted had a broad understanding of pawnbroking based on years of experience. More, he was willing to share his knowledge. He was concerned about the decreasing number of pawnshops in the state and commented on their usefulness to poor people in need. Next, he explained how helpful pawnbrokers have been to police by citing examples of criminal cases in which mutual cooperation helped solve difficult crimes. He discussed the deliberations of the state legislature regarding pawnbroking. He described the occasions when licenses were refused or revoked. At the conclusion of a two-hour interview, the official provided documents to assist in the research. These documents included an application for a pawnbroker's license, the laws of the state relating to pawnbroking and a brief of the state supreme court decision involving

sequestration of pawned articles claimed stolen. By employing the techniques of silence and concentrated attention, the researcher had gathered invaluable data.

Historical Analysis

The historical method is the basic sociological method. Comte, Spencer, Durkheim, Marx, and Weber relied heavily upon the historical method. The advantage of this approach is that it provides a general idea of the social context of the phenomenon to be described. These pioneer sociologists analyzed past and present reports in their effort to explain the social system. Most situations which are studied have histories and these documents often make some aspects of the situation more understandable.

During an interview, one of the pawnbrokers was asked, "Why is it that bankers and personal finance officials are seemingly more respected than pawnbrokers?" The owner replied, "There is a long history that goes with pawnbroking, it goes back a long way." It was this remark along with other considerations that prompted the researcher to utilize the historical method in this investigation.

Using the historical method involved synthesizing information about pawnbroking which had already been gathered or created by others. Considering the length of time that pawnbroking has existed as a social institution, there is a paucity of information available on this topic.

There has never been a sociological study of pawnbroking. Prior studies have focused on the legal and economic aspects of this institution. Over ten months were spent in the library researching historical documents and secondary sources in gathering data for the study.

Related Literature

As indicated in the previous section, the literature available in this field is meager. Nevertheless, the library research yielded the following major studies relating to pawnbroking.

Hardaker (1892) has provided a brief history of pawnbroking in his nineteenth century study. This work is a defense of pawnbroking and is intended as background information for members of Parliament who were considering legislative action to eliminate pawnshops in England.

Patterson (1899) compared the legal and economic features of pawnshops in Europe and the United States in this analysis. The emphasis is placed on source of capital, the various interest charges, the margin of profit and the distribution of profit in various European countries, i.e., France, Germany, Austro-Hungary, Belgium and Holland.

Levine (1913) considered pawnbroking an essential business activity in the United States. This study provides an analysis of the various types of state regulations and court cases involving pawnbrokers from a

legal standpoint.

Raby (1924) studied the diversity of interest rates in the various states and advocated uniform laws for pawnshops in American cities. His research was funded by the Russell Sage Foundation at a time when pawnbroking was the major form of credit in the United States.

DeRoover (1948) examined the pawnbroking business in medieval Bruges as a major part of his analysis of the history of money, banking and credit in this Flemish city. This work contains detailed information about the social aspects of pawnbroking along with descriptions of the first pawnticket and pawnbook that remain from a former age.

Simpson (1954) has provided an autobiographical account of a five-generation family of pawnbrokers in New York city. This personal record supplies pertinent data about the social realities of this marginal occupation from the point of view of a pawnbroker.

Academic interest in pawnbroking appears to have declined with the decreasing popularity of pawnshops as a credit outlet. To substantiate this statement, consider the fact that the 1937 edition of the Encyclopedia of the Social Sciences contained a six-page summary of pawnbroking whereas the recent International Encyclopedia of the Social Sciences has dropped the concept from its listings.

Systematic Documentation

Closely related to the historical method is the systematic documentation method. This method involves an analysis of documents which have been collected for other purposes, but the records may also be used as a substitute for direct observation of behavior. In this study three types of data were gathered using this type of documentation: data from pawn cards received at a police station over a two-month period; data compiled by the pawnshop squad regarding recovered stolen goods; data obtained from six pawnshop books. The circumstances leading to the use of this data is described in the following paragraphs.

One of the pawnbrokers explained what type of information he had to record on the police pawn card. In addition to the description of the pawned item, a description of the pawner was required. The discovery that the police had a record of every item pawned each day induced the researcher to consider the value of documenting systematically the information received by the police. If permission to record this information were obtained, it would be possible to produce a profile of the typical pawner and the type of item pawned. It would support or deny the statements of the pawnbrokers regarding the variability of customers. It would permit one to study facets of pawning which are not directly observable. It would eliminate a great deal of time spent in the

observation of individual pawnshops to distinguish customer characteristics. Finally, it would be representative of the universe of customers.

The procedure for gaining access to the records occurred as follows. An appointment was made with an official of the police investigative unit to request permission to review the daily pawnshop cards which the unit received. During the interview the researcher expressed the idea that it would appear that pawnshops served a useful function in the community insofar as they provided a credit outlet for people who might otherwise not be able to obtain money. Also, the compilation of data from the police records would provide evidence of the type of people serviced by pawnshops. Before making any decision, the captain sent for the sergeant in charge of the pawnshop squad and asked for his opinion. The sergeant's response was encouraging: "I agree with her. You know, most pawnbrokers are honest men." Without further discussion, the captain granted permission for the examination of pawnshop cards. He asked the sergeant to provide a desk where the work would be done. The sergeant took the author to an area which was shared with burglary detectives and explained the processing of pawnshop cards. Further, the sergeant suggested that the researcher ride with one of the detectives and observe his investigation of the shops. (Details of the pawnshop card analysis may be found in Chapter IV.)

At this point, a decision was made to visit the pawnshops and observe the process of investigation before analyzing the cards. For one month the author rode in an unmarked police car with a pawnshop detective and observed his routine investigations of five shops for stolen goods. The detective introduced the researcher to the owners and added, "She's been cleared through headquarters. May she look at your books with me?" The five men agreed to this request; further, they permitted the researcher to record the data as long as the privacy of their customers was assured. (Although a year had elapsed since the interviews with them, all of the pawnbrokers remembered the writer.)

During these days of field research, the detective and the pawnbrokers volunteered information to familiarize the researcher with various aspects of pawnbroking. The men were willing to answer any questions. Their frankness and helpfulness added many serendipitous insights during the process of gathering data that would not have been acquired had a structured interview or questionnaire been utilized as a means of obtaining information about pawnbroking.

The author did not experience any "blue curtain" problems associated with police related research as described by Niederhoffer (1967), Lundman (1978) and others. The comparatively easy access may have been a result of the purpose of this research, i.e., a study of

pawnbroking and not policing. Unintentionally, the author learned a great deal about the organization and operation of the police department while purposely examining the pawnshop cards. This first-hand experience with the various organizational features of police operations provided additional background material for this research. (For details, see Chapter VI.) During this period the researcher perceived the different attitudes existing among the various members of the investigative unit toward pawnbrokers.

Analysis of Data

The analysis of data refers to that research stage which involves a complex thought process wherein a researcher employs skills acquired from training and experience to derive insights about the observed social phenomenon. It is a process which interprets the data and extracts data to confirm or reject the research hypotheses. A sociological technique suggested by Weber which assists in analysis is verstehen. This is a method of attempting to obtain a subjective understanding of specific social actions by empathetic intuitive interpretation. According to Weber (1947), much social action, including nonrational action, cannot be measured or analyzed by objective criteria. The explanation must come from an understanding of the subjective experience of the social actor or actors. Verstehen refers to interpretative

understanding of meanings and motives of human behavior. This subjective understanding is necessary because social conduct is shaped by the meaning those involved in an interaction bring to it. The difficult task for the researcher is to step beyond external signs and attempt to perceive the situation as the actor or actors in the situation are perceiving it.

In this qualitative study, analytic work began in the preliminary stage of the research. From the outset of the project, a certain amount of time was spent in analysis. Data gathering and analysis were simultaneous processes. The researcher examined the data in as many ways as possible in order to understand the significance of the emerging social reality.

When the gathering of data was completed, the more difficult task of comprehensive analysis and writing the findings was necessary. Two specific analytical approaches were used during this stage--structural analysis and functional analysis. The former refers to the identification and description of structural characteristics of a pawnshop setting. The latter refers to the discovery of the consequences of social activities for the participants of the pawnshop setting and the broader social system.

In the process of seeking out the specific meanings of different actions in specific situations, a problem was encountered. How did the author know the interpretation

given to particular actions was correct? It would appear that based on multiple operationism that the evidence was consistent. The triangulation of data collection techniques provided a means of assuring confidence in the interpretation and findings.

This chapter has described the type of operational design utilized in a qualitative study of pawnbroking. The strategies and techniques employed in data gathering and analysis were discussed. The next chapter focuses on the origin and development of pawnbroking.

FOOTNOTES TO CHAPTER II

¹This was the only covert research during the study. For a discussion of the advantages and disadvantages of covert research, see Filstead (1970).

²A preconception of the researcher was the idea that few people redeemed pawned merchandise.

CHAPTER III

HISTORICAL ANALYSIS OF PAWNBROKING

The purpose of this chapter is to trace the origin of pawnbroking and the restraints which society has imposed on this practice. The discussion focuses first on the legal restrictions on pledging practices evidenced in ancient and medieval documents; second, on the social implications raised by the legal restrictions. These two topics are singled out for interpretation because they represent the critical issues in understanding the status of the pawnbroker in contemporary society.

Problems with Origins

The etymological origin of the word pawn is found in the Old French word "pan" which had two meanings: "pan" refers to a pledge, a security, a surety; "pan" also means cloth, piece or portion. The word pawn is derived from "pan" and is defined as a thing deposited or left in another's keeping as security for a debt. The identical form for two dissimilar words in the Old French language may be traced to the practice of pledging clothing, a common occurrence in ancient as well as more recent times. In ancient and medieval documents the use of the word pledge is more common than the term pawn.¹

When translating ancient languages or attempting to understand early customs, one has a problem with the fact that an idea expressed as one symbol in former times may have multiple symbols at the present time. Contemporary languages consist of specialized words to convey the shades of differences in meaning associated with an idea whereas the older term is likely to be more general. In ancient and early medieval documents, the words money-lender, moneychanger, banker, pawnbroker, merchant and usurer are often used interchangeably. It is not until the late medieval and modern times that more precise distinctions are found for these words. An illustration of this linguistic dilemma is the Babylonian word "tamkarum" which may be translated as merchant, pawnbroker or banker.

There is no record of the original pawnshop. From the earliest times, the system of pledging personal effects as security for loans has existed. Although the early records refer to the taking of pledges as security for loans, the ancient men who engaged in this practice were more like bankers than pawnbrokers in the sense that the term is used today. Patterson (1899:173) has observed:

It seems probable that the constant taking of articles in pledge, which of necessity demanded their safekeeping to secure the repayment of the loan, suggested the like deposit of money and valuables. In this case the progenitor of the present banking system was originally a pawnshop, instead of a bank which later took up the pawn business.

This assertion by Patterson is accepted as the probable character of the initial pawnshop.

Pawnbroking in Mesopotamia

One of the oldest banking firms is that of the "Grandsons of Egibi" located at Babylon in the seventh century B.C. According to Heichelheim (1964:72), the organization

had a pawn business, gave loans against securities, and accepted deposits of various kinds. Customers could have current accounts with them and could withdraw the whole or parts of certain deposits with cheques. Part of the business capital of the firm was, in addition, invested in houses, slaves, agricultural plots, cattle, ships, and building plots, all of which were rented out or finally sold, whatever seemed to be the most profitable. The ships of the firm were used in trade expeditions which were exactly like those of the royal and temple households.

This history confirms the association of pawnbroking and banking in ancient Babylon. Heichelheim also has indicated that the rulers and priests in the Mesopotamian city state did not discriminate toward merchants as was the practice in other civilizations. In Mesopotamia the ruling class consisted of nobles who were both landlords and merchants.

Childe (1939) has described the typical Mesopotamian city state as being surrounded by large agricultural estates. The surplus food produced on these estates enabled a group of full-time specialists such as craftsmen, merchants, officials and priests to function within the

city without producing their own food. Monumental buildings arose to symbolize the concentration of surplus, the most prominent being the Ziqurat, a temple many stories high which served not only as headquarters for priests but also as a commercial center for merchants. Writing was invented probably for recording official transactions associated with the administration of the surplus. Later, of course, writing was employed to record the customs that had evolved to regulate trade and commerce.

The Code of Hammurabi (circa 2250 B.C.) is the oldest extant record of man's attempt to maintain order through law. Sections of the code to be quoted below illustrate three features of this early commercial civilization. First, the laws indicate the acceptance of the use of interest on loans; second, the laws show a harshness toward debtors; finally, the laws exact a severe penalty for creditors who encouraged theft by receiving stolen property.²

The records indicate that pledging possessions and charging interest were common practices in ancient Babylonia. Hammurabi 50 ordered:

If he give a field planted with grain or a field planted with sesame, the owner of the field shall receive the grain or the sesame which is in the field and he shall return the loan and its interest to the merchant.

In their commentary regarding the Laws of Hammurabi, Driver and Miles (1952) have noted that many Babylonian

and Assyrian documents prove that taking interest was a universal practice. Also, there was no attempt to prohibit the charging of interest in the laws; however, there were severe penalties prescribed for the greedy tamkarum who charged more than the legal rate of interest.

When a bad harvest or other misfortune caused an individual to borrow money, he might not only pledge his land, but also members of his family. Hammurabi 117 prescribed:

If a man a debt has seized him, and he has given his wife, his son, his daughter, for the money, or has handed over to work off the debt, for three years they shall work in the house of their buyer or exploiter, in the fourth year he shall fix their liberty.

There were also severe penalties for the receiver of stolen goods. Hammurabi 7 ordered:

If a man has bought silver, gold, manservant or maidservant, ox or sheep or ass, or anything whatever its name, from the hand of a man's son, or of a man's slave, without witness and bonds, or has received the same on deposit, that man has acted the thief, he shall be put to death.

Other sections of the code not recorded here indicate that creditors were protected by the law. Because of this protection merchants and traders expanded their activities beyond the Mesopotamian region. Eventually, the practices devised by them were imitated by other civilizations of the Mediterranean World.

Influence of Roman Law

The conflict between debtors and creditors dominated the economic and political history of ancient Greece and Rome. Gradually, the Roman legal system emerged which succeeded in regulating the commercial activities of the Empire. The chief characteristics of Roman law were its concern with the problems of everyday life, its emphasis upon principles of justice rather than specific laws and its origin in the customs or mores maorum of the people rather than legislation.

According to Thomas (1976), the contract of pignus referred to the pledging of an object as security for a debt. From early times it was customary to agree that, if a debt was not paid by an agreed date, the creditor would be entitled to sell the pledge. In later classical law revisions were made to the effect that a creditor's selling privilege was limited. When an item was sold, any excess over the creditor's due had to be transferred to the debtor.

There is no doubt that when the German tribes invaded the Roman Empire, they assimilated the principles and practices of Roman law along with other aspects of culture. The original Goths were tribesmen with little experience in commercial matters. Nevertheless, the Visigothic Code compiled in the seventh century exemplifies the extent to which the German tribes were influenced by Roman law. Sections of this code relating to articles

pledged as security for debts and association with thieves are similar to Roman law.³

The foundations for the norms associated with pledging personal property were firmly set in ancient days. The need for a written document specifying the time and manner of the repayment of a loan, plus the need to control against the acceptance of stolen articles as pledges were necessary in antiquity as in contemporary times.

Influence of the Bible

Not all ancient law was harsh to the debtor; Moses, the Jewish law maker, created hardships for the creditor. The following passages from the Old Testament are examples of his precepts pertaining to lending practices:

If thou at all take thy neighbor's raiment to pledge, thou shalt deliver it to him by that the sun goeth down. Exodus 22: 26-27.

Thou shalt not lend upon usury to thy brother; usury of money, usury of victuals, usury of anything that is lent upon usury. Unto a stranger thou mayest lend upon usury, that the Lord may bless thee. Deuteronomy 13: 19-20.

In David's psalm, one reads:

Lord who shall dwell in thy tabernacle:
Or who shall rest upon thy holy hill? . . .
He that hath not given him money upon usury
nor taken reward against the innocent.
Psalms 15: 1-5.

In the New Testament the same negative response to lending may be found in the words of Christ: "Do good and lend, not hoping for any return." Luke 6:35.

Over the centuries there have been various interpretations of the biblical admonitions about usury or interest ranging from liberal interpretations to literal interpretations. Levine (1913) has argued that the Mosaic injunctions regarding usury cannot be viewed as regulations against compensation for the use of money. Levine holds that when the borrower was capable of reimbursing a creditor for a loan with interest, it was neither sinful nor harmful to impose a charge for its use. It was only in those situations of dire poverty or distress wherein individuals who were in extreme need were charged for a loan that the practice was called usury. In contrast, medieval scholastic philosophy presented a strict interpretation in which all interest on loans is prohibited.

Influence of Philosophy

The Greek philosopher, Aristotle, (Politics, I. iii.22) opposed interest on the ground of barrenness of money. He argued:

Interest ought to be charged on nothing which is incapable of generating or breeding. Money is barren. One coin cannot generate another--therefore interest ought not to be charged on money.

In medieval times the pawnbroker was condemned as a manifest usurer. In order to grasp the significance of this label, an understanding of the philosophical framework which shaped this condemnation is essential. According to Noonan, (1957) there are six common assumptions shared by

the scholastics who were responsible for articulating the Christian position toward usury.

The first assumption is the belief in natural law. The natural law as explained by St. Paul is written in the hearts of all men, Christians, Jews or pagans, and which bind them, even in the absence of revelation, to certain natural moral duties. The scholastics perceived natural law as a rational, moral, universal, unchangeable law which is rooted in human nature and from which there can be no dispensation. Opposed to natural law is human positive law which is local, mutable, dispensable, differing in time and place. Because the schoolmen classified usury as an act prohibited by natural law, their position was inflexible.

The second assumption is the right to private property. The notion here is that after the Fall, private possession of property is viewed as a necessary end for the preservation of peace and the maintenance of order.

The third assumption concerns the idea of justice. Justice was no respecter of persons; therefore, it was just as wrong to take interest from a rich man as from a poor man. Further, it was not considered just to take property from another against his will.

The fourth assumption relates to the character of profit. There is no opposition to businessmen making a profit; what is condemned is profit on a loan.

The fifth assumption refers to the criterion of intention. The scholastics agreed that intention to do injustice is as sinful as the unjust act. Thus, intent to profit on a loan was considered sinful.

The last common assumption is the distinction between personal responsibility and social accountability. The men who established themselves as declared moneylenders were considered manifest usurers and their activity was never considered permissible. On the contrary, it was consistently deplored by the theologians as immoral and unnatural. The moneylenders were looked upon as spiritual and social outcasts.

The above assumptions were derived from many sources including custom, Christian tradition, church councils and Greek philosophy. Noonan (1957:20) has shown that all of these authorities resulted in an ecclesiastical position in which the following propositions were upheld:

Usury is whatever is demanded in return on a loan beyond the loaned good itself;

the taking of usury is a sin prohibited by the Old and New Testaments;

the very hope of a return beyond the good itself is sinful;

usuries must be restored in full to their owner.

The Third Lateran Council of 1179 upheld these beliefs and decreed that offerings from manifest usurers were prohibited. The council further decreed that interest

takers would be excommunicated and denied Christian burial.

Noonan (1957:407) has concluded his analysis of usury with these observations:

. . . almost all the historical errors about the scholastic usury theory arise from a single failure; a failure to consider the theory broadly enough, to take into account either the multiple character of its foundations, theological, economic, and legal, or the multiple aspects it presented in practice.

. . . An ideal of justice underlies every statement of it. It is Western man's first try at an economic theory; the theory's tools are legal concepts.

This was an attempt to formulate an ideal of justice which anticipated the classical school of criminology of the eighteenth century wherein an exact scale of punishment for equal acts without reference to the individuals involved or the circumstances under which the act came about were advanced.

This unequivocal stance taken by the ecclesiastical authorities had a profound impact on the social response toward pawnbrokers in the Middle Ages.

Pawnbroking in Medieval Cities

Even though the ecclesiastical proscription was an absolute one, enforcement of the prohibition against usury was difficult because of the need for credit. Three major courses of action were available to those who wished to ignore the church law. First, they could tolerate

usury and connive with private entrepreneurs. Second, they could license private moneylenders. Third, they could establish public loan banks which would lend small sums either gratuitously or at low rates to the poor. All three options were utilized by individuals who recognized the necessity of having some form of credit available to the needy. When the first option was chosen, there was no control over abuses. The second and third options are related to pawnbroking. A discussion of the private pawnbrokers will follow, and then a discussion of the public pawnbrokers.

By the eleventh century pawnbroking had become a specialized form of credit institution. Christian merchants either would not or could not satisfy the demands of the urban citizens for credit; consequently, Lombards and Jews were licensed to operate pawnshops since these men were not encumbered by Christian scruples. The Lombards were professional Christian usurers who were scattered all over Western Europe and whose home towns were located in Asti and Chieri in the Piedmont.⁴ The Jews were then located in Germany and Eastern Europe, but between the thirteenth and sixteenth centuries there was a substantial migration of Jews from Germany to Renaissance Italy. The settlement of the Ashkenazim occurred chiefly in towns where a Jewish moneylender had been invited by municipal authorities for the purpose of establishing a pawnbroking establishment. He received the privileges of

residence in the town for himself and his household and was subject to regulations set forth by the municipal authorities.

The municipal authorities offered to protect the pawnbrokers from any abuses by the public. The extant licenses of Bruges, for example, contain provisions to protect Lombards against claims made by the victims of theft. DeRoover (1948) has noted that pawnbrokers could not be compelled to surrender pledges unless they were fully paid both the principal and the interest. In effect, the owner of stolen property had to bear the cost of the loss, not the pawnbroker.

DeRoover (1948) has described the following features of the pawnbroking business of the Lombards. The people who borrowed belonged to all classes from princes to journeymen. The nobility pawned jewels, plate, tapestries and court attire.⁵ The bulk of the Lombard's business, however, came from the lower clergy, knights, squires, minor officials, craftsmen such as shoemakers, weavers, spinners and others. They pawned tools, bedding, kitchen utensils, arms, armour and clothing. The loans were generally in small amounts and for a short time with a high percentage of redemption. An essential feature of pawnbroking was warehousing; therefore, a large place was necessary to store the pledged items. Pawnshops were located in remote parts of a town rather than near the cathedral, the center of social and commercial life. The

advantage of an outlying location was that customers could find their way to the shop without being seen or recognized. Often servants would bring to the shop the items to be pawned by their masters. Generally, the moneylender was considered a foreigner in the city where he was licensed to operate and did not participate in the festivals, parades and other forms of social life.

The social response toward the pawnbroker whether Lombard or Jew was a consequence of the religious teachings of the period. This fourteenth century rhyme, written by a Flemish poet reflects the attitude toward lenders:

Usurers and money-lenders
Beware of them by all means
Because the two, without boasting
Bring town and cities to naught
(DeRoover, 1948:156).

Because the pawnbrokers were labeled and perceived as "public sinners" or "servants of Lucifer," they became the convenient scapegoat for the many ills of society. The Lombards and Jews were not responsible for the death, illness, unemployment, bad crops, foolishness or stupidity that caused men to pawn their possessions for a loan. Nevertheless, crusading preachers would often rouse the hostility of the townspeople against the men engaged in this occupation as being the cause of poverty and other social problems.

DeRoover (1948) has interpreted the medieval documents from the pawnbroker's perspective. Rather than

condemn these men for charging excessive interest as most historians do, DeRoover tried to understand why their interest rates were so high. He concluded that Lombards were in the pawnbroking business for the sake of earning a living. Therefore, the rates of interest charged had to cover operating expenses which included license fee, rent, wages, depreciation, charities and losses. The scholastics and historians generally calculated the interest in terms of an annual rate citing excessive rates of fifty percent and above. They failed to recognize the short term nature of the loan. The schoolmen also failed to appreciate the economic principle that money lent had not only to earn interest, but a business profit to compensate the moneylender for the time and services involved in the operation plus a fair return on his investment. Pawnbroking was a business not a charitable enterprise; consequently, the pawnbroker had to detach himself from the personal problems of the pawner if he hoped to survive. As DeRoover perceived the interaction (1948:149):

Pitilessness is an integral part of a money lender's business, and resentment and wrath are the most common feelings among the borrowers.

The pawnbrokers may have aggravated the antipathy by the high interest rates they charged, but it is apparent that few Christians were willing to lend the distressed any money. Too, sometimes the person in need preferred to keep his problems secret from friends and relatives. The

source of the negative valuation of the pawnbroker stemmed from the fact that when the borrower was unable to redeem pledged tools, clothing or household utensils, he understandably developed a bitterness and hostility against the pawnbroker.

An alternative to the private pawnshop was the public pawnshop established in Perugia in 1462. The Franciscans in Italy established the Montes Pietatis which was a charitable pawnshop wherein interest-free loans secured by pledges could be obtained. The idea was not new; it had been attempted elsewhere. But whereas others had failed to survive, the Montes Pietatis prospered and continue their activities in several European countries to the present time. Bernardine of Feltre is credited with establishing a sound basis for the charitable pawnshop by insisting on low interest charges for loans. This idea caused a storm of protest from the clergy who opposed charging interest, but the idea of a low-cost loan establishment became popular. Brother Feltre argued that a totally free Montes Pietatis was not economically possible; if pawnshops were to survive, a fee had to be charged.

The practice of charging interest, even though it was at a low rate had the theoretical effect of helping to clarify subsequent thinking on the morality of usury. The Lateran Council of 1515 resolved the issue by recognizing the Montes Pietatis as a charitable institution and, in

effect, approved of charging interest to cover expenses.

Although the Franciscans were the inspiration for the original Montes Pietatis, the public pawnshops were controlled by the municipality in which they were located. There were many difficulties involved in the operation of a public pawnshop. The general complaints were usually the same--undervaluation of items at the time of a loan, and too much to pay at the time of redemption. Charges of favoritism and misuse of funds were other difficulties. As Pullan has observed (1971:640):

From the twelfth and thirteenth centuries onwards, lending at interest to the poor or impecunious was an activity so fraught with danger, and yet so inescapable a part of social life, that it demanded a high degree of public control.

After the series of Crusades which opened the Mediterranean to trade, the economic revival of cities resulted in many individuals leaving the security of an agricultural way of life to follow an uncertain existence in the city. One of the dominant features of city life was the inability to cope with personal problems which required immediate cash to cover emergency situations. The pawnshop provided a means wherein the individual could solve such a problem. However, the legal and religious restrictions placed on pawnbrokers were of such a nature that the pawnbrokers were socially ostracized. Further, crusading preachers condemned lending practices thus perpetuating the myth that the pawnshop was the cause of

the social problems associated with poverty. With the appearance of public pawnshops, the old attitudes may have changed, but it is more likely that the old prejudices remained and continue today in the consciousness of men.

Pawnbroking in England and the United States

The Montes Pietatis spread rapidly to other Italian cities and from there to the Low Countries, Spain and France. Public pawnbroking was considered a Catholic institution and was not adopted in England and the United States. Where public pawnshops were sponsored by the government, private pawnshops were outlawed or driven underground. Both English and American authorities regulated the activities of pawnbroking by requiring licenses, determining interest rates, and policing the pawnshops.

In 1746 a bill was introduced into the House of Commons with the purpose of suppressing pawnbroking in England. Unfavorable attitudes toward pawnbrokers had been reinforced by the career of Jonathan Wild, a notorious fence, who was executed in 1725. Before his death Wild made a fortune by building a reputation as a man who could successfully recover stolen goods. According to Klockers (1974:12), on some occasions Wild approached victims with statements like the following:

I happened to hear that you have lately been robbed, and a friend of mine, an honest broker, having stopped a parcel of goods upon suspicion,

I thought I could do no less than give you notice of it, as not knowing but some of them might be yours; . . . you may have them again, provided that nobody is brought into trouble, and the broker has something in consideration of his care.

On other occasions, victims came to Wild offering a reward for the recovery of goods. In his negotiations with victims, Wild emphasized that he did not have the property, that he was only helping an "honest-broker" friend. Contemporaries of Wild believed "he employed some 7,000 thieves" (Klockers, 1974:13) in this type of swindle.

Legitimate pawnbrokers were sensitive to the subterfuges utilized by men like Wild in receiving stolen goods and generally approved of laws regulating pawnbroking activities. Hardaker (1892:24-29) has recorded a speech in defense of pawnshops which was delivered by a Robert Hicks to the legislators. Portions of the speech are as follows:

. . . I hope gentlemen will not be so thoughtless in their care for the property of private men, or in their resentment against offenders, and those who intentionally receive stolen goods, as to put an end to trade, and to the transferring of property from man to man, by bargain and sale; for as long as you allow of any trade or transfer of property, there will be thefts committed and offenders will make out receivers.

. . . There can be no inducement to a pawnbroker to become dishonest and knowingly receive goods improperly come by, because he cannot conceal such things; he must answer for his duplicates, and he must have all the goods taken forthcoming for a twelvemonth, and they could be traced out from him even longer than that.

. . . Pawnbrokers are more cautious of receiving stolen goods, and accordingly we find more thieves stopped and apprehended by pawnbrokers than by any other trade whatsoever.

. . . Instead of putting an end to that, so useful to tradesmen and the poor, you should make a law for enabling pawnbrokers to stop suspected persons who came to pawn or sell, till they have a satisfactory account of themselves.

. . . Pawnbroking is neither the cause of the evil complained of, nor would the evil be removed or lessened by putting an end to the business.

The above defense outlines the value of pawnshops as articulated by a pawnbroker advocate. Although the speech was delivered over two hundred years ago, the same arguments for maintaining pawnshops in urban populations might be advanced today. While individual pawnbrokers may be dishonest and unscrupulous, the majority tend to favor licensing and regulation.

With the increased population of cities in the nineteenth century, a structural change occurred in pawnbroking resulting in a differentiation of pawnshops according to the type of customer served. Two types of pawnshops appeared: the "city trade" catering to the members of the aristocracy and middle class and the "industrial trade" servicing the poorer class. The former pawnshops specialized in pledges of jewelry, watches, and plate and were usually attached to a jewelry store. The latter pawnshops developed a pattern of accepting bedding,

clothing, tools, musical instruments and cheap personal possessions. According to Minkes (1953) approximately seventy-five percent of pawnbroking establishments in England were industrial. Many pawnbrokers referred to themselves as "the poor man's banker" for they considered themselves the equivalent of a bank to those who would not be able to obtain money in any other way. Minkes (1953) also has noted that the majority of pawnbrokers depend on regular customers, that redemption rates range from eighty to ninety percent of the total pledging, and that pawnbrokers will usually extend the time of the loan as long as the pawner continues to pay the monthly interest.

In the United States pawnbroking is similar to the English version. The first pawnshops were privately operated by English and Jewish immigrants. Located in large cities, pawnshops catered to the "industrial trade" and the "city trade." In the nineteenth century and the first part of the twentieth century, pawnshops were the largest legitimate consumer loan agency serving the needs of millions of people. Despite its ubiquitousness, the pawnshop has never been held in high repute or its proprietor in high esteem. Because of the low valuation on pledges and the high interest rates ranging from 3 to 18 percent per month, depending on state regulations, pawnshops were viewed by many with suspicion.

An attempt to explain this low valuation has been made by Simpson (1954: 20-21). In his autobiography,

Simpson, a former New York city pawnbroker, discussed the situation as follows:

What invariably shocks them is the discovery of how small a percentage of the amount they originally paid for their possessions can be borrowed on them.

These people never seem to take into account that what they are offering is now second-hand merchandise. They are also unaware of the broad spread between the manufacturing cost of an article and the retail price they paid for it. As an example, let us take watches. The one for which the customer paid \$100 in a reliable jewelry store costs only about \$14 to manufacture. The \$86 difference covers the mark-up of the wholesaler, the jobber and the distributor; taxes hidden as well as the old-fashioned visible kind; also the thirty to forty percent profit the retailer has to make to stay in business.

But you can tell the stunned owner of the watch all that, and then repeat it slowly, carefully enunciating each syllable. You try to explain that because the intrinsic value of the watch has remained \$14, you can only lend him \$12 on it.

But this sounds logical only to you. Nine times out of ten the would-be hocker thinks you are trying to gyp him--until he goes to other hockshops and hears the same story.

An examination of high interest rates on small loans was conducted after World War I. Funded by the Russell Sage Foundation, Raby (1924) investigated interest rates of pawnshops and small loan offices. Based on the evidence from this study, Raby concluded that a pawnshop cannot operate profitably except at interest rates of 2.5 percent to 3 percent a month or 30 percent to 36 percent per year. Interest rates are determined in most states by the legislature; as of 1977, the rates vary from a low

of 3 percent per month to no limit at all. The Russell Sage Foundation study advocated uniformity of regulations throughout the country during the twenties, but since the decline of pawnshops, the question of rates has become rather academic.

The decline of pawnbroking in England started during World War I. Minkes (1953) noted that the number of pawnbroking licenses in 1914 was 5,087. By 1950, the number had dropped to 1,654. Pawnshops in the United States also have been declining steadily. Various reasons may be advanced to explain the decline.

If one thinks in terms of supply and demand, social changes affecting each of these factors may explain the decline. Regarding the supply factor, there is a declining attractiveness of pawnbroking as an occupation. The long hours required of pawnbroking, and the low status of the occupation has resulted in a shortage of qualified men to operate pawnshops. Recruitment, which at one time came primarily from family members, is no longer a source of supply. Today a pawnshop which has existed in a location for several generations is likely to go out of business with the death or retirement of the owner.

Simpson (1954) explained that increases in taxes, insurance, salaries, and rent made it impossible for him to operate at a profit margin his ancestors had known. Although Simpson stated that high operating costs are the reason for his selling his five-generation family business,

it is apparent that increasing status consciousness also played a part in his decision. As evidence for this conclusion, consider the dedication of his autobiography (Simpson, 1954: 1):

. . . to our four children who spent many of their formative years in the atmosphere and shadow of the hockshop: Ruth, who is married to an editor; Sue, who wrote successful professional copy and is now an attorney at law; Dave and Bob who are successful practicing physicians and surgeons.

Concerning the demand factor, the following social changes undoubtedly have had an impact on pawnbroking: new forms of credit, discount stores, new social policies, and urban renewal. First, the new forms of credit include credit unions, credit cards, installment buying, finance companies and similar innovations. Second, the proliferation of discount stores has resulted in low cost merchandise forcing even lower valuations on pledges. Third, the various welfare agencies, which have multiplied in recent decades, make it possible for people in need to find help in other places. Seeking public assistance today seems more acceptable than the habitual borrowing at the pawnshop characteristic of a previous generation. Finally, the many programs to renew the city have resulted in a complete transformation of older neighborhoods. In many places, the poor have been dispersed to outlying areas and away from the convenience of the local pawnshop when a stressful situation requiring financial help occurs.

Pawnbroking is a unique social institution with a legal and social tradition which can be traced to the earliest days of recorded history. In the twentieth century with the increasing amount of alternative credit available and the increasing awareness of status conscious occupations, this traditional moneylending profession which has withstood centuries of literary scorn is in a process of rapid decline.

The Symbol of the Pawnshop

No historical account of the institution of pawnbroking would be complete without some reference to the three golden balls, the symbol of pawnbrokers in England and the United States. The origin of this symbol is not known. There are, however, many interesting versions of its source. Parsons (1941) indicated that the insignia was the official emblem of the Montes Pietatis in Florence and was derived from the coat of arms of the Medici family. According to DeRoover (1946), there is no connection between the three golden balls, the symbol of the pawnbroker, and the red roundels of the Medici coat of arms. Gold roundels or bezants are an heraldic representation of money. DeRoover (1946) concluded that the use of three golden balls by pawnbrokers can be traced to the bezants--the traditional symbol of money in art and heraldry.

Hardaker (1892) associated the insignia with St. Nicholas, who is known as the patron saint of pawnbrokers.

According to legend, there was once a nobleman who had lost all his money and was worried about finding husbands for his three beautiful daughters. On three consecutive nights, Nicholas wrapped a handful of gold in a handkerchief and threw it into the poor man's dwelling thereby assuming that the girls had the necessary dowries for happy marriages. A centuries old engraving pictures the saint standing on tip toe, about to throw a round object into the window of a home where a man is seen sitting sorrowfully in a room while his three daughters are sleeping in the background. The three golden balls are recognized not only as the emblem of pawnbrokers but also of their patron saint. This legend suggests that at one time in the distant past pawnbroking was viewed favorably. If so, this is contrary to the unfavorable image perpetuated by scholastics, historians and politicians.

While many pawnbrokers still use this symbol, some have discontinued displaying it. The three balls have been the basis for ribald entertainment; consequently, some sensitive pawnbrokers no longer are proud of the centuries old symbol of their occupation.

FOOTNOTES TO CHAPTER III

¹For a discussion of the multiple and controversial legal definitions of the term "pledge," see Kocourek and Wigmore (1915).

²For an English translation of the Code of Hammurabi see Jones (1903). For an English translation of several Babylonian laws along with commentaries of these laws, see Driver and Miles (1952).

³For a translation and commentary of the Visigothic Code, see Drew (1973).

⁴De Roover makes a distinction between Lombard and lombard. Since all Lombards were not pawnbrokers, he uses the lombard to refer to pawnbrokers and Lombard to refer to the townspeople living in the Piedmont. This convention was not followed in this study.

⁵The myth, so often repeated, that Queen Isabella pawned her crown jewels in order to back Columbus has never been confirmed by historians. For details, see Adams (1892) or Bradford (1973).

CHAPTER IV

FINDINGS FROM PAWNSHOP DOCUMENTS

This chapter reports the results of an investigation of pawnshop cards received by the police pawnshop squad for the city of Creditsville for a two-month period. The typical pawner is identified. The types of items that are most frequently pawned are reported. Details of who pawns what according to race, sex, age and place of residence are also noted. Comparisons and contrasts are made about various groupings based on these variables. The police data are supplemented with information gathered from six pawnshops. Data obtained from the pawnshop books include the number of regular customers, average loans, and redemption rates.

Research Problems

Before the findings are presented, a discussion of certain procedural problems are in order. During the interviews the pawnbrokers concurred that customers are distributed over a wide geographic area and are of adult ages, all races, and both sexes. This appraisal appeared to be confirmed by directly observing the various customers who frequented the shops.

The researcher was not always in a position to determine the nature of the transactions. In some shops the transaction occurred in as open a manner as any over-the-counter purchase. The item was placed on the counter while the pawner and pawnbroker discussed the amount of the loan. In other shops, there was more privacy involved in a transaction. The pawner would go to the rear of the store and negotiate with the appraiser who was behind a grill, similar to a bank teller's grill. When this latter procedure was employed, it was difficult to determine what was being pawned. To overcome this problem, the researcher contacted an official at the police department and sought permission to inspect systematically the daily pawn tickets which were mailed to the intelligence unit. Permission was obtained; thus it was possible to explore the variability of pawning practices by age, sex, race, place of residence and type of item pawned.

The state law requires that for every article bought or pawned, a pawnbroker must complete a card which identifies the item and the person who pawns or sells a personal possession. The cards are mailed daily to the intelligence unit of the police department. Pawnshop detectives examine the description and serial number of the pawned item to determine if it coincides with stolen goods data accumulated at this office. Stolen goods data are obtained from neighboring police departments, from various area security offices, from national computer files and

from local police burglary reports. Checking the serial number of an item is the most common method employed in tracing stolen goods. A stolen goods card is completed for reported stolen items received at headquarters. These cards are filed in the Records Bureau according to serial number. The pawnshop cards are filed with the stolen goods cards according to type of item and serial number. If the stolen goods card and the pawnshop card have identical serial numbers, both are removed from the files and turned over to the burglary detectives for investigation. During the filing the clerk must be alert to detect any matches. Also, if an item had been pawned on a previous occasion, the old pawnshop card is removed and destroyed while the new card enters the file. The point is that there is no permanent record of pawnshop cards. The files are constantly changing.

From October 31 to December 31, 1977 over 3516 pawnshop cards were received by the pawnshop squad. Before these cards were sent to the Records Bureau to be filed, the researcher examined each of them. The information taken from the cards was coded and transferred to data sheets which had been designed to record the data quickly and efficiently. For example, males were coded 1; females were coded 2. Zip codes were used to identify the place of residence.

A zip code is a five-digit geographic number that specifies areas within the United States for the purpose

of simplifying the distribution of mail by the United States Post Office Department. The last two digits of a metropolitan city zip code stand for delivery areas served by the city post office. Although the function of the zip code system is to facilitate the delivery of mail, it may also be used for research purposes. The system provides a reliable, efficient and convenient method of locating a city address in an easily identifiable manner. It also makes possible the comparison of addresses in one location of a city with another location without infringing upon individual privacy. In addition, the numerical notations provide a consistent identification system for areas a distance from the city.

The cards had to be examined and recorded on the day they were received at the police department. The researcher was informed that the processing of the cards could not be delayed because of the study. When the two-month examination was completed, the data were punched on data processing cards. Later the data were processed by the computer and an analysis of the output undertaken.

Single and Multiple Exchanges

During the process of recording the data from the pawnshops cards to the data sheet, it was not possible to distinguish single and multiple transactions or bought and pawned items. A single item refers to one person bringing one item to a shop on a given day. A multiple

item refers to one person bringing more than one item to a pawnshop on a given day. The researcher could not distinguish the individual who may have pawned single or multiple items on consecutive days or several times during the period of the study. Nor did the researcher have any means of knowing whether the pawners visited several shops during the course of this study. The assumption underlying the findings is that the person pawning a single item is unique for the time period of the study and appears only once in the universe.

In the preceding chapter, it was explained that pawning is an age-old form of borrowing for individuals in stressful financial situations. It was not explained whether an individual brings one personal item to remain in pawn in exchange for a loan or whether he brings in an armful of personal possessions with which to meet an emergency situation. The findings show that most borrowers in Creditsville relied on one possession for pawning purposes. Table 1 shows that nearly 81 percent of the customers pawned one item. Approximately 15 percent pawned two items. Thus, 96 percent of the transactions consisted of individuals pawning one or two items. The table also shows that less than 2 percent had four or more items. This finding is a contrast to the opinion sometimes expressed by crime victims that the burglar takes his armful of stolen goods to the local pawnshops.

TABLE 1
PAWNSHOP TRANSACTIONS BY NUMBER OF
CUSTOMERS AND NUMBER OF ITEMS

Number of Items per Customer	Number of Customers	Total Number of Transactions	Percentages of Transactions
1	2841	2841	80.8
2	260	520	14.8
3	33	99	2.8
4 or more	11	56	1.6
Total	3145	3516	100.0

Because a card had to be completed for each item, a person who pawned two items was represented twice in the data; therefore, it was necessary to delete 371 cards from the universe to eliminate duplication. This number was obtained by subtracting the total number of customers (3145) from the total number of cards (3516).

As has been indicated, pawnbrokers also buy items from customers for resale. It was found that 487 (14 percent) of the cards represented items bought from customers. These cards were also deleted. Despite these limitations, the universe analyzed depicts accurately the 2658 individuals who pawned personal possessions during the two-month period.

Articles Pawned

Although a variety of items were pawned, the articles were reduced to eight categories. To get an overall indication of items pawned, see Table 2. Twenty-five percent of the articles pawned consisted of jewelry which includes watches, rings, and other forms of adornment ranging from tie pins to earrings. For half of the stores, more than one-third of the transactions involved jewelry. One shop specialized in pawning jewelry to the exclusion of other articles. One pawnbroker indicated to the researcher that it is not uncommon for a customer who has just received some money to purchase jewelry so that he will be able to borrow money on the item in the future.

TABLE 2
TYPES OF ITEMS PAWNED IN NUMBER AND PERCENTAGE

Types of Items Pawned	Number of Items Pawned	Percentage of Items Pawned
Jewelry	665	25.0
Guns	468	17.6
Stereos	465	17.5
Televisions	406	15.3
Tools	191	7.2
CB sets	151	5.7
Musical Instruments	151	5.7
Miscellaneous	161	6.1
Total	2658	100.0

*Subcategories may not sum to total because of rounding.

The second most frequently pawned item was guns which constituted 18 percent of the total items pawned. The pawnbrokers said that many guns are kept in storage at the pawnshops by their owners. Generally, the patron will borrow a small amount on the guns. For example a \$400 gun may be pawned for \$25 which means that the patron must pay a monthly sum of \$1.75 of which \$1.25 is the interest and \$.50 the storage fee. During the hunting season the guns are redeemed only to be pawned again until the next hunting season. The store owners believe the pawnners prefer to keep the guns in storage rather than keep them in their homes where the guns may cause accidents to children and others. Also, many customers use a pawnshop for storage of other valuables when the individuals plan to vacation. The pawnbrokers disclosed that the storage cost in pawnshops is cheaper than rates at other storage facilities in the city.

The third category includes stereos, radios and other sound equipment. The fourth category comprises visual equipment such as television sets and cameras.

Tools rank fifth constituting 7 percent of the total items pawned. This category consists of drills, saws, tool boxes and so forth.

Musical instruments and CB sets are equally represented. Each category adds to 6 percent or 151 items respectively of all items pawned.

The miscellaneous category contains a cornucopia of goods including sewing machines, bicycles, blenders, toasters, silverware, golf cases, attache cases, plus the most unusual item encountered, a partial gold bridge. Although bicycles represent the more frequently stolen article reported to the police, only nine bicycles were pawned.

Race and Sex Variables

Focusing, in Table 3, on the distribution of pawners according to race and sex, it was found that 62 percent of the pawners are white and 38 percent are black or that two in every five pawners are black. According to the 1970 Census, the city population has a racial distribution of 81 percent white and 19 percent black; the SMSA racial distribution is 87 percent white and 13 percent black.¹ In comparing the census population rates with the pawn rates, it is apparent that blacks are proportionately overrepresented in the pawn distribution. Twice as many blacks pawn items than would be expected if pawning practices were equal between the races.

Table 3 also shows that the majority of pawners are males. Men make up 80 percent of the pawners and women comprise 20 percent of the group. Shops are integrated along race and sex dimensions; individuals of both races and sexes patronize all the shops.

TABLE 3
PAWNERS BY RACE AND SEX

Race and Sex of Pawners	Number of Items Pawned	Percentage of Items Pawned
White males	1272	48.0
Black males	844	32.0
White females	366	14.0
Black females	176	6.0
Total	2658	100.0

The relationship between race and type of item pawned may be observed in Table 4. A close look at the various categories reveals differences in the objects pawned according to race. Whites pawn a proportionately greater number of guns (23 percent), tools (10 percent), and musical instruments (6 percent). Blacks pawn a proportionately greater number of jewelry items (28 percent), stereos (22 percent), and television sets (20 percent). The net effect is that racial pawning patterns are quite different. No explanation for these differential patterns is evident.

The males in this study tend to follow the patterns described in the preceding paragraph when pawning. Women pawners from both races pawned more jewelry and miscellaneous items than men. Sewing machines represented the miscellaneous item most frequently pawned by women. The

TABLE 4
RELATIONSHIP BETWEEN RACE AND
TYPES OF ITEMS PAWNED

Types of Items Pawned	Race			
	Black		White	
	Number	Percentage	Number	Percentage
Jewelry	282	27.6	383	23.4
Guns	95	9.3	373	22.8
Stereos	225	22.1	240	14.7
Televisions	207	20.3	199	12.1
Tools	34	3.3	157	9.6
Musical Instruments	48	4.7	103	6.3
CB Sets	54	5.3	97	5.9
Miscellaneous	75	7.4	86	5.2
Total N=2658	1020	100.0	1638	100.0

interesting fact in this analysis was the small number of black female pawners.

The Age Variable

As was the case with items pawned, the age of pawners was quite diverse. The range is from 18 to 79. The modal age is 22. The mean age is 31. Table 5 reveals that 44 percent of the pawners are between 22 and thirty. Over four-fifths (82 percent) are 40 and under.

The study shows that there is a marked increase in pawning from age 18 to 22 and then a decrease in the amount of pawning as age increases. Pawnbrokers are not permitted to transact business with individuals under eighteen. The types of items pawned by the youngest group reflect the youth culture with its emphasis on sound; stereos ranked first, musical instruments ranked second, and CB sets ranked third in the pawning distribution of this group.

TABLE 5
NUMBER OF ITEMS PAWNED BY AGE

Age of Pawnors	Number of Items Pawned	Percentage of Items Pawned
18-21	436	16.4
22-30	1162	43.7
31-40	595	22.4
41-50	259	9.7
51-79	206	7.8
Total	2658	100.0

Wedding rings, which are part of the jewelry category, were pawned frequently. As may be observed in Table 6, more than half of the wedding rings (52 percent), were pawned by those under thirty. Apparently, in this two-month period there were no desperate elderly people who had to sacrifice a wedding band in cases of emergency

TABLE 6
RELATIONSHIP BETWEEN AGE OF PAWNER
AND PAWNED WEDDING RINGS

Age of Pawners	Number of Pawned Wedding Rings	Percentage of Pawned Wedding Rings
18-21	18	17.1
22-29	38	36.2
30-37	25	23.8
38-45	11	10.5
46-53	7	6.6
54-61	6	5.7
62-79*	0	0.0
Total	105	100.0

*Combined age categories

**Subcategories may not sum to total because of rounding.

or need. The high percentage of those under thirty who pawn wedding rings may indicate two things. First, the need of young married couples to pawn a very personal possession when in need; or it may reflect the loss of attachment to the ring due to divorce.

The Residence Variable

Individuals who utilize the services of a pawnshop have addresses in 103 zip code areas. The pawnshops are located in the central business district and the areas of transition of the city. Four pawnshops are found in zone

215, the central business district. The other six shops are located in nearby areas. Zones 203 and 207 each have two shops located in the area. Zones 201 and 222 each have one shop located in the area. An analysis of the frequencies reveals that 35 percent of the pawners live in the five areas in which shops are located. Another 46 percent of the pawners live in adjacent zones.

The 103 zip code areas were divided into two groups--the "inner pawn belt" and the "outer pawn belt." The "inner pawn belt" consists of the zones in which pawnshops are located and in adjacent zones. The "outer pawn belt" consists of the remaining zones. Eighty-one percent of the pawners live in the "inner pawn belt" comprising 16 zip code areas. Nineteen percent of the pawners live in the "outer pawn belt" consisting of the remaining 87 zip code area. Zone 201, an area of transition, has the highest percentage of pawners (10 percent). Located between the campus area and the downtown business area, it attracts people who migrate to the city to find employment. This zone also contains the "trapped elderly."²

These findings are relevant because it means that pawners can either walk to the shops or have access to public transportation to get to the shops. All the shops are located on or near bus lines. A pawnbroker indicated that pawnshops are not likely to appear in shopping centers or in the outlying shopping areas because the majority of pawners would not have access to such distant shops. The

study found that 19 percent of the customers come from neighboring towns and counties; however this volume of trade would not be sufficient to conduct a pawnbroking business.

Redemption Patterns

One way of measuring the service a pawnshop provides its patrons is to find out what proportion of the customers redeem pawned articles. This information was not available at the detective bureau; however, the researcher was able to find out the approximate redemption rate from the pawnbrokers. While visiting the pawnshops with the pawnshop detective, the researcher was given permission to examine the records on the number of redemptions for previous months. Books were investigated in five shops. It was discovered that the average loan is for \$25 and is for a short time period (less than six months). The pawnslips disclosed that in 80 percent of the cases, the item is redeemed by the pawner. In each of the five pawnshops, 1000 pawnslips were selected randomly and collectively they revealed a redemption rate of 80 percent. No specific time period was covered in the analysis of the pawnshop books. Each shop had a different time span according to the volume of business. For example, shop A would cover 1000 transactions in 25 days; shop B would have 1000 transactions in three months. The sampling technique amounted to the pawnbroker's taking a

TABLE 7
ACCOUNTS RECEIVABLE DISTRIBUTION OF 1000
PAWNED ITEMS FOR ONE PAWNSHOP

Category of Accounts Receivable	Number of Items Pawned	Percentage of Items Pawned
Redeemed Items	798	79.8
Unredeemed, interest paying items	18	1.8
Unredeemed, sold items	180	18.0
Void	4	.4
Total	1000	100.0

previous set of records from the shelf and handing them to the researcher who opened the book and started counting.

Table 7 represents an examination of 1000 pawnslips from one pawnshop fifteen months after the last transaction. The distribution of accounts receivable at this shop for pawnslips covering November 17, 1976 to December 10, 1976 may be observed in Table 7. Eighty percent of the pawners had repaid the loan and reclaimed their possessions. Almost two percent are still paying the monthly interest. Even though the pawn period has expired, the pawnbrokers will extend the due date as long as the monthly interest is paid.³ The table shows that 180 items were taken out of pawn and sold to other customers. The 4 items classified as void represent stolen items recovered by

detectives for which no interest is received. The researcher believes the data displayed are representative of the pawnshops in this area.

Conclusion

This chapter has presented an analysis of the results of pawnshop research conducted in conjunction with pawnshop detectives during October, November and December, 1977. The discussion has been structured along five dimensions: age, sex, race, place of residence and type of item pawned. Although the data were examined in a broad, exploratory fashion, a number of relationships between items pawned and race, items pawned and sex, items pawned and age, items pawned and residence, items pawned and redemption patterns have been specified.

It was found that the typical pawner is white, male, 31 years of age, who lives in an area near a pawnshop. Further, it was found that the pawner is most likely to pawn jewelry or guns. The most frequently pawned item for blacks is jewelry; the most frequently pawned item for whites is guns. In addition, the typical pawner borrows \$25 for a short term loan and is likely to redeem his possession before the loan period has expired. The majority of pawners depend on one item for pawning purposes.

Although there are many questions concerning pawners that remain unanswered, the research has identified the

type of person who is serviced by a community pawnshop. The findings confirm the pawnbrokers' assessments that pawnshops service patrons from a wide geographic area, all ages, both races and both sexes. However the degree to which pawnshops serve each of these categories is not the same. It is the young, white male from the inner city who appears to use the shops most. He is the individual, lacking a credit rating, who finds pawning a means of getting instant cash. The amount he receives in pawn for his possession is small compared to a retail value for the same item. Generally, the pawner receives one-tenth an object's replacement value in pawn. If he should receive more money in pawn, perhaps fewer redemptions would result since a higher loan would be more difficult to cancel. It is much easier to repay a loan of \$25 than one of \$100. Therefore, the low valuation when an item is pawned is a better means of securing redemptions than higher ones. In this sense, the pawnbroker provides a double service to the pawner; the pawner obtains a loan and he also has a reasonable period to redeem his possession. The low valuation should also deter the novice thief who pawns with the notion of never redeeming his loot; the end result of his activities is not very rewarding.

FOOTNOTES TO CHAPTER IV

¹Population data obtained from U.S. Bureau of Census. Census of Population and Housing: 1970. Census Tracts, Columbus, Ohio. Washington: U.S. Government Printing Office, 1972, p. 1.

²For a discussion of the types of people residing in the contemporary inner city, see Gans (1962). The trapped and downwardly mobile residents are those who cannot afford to move despite invasion by groups they may be prejudiced against; often these are old people on small pensions.

³The state law requires that jewelry be held for six months before it may be sold; all other pledges are held for sixty days before they may be sold.

CHAPTER V

THE PAWNBROKER AND THE CUSTOMERS

This chapter focuses on the pawnbroker, his perception of self, his role, and his interactions with customers. Some manifest and latent functions of pawnbroking are discussed. A typology of customers is presented to clarify the type of role adjustment a pawnbroker must make in his interactions with customers.

Mystique and Function

A complex of beliefs and attitudes envelops the occupation of pawnbroking. As one of the younger pawnbrokers expressed the complexity: "Some people think we have a mystique or something." By this he may have meant that some people perceive his character to have horns or to be otherwise deformed, a quality which is neither apparent to the senses nor obvious to the intelligence but is part of the social definition of a pawnbroker. Following the provoking idea of a younger pawnbroker, the researcher asked an older one about people's perception of his work. In an exasperating tone, he answered: "I'm a financier; I lend people money!" Actually, this mutual definition of work and self is what pawnbroking is

all about. Stated differently, the manifest function of pawnbroking is lending people money. Granted that this is the dominant aspect of the pawnbroker's occupation does not contradict the notion of the business also having a mystique.

Since pawnshops have always been located in urban centers, part of the mystique, fascination and suspicion associated with pawnbroking may be part of an attitude people have toward the city itself. In his study of contrasting lifestyles in Chicago during the twenties, Zorbaugh (1929: 122-125) interviewed a pawnbroker who revealed the wine, women and wager theme that cities and pawnshops convey.

. . . Why are all the pawnshops located here within a few blocks of one another, and not back toward the river, where the slums are? Well, the answer is twofold. In the first place, not one person in ten who pawns an article needs the money for a legitimate reason--for bread and butter or for rent. Nine times out of ten it's for gambling, for booze, for dope, or for women. So the business of the slums wouldn't keep us going.

. . . In a pawnshop "you get everything from soup to nuts." Men speculating on the Board of Trade, dignified fellows with gold-headed canes, pawn jewelry or stock; people--hundreds of them--and especially "kept women" come from the Wilson Avenue district, where they are living from hand to mouth and life consists in "putting on the dog."

. . . Then, of course, there are the "slummers." They want to see some wild life, want a little jazz and a little booze. A fashionable society woman came in here one night, drunk as a lord, with her hair all down over her face; said she'd lost heavily gambling, and wanted some money. She pawned one of her diamond earrings.

. . . The pawnbroker has a bad name for squeezing and beating his clients, the sort of notion you get in reading Dickens. But that is not really so. The pawnbroker has a heart and helps out many a fellow who would go down and out otherwise. . . No, it's not a Shylocking business; we help the deserving fellow, often by allowing him more on his article than we need to, and more than it is worth. The poor men who do come to the pawnshop couldn't get money in any other way. They have no security, and can't get a loan from a bank; their friends don't have money, and it's either the pawnbroker or charity. A man can pawn and still keep his self-respect, but he can't keep it if he asks for charity.

In the citation above, observe that the pawnbroker is not only emphasizing his ability to interact with glamorous types, he is also focusing on the function of a pawnshop to lend money to the needy who have no other means of credit. Zorbaugh is describing a past era, an age when the majority of people living in the cities were immigrants who added charm, diversity, and vitality to the urban scene. Unfamiliar with complex patterns of buying and borrowing, the immigrant patronized the shops near his home when he needed money. As the immigrant was assimilated into American culture, he adopted the credit practices of the dominant culture. By the sixties the exodus of the working classes to the suburbs resulted in a transformation of the American cities, so that those who remained in the central cities are now perceived as disadvantaged, dangerous, deviant. The pawnbroker did not follow the masses to the suburbs but remained to service the inhabitants of the central city.

People who frequent the pawnshops today are quite different from the types described by Zorbaugh. The patrons need money for living expenses and emergency situations more than they need it for recreational purposes. There are still people who can't get a loan from a bank or friends and are too proud to accept help from government welfare programs. These people, the brokers maintain, are the ones who make most use of the contemporary pawnshop. For example, the pawner needs money for medicine; drug stores demand cash for prescription medicines. The pawner needs money to buy food till payday; modern markets which have replaced the corner credit grocery store also demand cash. The pawner needs money for bus fare to attend a relative's funeral in a distant city. The pawner needs money to get his car from a repair shop. The pawner, recently released from the work house, needs money till food stamp and welfare applications are approved. An accused person needs money for bail. A young man needs money for a special date.

When a person pawns a ring for \$25, he must leave the ring in the shop until the loan is paid. He has six months to repay the loan at which time he must also pay interest and storage charges which amount to 5% and 50¢ per month respectively. At any time the ring may be redeemed provided the amount loaned plus storage charges are paid. If the ring had been in pawn for a month, the pawner would have to pay \$26.75 to redeem it. Just before the six

months have elapsed the pawnbroker is required by law to mail the borrower a notice of the approaching redemption date. Generally, as long as the person pays the monthly interest rate, the pawnbroker will keep the item in pawn. Very few pawners will keep items in pawn for long periods. There are exceptions, of course. For example, one pawnbroker recalled a man who had kept his toolbox in pawn for almost ten years.

He kept paying on it. I told him he could buy new tools for what he was paying me. Said he wanted to do it. May have wanted a place to store his tools. I don't know. As long as they keep paying interest, we will hold it in pawn. Now a man like this, and others too, we often send them more than the required notice when they are behind in monthly payments.

The pawnbroker showed the researcher his records to confirm the notations he made when additional notices had been mailed to pawners.

A woman came in with a pawn ticket that had expired two years ago. She wanted the item back. She was willing to pay the interest, but we had taken it out of pawn and sold it a year after the expiration date.

If the manifest function of pawnbroking is lending, a secondary function is selling items as a retail merchant. Some brokers buy items such as guitars, sporting goods, luggage, and jewelry at wholesale prices. Some merchants buy used goods outright from customers rather than make a loan on them. The items that come out of pawn, i.e., items not redeemed, are available for sale. Certain customers visit pawnshops looking for bargains; often the

pawnbrokers are willing to haggle with customers about the price.

When asked if moving the merchandise was a problem, the brokers indicated that they were able to sell the pawned and bought items. Often a quantity buyer will contact a broker and buy all of a particular type of merchandise in one transaction. For example, a typewriting repair service may buy all the typewriters a broker has on hand, or a smelter who visits a shop bimonthly buys the gold and silver objects. Thus, in his role as a merchant, the pawnbroker provides an outlet for used goods.

Most pawnshops seem cluttered with articles such as fans, cameras, sewing machines, clocks, CB sets, guns, television sets and watches filling the shelves and counters. Items ranging in size from a tiny wedding ring to a huge color console television set often have a rather large tag attached to them. This tag contains a number and a date and is part of the filing system which identifies the owner and the date when the item will be out of pawn. When a tag falls off an object, and the pawnbroker is not familiar with it, he may conclude that it is out of pawn and sell it. This rarely happens, but when it does, it is a very costly error. Further, a lost tag means that the pawnbroker may not be able to find an item when the customer comes to redeem it. For this reason, many pawnbrokers do not appreciate customers who

go poking around their pawned items.

No one loves a lender. Banks have developed rituals of silence and discipline to maintain social distance between lender and customer. The pawnbroker also maintains a certain detachment from his patrons, but in the close quarters of a pawnshop, he is more likely to be aware of his patrons' problems than a banker would be. In the operation of his business the pawnbroker becomes cognizant of the value that pawned items possess for some owners. The pawnbroker's understanding of the attachment the pawner has for his possession is reflected in the play by dramatist, Hamel (1972), who captured the meaning of pawned items by describing an ideal-type relationship between the object and the pawner. Hamel perceived a watch, a camera and jewelry as possessing more than monetary value. A watch makes a person feel important because the watch tells the people the pawner meets that he has places to be and must be on time; a camera tells the world that this man has friends and places to remember; and jewelry is a sign of someone else's esteem for the pawner, or his own regard for self as worthy of decoration. The pawnbrokers said that many items in their shops had a similar personal history. The pawnbroker in the play noted the importance of paying interest on something pawned:

Divest yourself of these and you're likely to regard yourself as without obligations, and so without purpose, without expectations, without value, futureless, friendless, worthless (Hamel, 1972: I. 5).

These lines suggest that one of the latent functions of the pawnbroker is to provide an environment wherein the distressed is able to maintain an independent, coherent sense of self. The pawnbroker is the friend of last resort. The pawnshop is the place where a person who is down and out may go and still be treated with dignity, but more significantly, the pawnshop is a place where the pawner is important. As one pawnbroker explained his relations with customers:

I tell them I am not doing them a favor.
I say, you are helping me. I need you to
stay in business.

While observing the relations between patron and pawnbroker, the courtesy given to each customer, the gentle handling of the pawned article by both parties, it appeared in an ideal sense, that items might be interpreted as an extension of self and the monthly interest paid on a pawned item might be viewed as an investment in the pawner's definition of self as a being of value. Furthermore, it is the pawnshop which provides the setting for a troubled individual to display his dignity, pride, and sense of self. Pawning implies a sense of hope, a hope that one day the owner will regain his possession. In an ideal-type role, then, the pawnbroker is not restricted to his manifest function as financier; he also functions as a psychologist, one who understands and helps the troubled individual to maintain his sense of self.

Typology of Pawners

As the pawnshop environment became more familiar to the researcher, it was possible to discern certain roles enacted by patrons regardless of age, sex or race. Subsequently, a typology of pawners was constructed consisting of five different categories. In his role as lender the pawnbroker has to adjust his own performance to the various cues he receives from his patrons. What follows is a brief description of these roles with a few illustrative interactions.

The Regulars. The regulars are people who feel comfortable in a pawnshop. They have been there on previous occasions and know the routine by heart. The term "before" or "B-4" refers to an item that the regulars pawn, which is interpreted to mean that the article has been pawned at this shop on a previous occasion. Generally, the pawnbroker recognized the individual and the object and the ritual was very brief.

How much do you need?

\$20.

Without any further questions the pawnslip was filled out, and a "B-4" notation made on it to assist the detective in his investigation. Since the item had been previously checked, it would be unnecessary to repeat the thorough search that a new item requires. For objects with loans of less than \$25, the detective usually accepted the validity of the "B-4;" however, when a loan was for a

larger amount, a verification was usually made.

In less than two minutes the entry was made in the pawn book and a pawn ticket given to the pawner along with the \$20 bill. While the broker was still putting a tag with the pawnslip number on the object, the patron was usually on his way out of the store. Often the pawner would say, "See you the first of the month."

The brokers interviewed claimed that more than three-fourths of pawn transactions are with regulars who have "B-4's" to pawn. Generally a degree of social distance is maintained between pawner and pawnee; no reference is made to the problem that brings the individual to the shop.

The First Timers. The first timers are those individuals who are embarrassed and apparently overcome by the newness of the pawning experience. They do not look at the other items in the store, but are concerned with their own item which is usually polished to perfection and handled affectionately by the owner. The conversation pattern with this type of patron runs something like this:

How much do you want for this?

It means a lot to me. I can't let it go for less than \$100.

I'll give you \$25 for it, no more.

That's almost nothing.

Do you want it?

Reluctantly, the pawner answers with a nod of the head. The questions are asked about age, address, and the serial

number is noted carefully. No questions are asked the patron about his occupation, his credit rating, or his reason for borrowing money. There is no waiting period. When the amount and the pawnslip are given to the first timer, the pawnbroker will emphasize the importance of this document with the caution, "Don't lose this slip. Read what's on the back. Any questions?" (See Appendix A for model of pawnslip.) Inevitably, the pawner leaves the shop without a word. It is obvious that the transaction has been a disappointing and frustrating one for the pawner and silence is the greatest comfort the pawner has. The pawnbroker appears to understand the disappointment of the first timer and says no more.

The Amateur Thief. The amateur thief is a novice who does not know about the close regulation of pawnshops by police. The difficulty the pawnbroker has in his relations with the amateur thief is that he is never certain of the identity of this person. The pawnbroker does not want to turn away a potential customer; yet he knows the risk involved if he lends money on stolen goods. Should the victim come and demonstrate ownership, the pawnbroker will have to forfeit the merchandise and suffer a loss for the amount of the loan. The pawnbrokers employed various adaptive strategies in dealing with a suspected thief. For example, when a pawner placed a musical instrument on the counter, the pawnbroker asked:

Is this yours?

Yes.

How long have you had it?

Three years.

Let me hear you play something.

As a result of this strategy, it is not uncommon for a person to hear either very beautiful or very weird music in a pawnshop. When the intended pawner is unable to demonstrate how an object works, the pawnbroker will usually say, "I can't use it."

Sometimes the pawnbroker will take a chance and give an exceedingly low valuation for an expensive item such as the case where a pawnbroker gave \$10 for a \$400 flute. The flute had the name of a local school stamped on it. As the pawner left the store, the pawnbroker watched him as he went to a parked car and drove away. The pawnbroker wrote the license of the car on a pad, then entered the store and called the pawnshop squad to inform the detective of the suspected thief. By acting this way the pawnbrokers deter many potential professional thieves from using the pawnshop as a fencing operation. A first-time thief will be confronted with the low profit involved in stealing, and the difficulty of disposing of stolen merchandise.

Professional thieves know that pawnbrokers will not fence for them. In 1977 undercover fencing operations known as "stings" were operated by federal government

agents in an effort to buy stolen property from thieves and burglars who were later arrested. In July, 1977 undercover city police announced that they, too, had operated a fake second hand store and had recovered \$200,000 worth of stolen goods. The brokers expressed the view that the operation was successful because word was out among thieves that the place was accepting stolen goods. Now, there is no connection between a sting-type operation and an honest pawnshop because in the former the word is out that you can sell, whereas in the latter the word is out that you are reported.

A pawnshop detective explained the situation as follows:

Now if a person stole something and a broker accepted it as a pawn, he would most likely lose his license if discovered. And sooner or later he would be discovered. There is no honor among thieves. Thieves in prison have no loyalty to any broker or fence. Hell, a thief will squeal on his mother if he thought it would get him out.

Here's how the stolen goods get to the shop most of the time. Usually a thief will sell the item to a person in a bar, who then takes it to a shop, unaware, supposedly, that it has been stolen. He gives his correct address, we check his identity and through him the police are led to the regular thieves and their bar connections.

If the reader assumes that the thief takes his stolen goods to the local pawnshop, the detective's comments above suggest another explanation of how stolen goods find their way to a pawnshop.

The Fakers. The fakers are few in number but they fall into four categories; those who have an imitation they pass off as an original; those who never intend to redeem their collateral, and pawn as a quick way of getting cash; those who attempt to pawn damaged merchandise later to claim that the defect occurred in the shop; and finally, those who fabricate a hard-luck story.

All the pawnbrokers accept jewelry as collateral for a loan. Occasionally a con artist will present a bogus diamond ring and pretend it is a genuine precious stone. A few of the brokers were deceived last fall when they accepted imitation diamonds that had been sold at the state fair. Interestingly, those brokers who claimed they had never erred in appraising diamonds did not sympathize with the brokers who had been deceived. One broker told of a gold wedding band he accepted: "Had 14K stamped on the inner band. I found out too late that it was cheap metal covered with gold."

Another type of faker is the one who needs cash but cannot get it with his credit cards; therefore, he will buy an expensive item at a department store with his charge card, then come to the pawnshop to convert it into cash telling some phony story. Other fakers bring in an item such as a watch, which may be in a velvet lined box containing a guarantee. Often there is no connection between the fancy box, the guarantee and the object to be pawned. In less than a minute the pawnbroker disposes of

the phony item with the words, "This isn't worth anything!"

As a rule, the pawnbroker will not accept an item if it does not work. Electronic equipment gives them the most problems in this area. Over the years the brokers have learned to check tuners, plugs, sockets, and other parts very carefully. On a few occasions the researcher witnessed an angry scene wherein a faker was acting out.

You better pay me for the damage you caused.

I never touched your equipment since you brought it in here.

In this type of situation, the forceful personality of the pawnbroker was revealed. Acting in a confident, articulate and self-assured manner, the pawnbroker is not likely to be intimidated by a complaintant. Pawnbrokers said they have nothing to hide; consequently, when a deceptive customer employs a phony stratagem, he is not likely to succeed. To offset any potential complaints, the pawnbroker will note on the pawnslip any marks, missing parts, or other defects. By and large the pawnbrokers have learned to be very suspicious of the various customers because of the possibility of the fake routine.

Almost all the brokers told of the hard-luck story and how they would on occasion succumb and give a few dollars to a pleading mother to buy milk for her baby. The brokers operate a lending operation, not a charity; however there are times when the more sensitive men abandon the prescribed social distance and commiserate with a

faker. This example of a hard-luck story is taken from the researcher's field notes.

The broker said, "At times it's hard to know what to do. A musician came around and wanted his instrument. He said, 'I have a job, but I need my instrument. I'll pay you when I get paid.' I remembered part of the Bible that says if the pawner really needs the pledge, it should be returned, so I let him have it. I never saw him again."

In their early years of training the apprentice pawnbroker is advised of the necessity of being disciplined, of the need to suspect the hard-luck story for, in most cases, the tears, the pleas, the promises are not genuine.

The Smarts. The smarts are the impudent patrons, very few in number, who feel compelled to make some remark when leaving the shop after having received a loan. Generally the remarks are more revealing of the patron's own hostility more than anything else. Consider these typical retorts the pawnbroker hears:

Don't take out the jewels from my watch.
Don't forget to keep the machine oiled.
Don't take the tubes from my TV.

The pawnbrokers agreed that it would be a tedious task to remove the jewels, and if it were done, little could be done with them. They have no resale value. In a watch made of crystal, a jewel is a bearing for a pivot and is not a very expensive part. Obviously, those patrons who think jewels are removed from watches confuse the meaning of bearing and precious stone.

Regarding the second remark, it would be almost impossible and certainly unnecessary for a pawnbroker to oil the merchandise he receives in pawn. When an owner fails to redeem his pledge, then the pawnbroker will polish and oil the equipment before making it available for sale. As mentioned previously, once items are tagged in a shop, they are not usually handled until taken out of pawn.

As far as the television tubes are concerned, most television sets received in a pawnshop are solid state sets which do not require tubes.

It should be noted that pawnbrokers do not label patrons, nor do they openly jest about client's mannerisms, attitudes or values. In discussing the smarts, the pawnbrokers appeared to be amused over the incidents and seemed to enjoy relating the anecdotes much as a comedian delights in reciting a hilarious story. Actually, the smarts enable the pawnbroker to maintain a sense of humor in an otherwise routine and wearisome enterprise.

Nevertheless, the remarks do reflect the spoiled identity characterizing pawnbroking. Evidently, a few shady operators in the past were responsible for the suspicious attitude discerned in the comments made by the smarts. Simpson (1954:103) has described the origin as follows:

In the old days when it paid to work the switch game with watches, the crook would remove the

14K or 18K dust case from under the back case as he examined the timepiece . . . the crooked pawnbroker could slip off the back case and replace it with one of inferior amalgam. And a stone pried out of a small, ornate watch could often be sold to the owner, by pointing out it was missing. Or else such diamonds could be sold loose or reset in rings.

Simpson (1954:67) rebuked the critics of pawnbroking who do not know very much about the business, but who are willing to judge them unfavorably because of the actions of a few. He has commented:

If there are scoundrelly pawnbrokers, there have also always been bankers, realtors, brokers and church trustees who have robbed widows and helpless children, lawyers with no more human kindness than gangland's muscle men, doctors who never practiced a day without disgracing the Hippocratic oath, clergymen whose personal conduct is an abomination. You'll find the same sort of men in all other professions.

Sutherland expressed the same idea when he noted the propensity for criminality in every occupation. The aptitude for deviant behavior can be discovered by asking representatives of any occupation, "What crooked practices are found in your occupation?" (Schafer, 1976:120) The chief distinction between pawnbroking and other professions is that the former has a longer history as a stereotype of unscrupulous economic activity.

Confrontation with the Victim

When a stranger enters a pawnshop and begins to look around, he is usually watched very carefully by the pawnbroker or his employees. If a person has an article in

his possession, the broker assumes that he is probably there to pawn or sell it. Often, however, the person who is nosing around the store, looking at the tagged items is a victim of a burglary and is hoping to find his stolen property in the shop. It is not uncommon for a victim to see a model of his stolen item on the shelf and be convinced that the similar model is his missing property. Since most owners do not know the serial number of a stolen article, and have no identification mark on the item before it is stolen, the brokers have to guard against ex post facto marks, i.e., an identification affixed to an item after it has been pawned. Also, the victim often attempts to locate the serial number of an item he assumes to be his property so that he can use it later for identification purposes. The pawnbroker has learned from experience that many victims are willing to lie about such markings because they are convinced that an article they see is rightfully theirs. The pawnbroker perceives the victim as a deviant who will do anything to regain his lost property even though it requires fraudulent marking or deception of some type.

The pawnshop detective explained the motivation of such victims as follows:

The victim is honestly convinced that what he sees is his property. Now, the thing has been on the pawnbroker's shelf for months, long before his house was broken into. I can take him down to Records and show him the card with the registration numbers on it

to verify that this item couldn't possibly be his, but it won't change his mind.

Ordinarily, when one thinks of a burglary or a theft, one has sympathy for the victim; the retaliation the victim sometimes vents on the pawnbroker as the perceived accomplice in the crime is really a violation of the pawnbroker's property rights.

Although the pawnbroker is usually the one perceived as the individual who is involved in clandestine and illegal occupational activities, he is aware of many types of deviant behaviors in others. The following field note entry is illustrative of a second type of deviant victim.

When I entered the store, the pawnbroker was eager to tell me of an event that occurred earlier in the week.

"You should have been here. A man came in with a hand carved ivory statue and said he needed \$50. He looked like an honest type, so we gave him the money. Later, during the detective inspection, we discovered it had been stolen from a local art store. The owner of the store was notified as usual. When he came to get the item, he said: 'Dummy, why didn't you keep it?' It turns out that the statue was worth \$500; but he had filed an insurance claim for \$10,000."

He seemed to welcome this opportunity to demonstrate concretely, that it was the victim and not the pawnbroker who was dishonest.

Generally, people sympathize with victims of crime; the pawnbroker, however, has to interject a certain callousness and suspicion into his interactions with victims if he hopes to maintain a respectable reputation with his patrons and peers.

This ivory statue example also calls attention to the escalating nature of crime costs. Obviously, income tax deductions and insurance claims have caused victims to exploit the situation by inflating the value of an item. As one detective commented:

Thieves who are apprehended are amazed at the inflation rate of the stolen items, a \$40 item may be pawned for \$5, but becomes a \$400 item on the official police report.

It is encouraging to realize that crime costs may not be so high as the official data suggest.

This chapter has described the interaction between the pawnbroker and customers. In the next chapter, social facts will be presented to demonstrate the patterns of control imposed upon pawnbrokers by regulatory agencies. Particular emphasis will be given to pawnbroker and police relations.

CHAPTER VI

THE PAWNBROKER AND THE POLICE

This chapter describes the interactions between the pawnbroker and the police. A case study forms the background for presenting the structural characteristics of pawnbroking.

The Case of a Stolen Television Set

In the fall of 1975 a woman reported to the police that thieves had chopped through doors equipped with deadbolt locks and ransacked her home. One of the items stolen was a portable color television set. Several days later a pawnshop detective identified the serial number of the stolen television in his routine investigation of pawn transactions and placed a hold on the set. This means that the pawnbroker may not do anything with the television until the hold has been withdrawn. The detective telephoned the victim and informed her that the lost television had been pawned for \$80; she was advised to call her insurance agent about paying the pawn on the set. The insurance agent refused to pay for stolen merchandise claiming it was against the law to do so. The police then advised the victim to pay the \$80 to the

pawnbroker if she wanted to recover her television set. Upon hearing about this incident, a local newspaper reporter initiated a journalistic crusade on behalf of the victim. In the daily newspaper articles with captions such as "Owner Has to Buy Back Stolen TV" appeared in efforts to expose possible collusion between police and pawnbrokers. The newsman's interest seemed to wane after an agreement was reached between city police officials and state commerce officials regarding the proper procedure to follow in returning stolen items.

The implication of the newspaper articles was that the police were more concerned about the pawnbroker's rights than the citizen's rights. To understand the nature of the reporter's concern, consider the excerpts selected and edited from various articles appearing in the daily papers.

. . . An official from the Consumer Protection Division of the Commerce Department says the police advice is illegal. It is in clear violation of the department's securities regulation which stipulates stolen personal property must be returned to the owner at no cost if the person has proof of ownership.

. . . An example of the treatment pawnbrokers receive from police is the fact that only two members of the 1146 police force may peruse pawned property. . . pawnshops are the exclusive territory of the police department's two pawnshop detectives. All other officers know this and steer clear of pawnshops so they don't irritate these people. . . It behooves the city safety director to ascertain the selective enforcement of laws by police.

. . . A burglary detective, who asked not to be identified by name, said, 'You can't tell me the

pawnbroker doesn't know much of the stuff he buys is stolen. He deals with the same people--junkies and thieves--who keep coming back to his shop to pawn articles. If the thief doesn't have someplace to unload the goods, he's going to stop stealing the stuff. It's not going to do him any good stored in an attic. The pawnbroker knows his customers and knows that the thief or junkie won't snitch on him.

. . . City police, city and county prosecutors, and representatives of the State Department of Commerce reached a four-point agreement wherein:

- a. Police do not have the authority or right to determine ownership of property.
- b. Property recovered by police from pawnbrokers may be used for prosecution purposes, but when that purpose is served, the pawnbrokers are entitled to the return of the property.
- c. The question of ownership and possession of the alleged stolen property must be resolved between pawnbrokers and those claiming title to the property.
- d. The application and enforceability of state regulations concerning pawnbrokers is a matter that must be resolved between the pawnbrokers and the commerce department.

. . . The chief of police indicated that lack of legal authority renders police unable to help people to recover stolen items from pawnshops. . . Where there is a division of opinion between a citizen and a pawnbroker over property, we will make the citizen aware of his options: he can go to court, call the commerce department, or pay the pawn.

An analysis of the foregoing citations exemplifies the structural characteristics of pawnbroking. The first citation indicates that the Division of Securities of the Commerce Department has a role in the operation of the pawnbroking business. In fact, this agency exercises the greatest control over the pawnbroker. In order to operate

in the state, the pawnbroker must apply for a license which is renewed annually. Application for a license is no mere formality. Officials of the Division of Securities check a four-page application very carefully. Inquiries are made about any former arrests or charges pertaining to the violation not only of pawnbroker laws or ordinances but also federal or state criminal statutes as well. The applicant must account for his activities during the prior ten years by providing names and addresses of three persons as references. Further, the applicant must demonstrate competence for the business which includes among other things financial responsibility and a good reputation.

An official of the Division of Securities informed the researcher that he has denied applications to individuals because of prior criminal records. He also acknowledged that the pawnbrokers in Creditsville have operated their businesses for many years in the same location and have a good reputation. Complaints received at the Division of Securities are investigated before the annual renewal of license. The function of the license requirement is to afford some assurance that pawnbrokers are persons of reputable character and not likely to act in willful collusion with thieves. Pawnbrokers interviewed acknowledged that a license is too valuable an instrument to jeopardize because of illegal activities.

Every applicant must post a \$2000 bond with the Securities Division. Any person claiming to be injured

by violation of regulations by a pawnbroker may obtain an action on the bond. The purpose of the bond is to protect the public against any misconduct by pawnbrokers.

Included in the state regulations are specifications pertaining to maximum interest allowed, contents of the pawn ticket, manner of keeping books, daily police reports, days and hours of business, and policies for redeeming and selling pawned merchandise. Also, provisions are made prohibiting pawnbrokers from making loans to minors, habitual drunkards, and incompetent persons. The pawnbroker is prohibited from receiving pledges from any known thief, an associate of a thief, or a receiver of stolen property. When the pawnbroker accepts an item from a stranger, he is assuming a business risk. If a pawnbroker receives personal property which has been stolen, he must surrender the item to the rightful owner upon proof of ownership.

How is proof of ownership determined? May a person's claim that an item on a pawnbroker's shelf is his be sufficient evidence of ownership? A 1963 Ohio Supreme Court ruling held that a pawnbroker does not have to surrender merchandise on the mere claim that it was stolen. The opinion in the case *Wacksman v. Harrell* underscores the following points:

- (1) Although under the statute a pawnbroker must exhibit pawned articles to the police upon request, this does not authorize the arbitrary seizure and sequestration of such property without a warrant.

- (2) It is well established that one who purchases or acquires property from a thief in good faith has a right to the possession thereof against everyone except the rightful owner.
- (3) The arbitrary seizure and sequestration, even in good faith, of allegedly stolen pawned articles, of a kind which may be lawfully pledged or pawned, from a pawnbroker without a proper and valid warrant authorizing seizure are violative of the pawnbroker's rights, are contrary to the procedure outlined in Section 4727.08, Revised Code, and may not be sanctioned.
- (4) It is beyond the power and function of the judge (in a criminal case) to determine and adjudge the ownership of such property as between the pawnbroker and the one claiming to be the true owner. This is a matter for the civil courts in an appropriate action. See 4 Wharton's Criminal Law and Procedure, 190, Section 1565.

In order to determine proof of ownership, the pawnbroker has the right to request from the victim an affidavit reciting that the property has been stolen, the circumstances surrounding the illegal taking, and a description of the stolen property. If the pawnbroker is in doubt regarding the ownership of the property, the victim may obtain a replevin action through the courts. If the amount of the pledge is less than \$300, the victim must pay a \$5 fee when submitting a replevin action with the Small Claims Court. If the amount of the pledge is over \$300, the victim must pay a \$15 fee when submitting a replevin action with the Civil Division of the Municipal Court. As a result of these regulations, the pawnbroker, the pledger and the public are protected from abuse.

The norm that is generally followed in cases of stolen goods which appear in pawnshops is for insurance companies to pay the pawn. Such a policy eliminates a time-consuming court procedure and is less costly for the insurance company should the replevin action favor the pawnbroker. When individuals refuse to pay the pawn, as in the case of the stolen television set, pawnbrokers complain. The tone of their voice in relating the case to the researcher indicated the resentment caused by the refusal of the victim to pay the pawn. In such cases, it would appear that more than money is involved in the interaction; what occurs is a breach of the principle of reciprocity.

When a stolen article is discovered in a pawnshop, the owner is notified by the pawnshop detective that he may recover his lost property by paying the pawn, i.e., the victim will give the pawnbroker the same amount of money that the pawnbroker gave the thief. In such a situation the pawnbroker is a benefactor to the victim in the sense that he has been the agent responsible for the discovery of the lost article. The norm of reciprocity requires that those receiving a valued resource should bestow on their benefactor other valued resources. When the victim refuses to observe this norm, he is not only violating an established policy among men, but he is also showing contempt for the pawnbroker. Simmel (1950:389) noted the importance of reciprocity when he wrote:

All contacts among men rest on the schema of giving and returning the equivalence. The equivalence of innumerable gifts and performances can be enforced. In all economic exchanges in legal form, in all fixed agreements concerning a given service, in all obligations of legalized relations, the legal constitution enforces and guarantees the reciprocity of service and return service--social equilibrium and cohesion do not exist without it. But there are also innumerable other relations to which the legal form does not apply, and in which the enforcement of the equivalence is out of the question. Here gratitude appears as a supplement. It establishes the bond of interaction, of the reciprocity of service and return service, even when they are not guaranteed by external coercion. . . .

If every grateful action, which lingers on from good turns received in the past, were suddenly eliminated, society (at least as we know it) would break apart.

The victim's refusal to pay the pawn is a breach of the principle of reciprocity which may explain why some pawnbrokers react to the lack of gratitude and refuse to surrender the alleged stolen property and are willing to endure the inconvenience of a court settlement.

It should be noted here that an unwritten code among pawnbrokers is to refuse to accept a reward for stolen property recovered in pawnshops. On one occasion a \$15,000 grandfather's clock had been stolen in another state and recovered in a city pawnshop. The pawnbroker recognized the value of the clock, paid a small amount for it, and immediately notified the police. When the owner was informed of the recovery of the heirloom, he offered the pawnbroker a \$200 reward which was refused.

The second citation reflects a lack of understanding of organizational principles. Beginning with Weber (1947) many sociologists have studied organizations. The features and advantages of the division of labor and specialization in large-scale organizations have been identified. The city Division of Police incorporates organizational principles in a framework designed to best meet the objectives of the Division of Police. A Manual of Rules and Regulations covers the duties and responsibilities of the various ranks within the Division of Police. Persons occupying positions in this hierarchical organization are specially equipped to handle duties which contribute to the efficient and effective operation of the whole.

The Division of Police is organized into four major subdivisions: administrative, investigative, service and field operations. Each of the subdivisions is further divided into separate bureaus, according to the nature of their work assignments. Depending on the specialized duties that are to be performed, the bureaus are organized into sections composed of one or more companies, platoons and squads. The term "squad" is synonymous with "unit" or "team" and is used to denote the smallest organizational grouping. The purpose of this differentiation is for control of assignments and to insure that rules are obeyed and orders followed. The detective bureau is one of many components of the investigative subdivision and is responsible for the investigation of all criminal cases,

recovery of stolen property, apprehension of violators, and preparation of all elements for proper presentation in court. The pawnshop squad is primarily concerned with the recovery of stolen property.

When a burglary call is received at the police station, the caller is transferred to the burglary division where a report is made. An officer will visit the scene of the crime to collect specific details from the victim. All pertinent information regarding the facts of the burglary are entered on an official report which the victim must sign. For recovery purposes, generally the most helpful information on the report is the serial number of the stolen item which, of course, is distinct from but often confused with a catalog number, model number, or part number. Copies of this report are sent to the Records Bureau where a card is made and filed according to the serial number. A superior of the burglary squad assigns a detective to the case. Members of the pawnshop squad receive a copy of the official report and pawnshop detectives list the various stolen items in their logs which are used in their daily investigations of shops.

The chief duty of the pawnshop detective is to recover stolen property. To aid him in his investigation, the pawnshop detective utilizes the National Crime Information Center (NCIC). In 1967 the Federal Bureau of Investigation made this system available to police agencies on both local and state levels. As is well known, this

system makes possible the rapid collection and retrieval of data about persons wanted for crimes anywhere in the fifty states. What is not so well known is that stolen items are also entered in this computer service.

A breakdown of records in NCIC as of February 1, 1972 was revealed by John Edgar Hoover before the House Subcommittee on Appropriations. He noted that the NCIC files consist of six categories of stolen property, a category on wanted persons and another on criminal histories. Of a total of 3,273,142 records stored in this computer as of February 1, 1972, 93 percent of these related to stolen property categories and the remainder dealt with wanted persons and criminal histories. The NCIC breakdown is as follows: stolen securities, 35%; stolen motor vehicles, 22%, stolen guns, 14%; stolen articles, 16%; and stolen license plates, 6%. The pawnshop detective enters the description of stolen items for NCIC and reviews the daily printouts of this computer service to determine if stolen items from this city have been located in other sections of the United States.¹

The pawnshop detectives are in constant communication with various security officers in the city as well as police in other cities in efforts to trace stolen materials. For example, a letter may be received by the pawnshop detectives that a suspect in a grand larceny is supposedly en route to Creditsville. The detectives are requested to give pawnbrokers mug shots of the suspect

along with a description of the stolen merchandise. These are just a few of the many special types of investigation that the pawnshop detective must perform in his daily work.

Since the pawnshop detective is the most frequent visitor to a pawnshop, he generally develops primary type relations with many of the owners. In the month that the researcher visited the shops with the detective, a warm, friendly relationship was observed between the pawnshop employees and the detectives. Before the detective would investigate the new items and the log books, the men would talk about unusual pawned items, people, and problems. Sometimes we would be offered coffee. It would appear that these owners were as interested in tracing thieves as much as the detective.

One pawnbroker told of a typical phone call he received:

This lady called up checking to see if an item had been pawned. I asked her if she reported the theft to the police. She said, 'No, it wouldn't do any good. They wouldn't do anything about it.' You know, it isn't fair to the detectives the way people talk about them. I don't mind them coming in here. They work hard to recover stolen goods.

In one place, an employee asked us to join a football pool. There were only ten people in the football pool, but the fact that we were asked to participate is indicative of the amicable relationship between pawnbroker and pawnshop detective.

In 1977 over 148 items valued at \$38,746 were recovered by pawnshop detectives.² Without the specialization of tasks and the work assigned to the few pawnshop detectives, this result may not have occurred. If such policeman were free to act on impulse and invade pawnshops at will, there would be little coordination of effort, fewer recoveries, and many legal aspects of a case might be disregarded or neglected with a consequent loss of conviction in criminal cases. The relationship between the pawnshop detectives and the police is not one of selective law enforcement but one of cooperation in achieving a common goal--apprehension of thieves. Pawnbrokers need the protection of the police as much as any other businessmen. They, too, have been robbed in daylight and burglarized at night. The police are not protecting pawnbrokers; they are maintaining reciprocal relations with a valuable source of information relative to the recovery of stolen property.

The third citation can be explained by understanding the role requirements of a burglary detective compared with those of the pawnshop detective. The former is required to investigate the scene of a burglary, apprehend the violator, and prepare the evidence for court when or if the violator is arrested. The burglary detective often finds himself in frustrating situations for several reasons: first, the number of cases assigned to him is excessive; second, the method of determining effectiveness

of investigative operations is inappropriate; third, efforts to obtain necessary evidence for court testimony are blocked by legal maneuvers. In 1977 there were 12,681 reported burglaries in the city.³ For the same year 1881 arrests for burglaries were made. Adults and juveniles found guilty as charged numbered 860, pleas to a lesser offense numbered 52, and the number dismissed was 231. One cannot conclude that these arrests and convictions reflect the 12,681 burglary cases for the year because of the lag in the judicial system where many cases are "pending for years." (One detective suggested that attorneys keep cases pending till their clients pay the attorneys' fees.)

When the pawnshop detective recovers the stolen property, the case is then turned over to the burglary detective who must complete the other phases of the investigation. This does not explain why the burglary detective quoted in the newspaper article would have such a negative view of pawnbrokers. For a possible explanation, a consideration of Skolnick's (1966) analysis of law enforcement is in order.

In his analysis of police culture, Skolnick utilized the term "symbolic assailant" to explain the conception police have of certain types of people. Because police work requires the officer to be occupied continually with potential violence, the policeman develops a perceptual shorthand to identify certain kinds of people as "symbolic

assailants," that is, as persons who use gestures, language and attire that the policeman has come to recognize as a prelude to violence. Skolnick (1966) has argued that this conception adversely affects many honest citizens living in high crime areas. To a certain extent, all persons residing in such areas become "symbolic assailants," not because they are criminal but because they conform to the policeman's stereotype of a criminal.

While the researcher was recording the pawnshop card data at the pawnshop section of police headquarters, a burglary detective volunteered his opinion of pawnbrokers. He expressed the belief that pawnbrokers are organized thieves with a license to sell. He claimed that most burglary detectives were anti-pawnshop. It would appear that such a harsh indictment of pawnbrokers may be explained by changing Skolnick's notion of the policeman's "symbolic assailant" to the burglary detective's need for a "symbolic fence." Although several studies (LEAA, 1977) have shown that police clearance and arrest statistics are not suitable measures of the effectiveness of investigative operations, police have an obsession with the idea of measuring crime-fighting efficiency only by the number of arrests they make. The "symbolic fence" becomes a convenient scapegoat for the detectives in coping with the frustrations and demands of their work.

It is not surprising, then, that when a burglary detective sees a male, age 20, approaching a pawnshop with

a television set or other object, the youth is not perceived as a young man in need of money, but as a thief bringing his loot to the "symbolic fence." If the burglary detective would follow the young man into the shop he might hear the following conversation.

Do you want to sell this?

No. Pawn! I need the money now to get my car from the repair shop. But I'll be back for this.

As a rule, it is difficult for young people to obtain credit. Years sometimes elapse before a sound credit rating is established. It is during these years that a pawnshop becomes a refuge for the youth in need. This is particularly true of those young adults who leave homes in small towns to seek employment in urban centers.

The researcher noted that merely recalling certain incidents angered some pawnbrokers. For example, one pawnbroker told of his emotional reaction to a police officer who came into his shop, saw a television on a shelf, claimed it was his, and demanded that it be turned over to him.

I told him what he was supposed to do. Report his loss to the burglary and pawn shop detectives and they would handle it. He said he was going to report me.

On another occasion a broker approached the pawnshop detective and was similarly annoyed about a police officer.

A woman was poking around here yesterday. Said a policeman told her to browse around the pawnshop to see if she could find her stolen property.

In a very disgusted voice, he complained: "They just don't know what it's all about."

Some of the pawnbrokers are dismayed by actions of officers similar to those described above for such action violates an informal but viable social norm that has been established in a reciprocal process wherein the pawnbroker assists the police in recovering stolen property and the police protect the business of the pawnbroker. The essential difference between the pawnshop detective and the burglary detective is that the former inspects the shops looking for deviant customers, while the latter perceives of the pawnbroker as the person who should be checked. In any group, individuals expect the principle of reciprocity to be observed. Blau has noted (1964:336)

Reciprocity is an equilibrating force, the assumption being that every social action is balanced by some appropriate counteraction. Individuals who receive needed benefits from others are obligated, lest the supply of benefits cease, to reciprocate in some form, whether through expressions of gratitude, approval, material rewards, services, or compliance.

Pawnbrokers expect the approval of the police for the cooperation which they give to them. One retired pawnbroker summed up his attitude toward the police for their failure to reciprocate:

When some of them began to get smart, I stopped helping them. I decided if I wanted to be a detective, I would have joined the police force.

A Pawnbroker Replies to Criticism

When questioned about the publicity given to the woman who had to buy back her stolen television set and subsequent efforts to have more rigid regulation of pawnshops, one pawnbroker responded by exhibiting a letter he had written. Actually the letter was intended for the editor of the local newspaper, but the pawnbroker never mailed the document because he believed it would have little impact with readers. The letter reflects the sensitivity of the pawnbroker to the criticism of the press; further, it is a defense of the norms determining social relations between pawnbroker and police as well as pawnbroker and victim. More importantly, the letter is a viable document which enables the reader to understand the pawnbroking business from the perspective of a pawnbroker.

The letter is quoted without any changes.

Letter to the Editor:

There has been a great deal of adverse publicity this last week with regard to persons redeeming their stolen property from pawn shops. It has also been suggested that new rigid laws be considered to regulate the business.

A pawn shop, unlike any other business dealing in second hand goods such as furniture, jewelry, furs, paintings, auction houses and others too numerous to mention, is the most highly and rigidly regulated business of all.

First, their hours are strictly regulated by the state, what time they may open, what time they must close, and closed on all legal holidays. Pawnbrokers are required to provide daily reports covering each and every transaction to the Police Department. They are subject to regular strict

inspections of their books by the officers assigned to pawn shop detail, in addition to further inspections of their records by the state authorities from the Division of Security. The pawn business is still further regulated by the Alcohol, Tobacco and Fire Arms Department and must comply with the federal laws as set forth.

To inflict any additional regulations on the pawnbroker will stifle him and make the business extinct. A bona-fide customer, if he is subjected to having his picture taken every time he pawns an item, will be made to feel like a criminal. He, too, has his rights and this will be a distinct invasion of his privacy. The majority of pawn customers are people down on their luck who have no other means of obtaining credit, but with the collateral of some valuable item he may possess. For many years, pawn shops have performed a valuable service in this direction and afforded their customers a dignified way of getting out of a tight spot. To a person in this predicament, pawning an item is a very personal thing and requiring his picture to be taken will keep him out of the pawn shop. The result, unfortunately, will be an increase in thefts with no place else for him to turn for some necessary immediate financial assistance.

All items taken in pawn are taken in good faith. It is difficult to differentiate between a stolen item and one that is legitimate. Certainly the pawnbroker takes a chance when taking merchandise in pawn, however, it is not intentional on his part to accept stolen articles. Since the Police Department is kept abreast of all daily transactions it is not difficult for them to detect any questionable items. Everything is open and above board. Why, then, is it considered fair for the pawnbroker to take all the risk and be prevented at least from recovering the amount of money he paid out to take the article in pawn? It may not be so stipulated in the law, but in all fairness, if not for the pawnbroker, many valuable stolen items would never be recovered. Either the insurance companies will then be required to make good the complete loss, or if the victim of a theft has no insurance, he will have to suffer the loss by himself. The pawnbroker, in recovering a stolen item for a fraction of its worth, is in effect performing a service for which many people have been most grateful. Ethically, though perhaps

not legally, the pawnbroker should be entitled to reimbursement for his trouble.

All pawnbrokers have suffered monetary losses with regard to stolen items they have had to return to the original owners. On the other hand, many grateful victims have been only too happy to reimburse the small amount paid by the pawnbroker simply for recovering a valued article, despite the fact that they knew that they were not required to do so.

Taking pictures of pawn customers will keep the bona-fide pawn customer, as well as the thief, out of pawn shops and force the pawnbroker out of business. Rather than deterring crime, thieves will seek out fences and other illegal methods of disposing of their stolen goods, resulting in a crime wave out city and state have never known. No one will benefit by such haphazard legislation--not the pawnbroker--not the Police Department--and certainly not the public! In these trying times, with unemployment at its greatest level and with crime at its highest peak, one of the most effective controls our Police Department can maintain over burglaries is through the assistance of the pawnbroker.

Comparison of Pawnbrokers and Detectives

The personality characteristics of the ideal investigator are described by Wilson (1958:111) as follows:

. . . He is alert, observant, inquisitive. He has an unusually retentive memory and the ability to detect fallacious reasoning. He has a practical knowledge of human beings that enables him to get along well with people. He is persuasive and convincing and is able to win the confidence and friendship of those with whom he deals. He has a wide range of acquaintances and sources of information.

The pawnbrokers observed in this study exhibited comparable characteristics. For example, one alert pawnbroker surprised a woman who entered a shop for the

first time to pawn a radio, with the greeting, "How is C.J.?" The girl was obviously perplexed, then touching a ring which was attached to a chain around her neck, she smiled and replied: "Oh, has he pawned this here before?"

Skolnick (1966), Chinoy (1955), Hughes (1958) and Wilensky (1956) have discussed the effect of one's occupation on the manner in which a worker perceives and responds to his environment. Pawnbrokers and detectives are similar in many respects regarding environmental cognitions. Pawnbrokers are suspicious of the strangers who visit their shops and it is common to see them cast an anxious glance at each new customer who enters the store. The pawnbroker does not know whether the stranger is a possible shoplifter, a victim looking for stolen goods, or a possible robber. Because pawnbrokers handle money, a certain element of danger is present when daylight robberies are common. In the last ten years, one pawnbroker was killed and others have experienced holdups during the day. Skolnick (1966) describes the impact of being suspicious and the portion of danger in police work. Although these two variables are part of the reality of pawnbroking and detective work, the situations in which they actually occur are minimal.

Generally, the mass media distorts the image of the pawnbroker and detective. The pawnbroker in movies, songs, and textbooks is presented as a cruel, greedy and heartless individual. The detective is portrayed more

favorably. Although some films in recent years have been exposés of detective corruption, on the whole, the detective is presented as intelligent, clever, perseverant, virtuous and ultimately successful in solving criminal cases. The reality of the situation is quite different with routine and unsolved cases predominating. An honest pawnbroker is not frustrated by the unfavorable criticism because he knows it is false. The positive image of the detective often results in frustration and cynicism as noted by Niederhoffer (1967).

Neither the pawnbroker nor the detective is listed on the North-Hatt Scale or National Research Center survey conducted in 1947, a study to determine the relative desirability of various occupations. Not only do both occupations have relatively low prestige, but the members of each occupation experience a sense of isolation from the public. The pawnbrokers are a rather disorganized group with little social association with each other. Most pawnbrokers combat the social isolation of their occupation by maintaining close relations with family members. Most pawnbrokers operate a family-oriented business in which the employees are personally concerned about the success of the business. Skolnick (1966) has detailed the feelings of isolation that policemen experience and the unusually high degree of social solidarity they develop to offset the social rejection they experience.

As a result of these similarities between the pawnbroker and the detectives, it would seem that a greater understanding of the work of each is needed. The pawnshop detective, having the opportunity for primary type relations is more sympathetic of the operational problems in a pawnshop. On a few occasions when a pawnbroker has been hospitalized or confronted with an emergency situation, the pawnshop detective has operated the shop. The burglary detective, on the other hand, not having the opportunity to observe the particularities of a pawnshop, is inclined to generalize from incomplete or partial knowledge.

In conclusion, this chapter has presented a case study of a stolen television set to furnish the background for a structural analysis of the organization of a pawnshop. A comparison of pawnbrokers and detectives was discussed to suggest the similarities of the two occupations. Finally, the perception of the pawnbroker as a "symbolic fence" was suggested; in the role of "symbolic fence" the pawnbroker functions as a convenient scapegoat for frustrated crime control agents.

FOOTNOTES TO CHAPTER VI

¹For a discussion of NCIC communications network, see Quinney (1975).

²Data obtained from records of pawnshop squad.

³Data obtained from city police computer services.

CHAPTER VII

SUMMARY AND CONCLUSION

This investigation concerns the social system called pawnbroking which includes pawnbrokers, customers, pawnshop detectives, police officers, crime victims, reporters, state legislatures and state licensing officials. These people are related and dependent upon each other in various ways. When the members of the pawnbroking social system interact, the form the interaction takes is determined by norms and rituals which have evolved over time.

The data for this dissertation were drawn from a qualitative investigation of the social system of pawnbroking conducted by the researcher during a two-year period in a large city referred to as Creditsville in this study. The population of Creditsville consists of more than 500,000 inhabitants.

The thrust of qualitative research is to obtain first-hand information about the social world while developing analytical, conceptual and operational components of the research. Since factors in the setting may contaminate the data, the investigator employed the technique of multiple operationism, i.e., the use of

various methods to obtain data in order to supplement and cross validate observations. The methods utilized to accomplish this end were participant observation, interviews, historical analysis and systematic documentation.

The historical factors which have caused pawnbroking to have a negative reputation in the community are considered in this chapter. Further, the occupation of pawnbroking is discussed with particular emphasis on the consequences of this occupation on the broader social system and the effect of the broader social system on the occupation of pawnbroking.

Development of Pawnbroking

The origins of pawnbroking are lost to history. It is known that the earliest references to the normative aspects of pawnbroking are to be found in ancient documents. The Code of Hammurabi (circa 2250 B.C.), the earliest known extant legal instrument, attests to the practice of pledging among ancient men. Roman codes also contain references to pledging as a recognized business transaction.

The turning point in the history of pawnbroking as an occupation came during the medieval period of Western European civilization. Pawnbroking was opposed by theologians and scholars on the ground that it was contrary to the ideal of justice. Various restrictions were imposed to limit the extension of this practice.

Harsh as the penalties were for those who participated in this activity, it would appear that ecclesiastical injunctions could not regulate morality in commercial matters. Pawnbroking continued because there was a demand for the services rendered by the pawnbroker to the inhabitants of the city. If the work of scholars is to be taken at face value, it would appear that medieval communities were unconcerned with the financially distressed and those who assisted them. For the most part, historical accounts reflect the scholastic interpretation which was consistently opposed to pawnbroking. Christian merchants either would not or could not satisfy the demands of the urban citizens for credit; therefore, Lombards and Jews were licensed by various communities to service the needy since these men were not encumbered by Christian scruples. Because the pawnbrokers were perceived as "public sinners" they became the convenient scapegoat for the many problems of society. Toward the end of the medieval period, the Franciscans in Italy established the Montes Pietatis which was a charitable pawnshop with low interest charges for loans. Toward the end of the medieval period, the Montes Pietatis became public pawnshops operated by the local municipality in European countries.

While remaining ideologically opposed to the idea of interest, the public pawnshop represented an easing of the ecclesiastical position regarding interest. The extent to which the legacy of religious bigotry generated by

ecclesiastical authorities toward the pawnbroker is still a part of the American biblical cultural heritage is not known; however, it may be assumed that part of the failure of pawnbrokers to achieve more than a marginal social status in this secular age is somehow associated with the idea of "public sinner" from a previous age.

In the modern age pawnbroking has been differentiated along class lines. Certain pawnshops catered to the working class and were known as the industrial trade, while others catered to the middle and upper classes and were referred to as the city trade. The bulk of the pawnbroking trade is with the working class who live in the central city. During the course of this historical analysis, it became evident that increasing status consciousness in the twentieth century is associated with the decline of pawnshops. As occupations became a measure of status, recruitment from family membership changed. In many cases men no longer wanted or expected their children to enter the occupation. The autobiography of Simpson (1954) typifies the twentieth century pawnbroker who refers to low profit margin as the reason for terminating a five-generation family of pawnbrokers. However, the statements made by Simpson, along with the expressions by pawnbrokers quoted in this study suggest that the low status of pawnbroking may be a more powerful social factor in the demise of pawnbroking than the pawnbrokers recognize or admit.

Designed to meet the needs of the individual when confronted with a personal financial problem, pawnbroking has faced constraining forces in each age. In the ancient period, legal and political restraints were imposed on the occupation; in the medieval period, moral and philosophical restraints were attempted; in the modern period, social-psychological restraints are evident. As a consequence of these dissimilar restraints, pawnbroking is a marginal and misunderstood occupation.

Functions of Pawnbroking

Throughout recorded history the reputation of pawnbroking has been determined by legal, moral and social definitions which have focused on the dysfunctional aspects of this occupation. The charges of being an exploiter of the distressed or an accomplice of thieves have been associated with the role of a pawnbroker. During the course of this study, a neutral or favorable image of pawnbroking emerged. This investigation revealed certain pragmatic functions that may be attributed to pawnbroking. A discussion of these functions follow.

First, the pawnbroker functions as a special type of financier in a community. Through his services, an individual may borrow money quickly with no invasion of his privacy. No investigation is made about the pawner's occupation, credit rating or purpose for borrowing money. No waiting period is necessary. The pawner receives an

amount of money for which he must forfeit for a time a personal possession. The borrower has six months to repay the loan. As long as the pawner continues to pay the monthly charges of \$1.75 on a \$25 loan, for example, the pawnbroker will keep his possession. If after six months, the pawner does not repay the loan plus interest, he loses the ownership of his possession. Contrasted with other alternatives such as borrowing from a bank or finance company, or selling some personal possession, pawning has certain advantages. When a loan is contracted at a bank or finance company, the amount of debt increases steadily until the loan is repaid. Often hidden costs and escalating interest rates are included in the amount the borrower must eventually repay. Embarrassment and harassment are often the end result of a friendly loan service from the local finance company. When a personal possession is sold, there is a finality about the transaction. By contrast with borrowing from other financial institutions or outright selling of a possession, pawning has no hidden additional costs associated with it. The individual has nothing to lose but the pawned article, and the loss may be temporary rather than permanent. Since the amount of money given to the pawner for a possession is very low (approximately ten percent of its retail value), the pawner is likely to repay the loan more easily. The assumption is that it is easier to repay a smaller loan of \$25 than a larger loan of \$100. While the

low valuation may seem like exploitation, it was found that eighty percent of the pawners in Creditsville are able to redeem their possessions. Also, the majority of customers are regulars who have frequented the pawnshop on other occasions and apparently are satisfied with the method of financing short term loans.

Second, the pawnbroker functions as a psychologist to the extent that he enables an individual to maintain his independence and self respect. Increasingly, social welfare administrators are becoming concerned with the social and psychological dimensions of poverty as well as the economic hardships among the poor. Specifically, efforts to integrate sociological and psychological principles into poverty programs are being designed to provide a more meaningful purpose in the lives of the disadvantaged. The importance of self respect among the poor has been reported by Miller et al. (1967: 19) as follows:

. . . a minimum approach by government in any society with significant inequalities must provide for rising minimum levels, not only of incomes, assets, and basic services, but also of self respect and opportunities for social mobility and participation in many forms of decision making.

While government agencies are designing programs to relieve economic, sociological and psychological hardships of a community, the pawnbroker provides the opportunity for the people of the poorer areas of a city

to maintain independence and self respect. Pawnbroking is a reminder that most men are capable of overcoming financial problems independently. In a sense, pawnbroking may be considered a threat to the various social agencies characterized by high operating costs, multiple regulations, insensitivity and intrusion into the lives of many citizens making them dependent wards of the state.

Third, the pawnbroker functions as a deterrent to crime. Professional thieves do not patronize a pawnshop; novice thieves do. When the daily police report is examined, the novice thief is usually discovered. In those cases in which the novice thief is not detected, the low valuation he receives for his stolen merchandise should discourage taking risks for such little reward.

Fourth, the pawnbroker functions as an auxiliary to the police in a community. When the pawnbroker suspects certain pawners of possessing stolen merchandise, he employs certain strategies to assist the police in making an arrest. For example, license numbers are noted and immediate calls to the pawnshop squad are made. Police bring mug shots of known or suspected thieves to the pawnshops and request the pawnbrokers to be attentive should the suspected individual visit the pawnshop scene.

Fifth, the pawnbroker functions as a scapegoat for authority figures who are frustrated by their inability to solve and cope with the increasing crimes against property. Instead of perceiving the usefulness of

pawnbrokers as auxiliaries to the police, some view the pawnbroker as the "symbolic fence" who makes the chain of evidence in crimes against property more complicated and police work more difficult.

In addition to the five functions listed above, the pawnbroker assists in the recovery of stolen goods and thus helps to keep insurance theft rates low; the pawnbroker buys merchandise individuals no longer want; the pawnbroker sells used goods at a bargain to individuals who could not afford a new item; the pawnbroker enables journalists to write human interest stories; finally, the pawnbroker stores valuables for individuals for certain periods of time.

The Regular Customers

An examination of 3,516 pawnshop cards received by a police jurisdiction for a two-month period was conducted. These cards represented the universe of pawn customers for the city. When the data from these cards were processed and analyzed the following results became evident.

1. Males pawn more than females. It was found that 80 percent of the pawners were male; 20 percent were female.
2. Whites pawn more than blacks; 62 percent of the pawners were white; 38 percent were black.
3. Persons under thirty pawn more than those over thirty. The youngest pawnner was 18; the oldest pawnner was 79.

4. Pawnners are distributed over a wide geographic area. Individuals from 103 zip code areas utilized the facilities of the city pawnshops. The majority of pawnners live in the "inner pawn belt," an area located in the same zip code area as a pawnshop and adjacent zones.
5. It is customary for a pawnner to depend on a single personal possession for pawning purposes.
6. The most frequently pawned items are jewelry, guns, and stereos.
7. Pawnshops depend on regular customers for the operation of their business. Approximately 75 percent of pawn transactions are with regular customers for whom pawning is a normal, habitual way of borrowing for short periods of time.

In short, the typical pawnner is a white male, age 31, residing in the central city, who is likely to pawn a gun, stereo, or jewelry on a regular basis when in need of money.

Sociological Explanation for Decline of Pawnshops

Blau's (1964) theoretical position holds that social exchange is the basic social process that governs relations among men. He defines social exchange "as actions that are contingent on rewarding reactions from others and cease when these expected reactions are not forthcoming" (Blau, 1964: 6). Interactions among men, according to Blau, are compared to a marketplace in which actors negotiate with each other for mutual rewards. A person who furnishes assistance to others, often at some cost to himself, obligates others to reciprocate his kindness. The exchange may be tangible or intangible but it is

expected. When reciprocity is not forthcoming, an individual may elect to withhold the needed assistance and cease further relations in an unrewarding exchange. Blau (1964) has noted that most interaction involves complex patterns of power, prestige and patterns of approval. If subordination, low esteem and disapproval are evidenced in an exchange process, the individual who is forced to submit to the imbalance will react by withdrawal from future contact in an unilateral exchange relationship.

In attempting to identify a reason for the decline of pawnbroking, exchange theory may be applied to the pawnbroker's situation. Caught in a milieu in which he services distressed individuals, the pawnbroker may at times inadvertently accept stolen goods. When the goods are discovered by the pawnshop detectives, the victim is notified. The norm of reciprocity directs that the victim pay the pawn to the pawnbroker since the pawnbroker has helped him recover his stolen possession. The amount of money involved is a fraction of the actual cost of the possession. When the victim refuses to pay the pawn, the pawnbroker experiences a financial loss. However, the social cost to his reputation and character is greater; the pawnbroker is relegated to a subordinate, demeaning position wherein he is forced to submit to others. As documented in this study, the lack of gratitude on the part of the victim becomes inexcusable to the pawnbroker.

What is taking place between pawnbroker and the larger society today may be perceived as a social process involving social exchange. The public fails to consider the services the pawnbroker renders society. A status conscious pawnbroker reacts by refusing to continue the needed service. In terms of exchange theory, one may hypothesize that the more pawnbrokers calculate the social cost of pawnbroking, specifically the failure of police and victims to reciprocate in exchange relationships, the greater the likelihood that some will seek out alternative occupations which are more socially rewarding than pawnbroking.

Theoretical attempts to analyze low status occupations are not new in sociological literature. Hughes (1958), for example, developed the concepts "dirty people" and "dirty jobs" to describe the notion that individuals in certain occupations are identified with those they serve. He also observes that men in whatever occupation strive to make their work more tolerable to themselves and important to others. Keeping Hughes' observation in mind, one may generalize that not only pawnbroking but other low status occupations may be disappearing from the social scene because of a lack of gratitude or the failure of an exchange partner to demonstrate tangibly or intangibly the norm of reciprocity. Examples, that come to mind are maids, mechanics, typists, gardeners, and farmers, to name a few.

The researcher is aware of the need for objectivity in scientific studies. During the course of this study, the decision to focus on the contributions that pawnbroking provides for a community evolved from the data. If the researcher had observed deception of customers, alliances with thieves or any other clandestine activities, this information would have been recorded. As a sociologist, the effort was made to seek out those patterns of interaction which are fundamental to the pawnbroker and his world; this study reports the findings. The author did not intend to be a protagonist for the pawnbrokers. Based on the evidence that was discovered, any reasonable person would have reached the same conclusion. The consistency of the data acquired through triangulation of data gathering techniques provided the reassurance necessary to confirm the above conclusions.

This dissertation is a document about individuals who engage in a marginal occupation. Though the individuals may be honest, dependable, and hard working, the position they maintain in the work culture is such that their contribution to society is not recognized. Because of the traditionally ingrained stereotype of the pawnbroker as a shady character, the men who remain in this occupation are acutely aware of the need to be honest, and to be perceived by others as honest.

Questions

The lessons learned from this study reveal the need for further studies:

First, there is a need to inquire into the distribution of stolen goods by members of society. If pawnshops do not receive the bulk of stolen goods, where does the thief dispose of his merchandise? In recent years enormous attention has been given to the addict and his costly habit. Perhaps efforts should be diverted toward those individuals who buy from the addict or thief and in effect contribute to crimes against property. A related question is how socially acceptable is the extent of receiving by the general public?

Second, there is a need to emphasize the importance of keeping records of the serial numbers of personal property to aid in tracing such goods should they be stolen. The importance of marking personal possessions for identity purposes is not stressed enough as a deterrent to crime.

Third, there is a need to make greater use of NCIC in tracing stolen items. A study to determine the efficiency of this national computer service in solving crimes against property is needed.

Fourth, there is a need to know why certain occupations have a favorable reputation and why others have an unfavorable one. What is the substance of reputation? Is it possible that American advertising has created the

acceptable image of the finance company? If pawnbrokers advertised their services more, would there be an increase in the amount of pawning?

Fifth, to what extent is the decline in the American family affecting family businesses? Throughout history pawnbroking was effective because the family provided the necessary support for the individuals involved in this activity. Are there other occupations that are disappearing because of the drying up of this source of recruitment?

Sixth, to what extent do pawnbrokers and police cooperate in other cities and states? Is this study reflective of the relations that exist in other sections of the country between pawnbrokers and police or is it unique for Creditsville?

Seventh, to what extent has the failure of the public to appreciate the services of individuals in low status occupations been responsible for the decline or disappearance of certain occupations?

Eighth, there is a need for a comparison of American privately owned pawnshops and foreign public pawnshops. For example, in Italy and Mexico public pawnshops are operated by the state.

Issues in Further Research

In this study the focus has been on the social system of pawnbroking as a business and the actors involved

in this activity. The researcher has emphasized the pawnbroker as the principal actor.

One great drawback in the study is the lack of attention of customer as actor. There is need for investigation and understanding of the customer as the principal actor in the drama of pawnbroking. The pawnshop cards which were analyzed provided information about the age, sex, race and place of residence of the pawners. The pawnbrokers who were interviewed indicated the pawners came from all classes and various occupations. Still, there is need to know more about the customer. Why does an individual prefer pawning to alternative forms of credit? Is it possible that pawners have an unshareable problem? In his study of embezzlers, Cressey (1953) noted that the first stage of embezzlement begins with a problem that cannot be shared with other persons. In many cases the financial burdens arise from obligations incurred in gambling, extravagant living or extramarital relations. Does an individual have a need for privacy in this computerized age when one's credit reputation becomes instant knowledge that motivates him to frequent a pawnshop? As has been indicated, pawnshops are not concerned with credit ratings; pawnshop files are arranged according to serial numbers and types of items, not by the names of pawners. To what extent does pawning reflect a distrust toward banks, a latent hostility from a previous era?

This work closes in the spirit of science with more questions to be raised and more answers to be sought in the quest for greater understanding of "the intimate realities of ourselves in connection with larger social realities" (Mills, 1959:15).

Nº 152005

I AGREE TO PAY A STORAGE CHARGE OF _____ CENTS PER MONTH.
SIGNED BY X₁ _____

NAME _____		CITY _____
STREET _____		_____
Notice Sent Date _____	Registered Receipt Number _____	
Forfeit Date _____	Amount of Sale \$ _____	
Date Sold _____	To Whom Sold _____	

Under State License

Nº 152005

DATE OF LOAN	79	
DATE PAYABLE	19	
AMT. LOANED	\$	
INTEREST PER MONTH		
STORAGE PER MONTH		
TOTAL	\$	

[illegible]

**I HEREBY ACKNOWLEDGE RECEIPT OF
MY PLEDGE**

X _____
Borrower

**JEWELRY HELD 6 MONTHS; ALL OTHER PLEDGES HELD 60 DAYS.
IN CASE OF LOSS OF TICKET OR CHANGE OF ADDRESS, NOTIFY US IMMEDIATELY.
NO PLEDGES SHOWN - NOT TRANSFERABLE UNLESS PROPERLY ENDORSED.
NOT LIABLE FOR LOSS OR DAMAGE BY AN ACT OF GOD, BURGLARY,
THEFT, FIRE, ROBBERY, OR OTHER UNFORSEEN CASUALTY BEYOND THE CONTROL OF THE PAWNBROKER.
NO GOODS SENT C.O.D. - 25c PACKING CHARGE. NO CHECKS ACCEPTED.**

CUSTOMER PAWN TICKET

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