STATE-CORPORATE CRIME AND SOCIAL HARM IN THE SPANISH CRISIS

Camilo Bernal, Alejandro Forero and Iñaki Rivera

Abstract: Since 2008, Spain has been facing a deep economic and financial crisis, which has generated significant levels of social harm among its inhabitants. This article highlights the destructive connections which exist between the financial crisis and state-corporate crimes; specifically, it focuses upon the criminal symbiosis between private banking and political power, in the contexts of both the state’s financial crisis and in the participation of private banking in financing the Spanish military industry.

Keywords: critical criminology; state-corporate crime; social harm; financial crisis; financial services; arms industry; Spain

Introduction

Some forthcoming generations will be surprised of the tolerance we have in our century over the manufacturing and trade of tools for homicide.

Jorge Luis Borges

Spain has been facing a deep economic and financial crisis since 2008. The depth of this crisis is measured by a series of indicators, such as a 20-point increase within the unemployment rate during the last 5 years, which has now reached 27.2 per cent, with the youth unemployment rate being over 57 per cent. Consequently, this situation has provoked significant emigration of native and foreign people, who are searching for new labour opportunities in the North of Europe and in Latin America. The so-called management of the crisis, especially characterized by bailouts of private banks through public funds and an enormous cut in welfare to achieve deficit control, has put Spain on top of the European Union (EU) countries which have witnessed the largest increases in social inequalities. Moreover, the gap between the poor and the rich has increased up to 10 per cent (the current Gini index being 34).
What are the reasons for this situation? The recent crisis within the Spanish real estate sector has put an end to the economic cycle, where the model of governance promoted the liberalization of the land market, changing the vision of housing as a good for use to a capital asset in the speculative market.

The reason for the emergence of this speculative market is very well known. The expansion of sales was caused by the re-zoning of protected lands, which consisted in converting them into developable urban lands (Land Act 1998), and a new housing policy. The financial expansion was a consequence of the flexibility of the corporations and thus middle- and lower-class families having a mortgage loan granted to them. The more there were sales, the more people bought lands. Consequently, there were more newly constructed houses in Spain (especially in coastal areas, during the boom of 1998–2003), than in France, Germany and the UK put together, outperforming its rate of 500 houses in total per thousand people within the whole major economies of the EU (Naredo Pérez 2004: 148).

The apparent commonality of interests between state institutions (national and autonomous governments, town councils and entities of surveillance and control – Bank of Spain), corporations which comprise part of the financial system (banks, savings banks, financial credit establishments and cooperatives) and companies involved in real estate (companies of constructions and real estate agencies) had guaranteed the maximization of profitability through real estate, thus generating wealth and expanding political power.

Thus, a society has been created where the cooperation between the state and the corporations has been made explicit: parliament and the government modified the Land Act, as well as environmental and mortgage-lending regulation; the Bank of Spain gave up control over financial markets and, thanks to the introduction of bulk mortgage loans and the speculation within the debt markets and of its derivatives, finance corporations accrued benefit at an exponential level. As a consequence, money flowed from everywhere (Stiglitz 2012: 13). However, the latter was none other than a mirage. The whole economy was built on weak foundations that would eventually collapse with disastrous consequences.

This article offers a provisional response to the following question: what are the relationships between the rise of the financial crisis, its management and the social harms produced by the criminal symbiosis between banking and political power in Spain? It will address this question, first, by exposing the perverse connections between the financial crisis and the social harm produced by the criminal symbiosis between banking and political power and, second, this will show how the same private banks which have enjoyed their state bailouts have participated into the financing of the Spanish military industry, a multi-million dollar business wherein weapons are sold to countries that are undergoing internal conflicts or are suspected of violating human rights.
Social Harms and Crimes of the Markets

Since Sutherland’s ([1949] 1999) provocative question, “Is ‘White Collar Crime’ crime?,” some criminologists have sought to address the nature of powerful people’s illegal and immoral behaviour. One core issue of these investigations relates to the use of the label “criminal” to behaviours situated in a shadowy zone where the boundaries between clear social harm, apparently legal behaviour, acts forbidden by law and criminal facts are very difficult to establish.

Moreover, those individuals or corporations engaged in the crimes of the powerful generally possess significant freedom and resources, are often able to use the label “criminal” in relation to others and are also capable of resisting accusations of the same when made against them. The net effect is to generate definitions of criminal activity which apply to those acts and omissions on the part of others rather than to themselves (Ferrajoli [2007] 2011: 354; Ruggiero [1999] 2005: 218; 2011: 159).

As part of a long-running debate, some criminologists acknowledged the existence of “some continuum going from crime (on one extreme) to harmful behaviour (on the other extreme)” (Ruggiero 2011: 161, quoting Slapper and Tombs 1999). This continuum, based upon the social harm produced by those behaviours, allows applying the label of “criminal” to actions spanning clearly illegal behaviours to actions perceived “merely” as harmful (Ruggiero 2011: 161). Thereby, it is possible to conclude that, in the theoretical field, economic and financial criminality, as a criminological subject matter, makes reference to both: that criminality defined as such by the criminal law and the behaviours, which are not criminalized but are socially harmful – either by not being criminally typified or because being typified, they are not persecuted (Bergalli 1983: 61).

In light of these considerations, it is possible to argue that, within the Spanish economic crisis and its response, there were a number of criminal behaviours which involved a complex network of connections between individuals and institutions (transnational corporations, banks, risk-rating agencies, lobbies, international financial institutions and the very same states), which materialized in the physical and virtual spaces of financial markets. This complex network was characterized by a toxic combination of deregulated financial speculation, housing market bubbles, frauds, spoliation, state tolerance and structural adjustment policies, which resulted in new hybrid forms of white-collar crime (Friedrichs 2007: 9; Friedrichs 2010: 189–190). The seriousness of those crimes and their wide-ranging, devastating impacts call into question the value of democracy, human rights and the rule of law in the frame of neoliberal economic globalization. As we seek to demonstrate in this article, this situation poses new challenges for criminological research.
State-corporate crimes

For many years, criminologists investigated separately state-organized crimes and financial and corporate crimes (Bergalli 1983; Friedrichs [2002] 2009; Rothe et al. 2009). The construction of an artificial conceptual barrier between these areas prevented the recognition of an inexorable development, namely, that when political and economic powers pursue common interests, their ability to generate massive social harm becomes enhanced (Michalowski and Kramer 2006: 1).

The production of mutual state-corporate legal and illegal interactions is likely because, within the capitalist structure of investment and production, “the goals of business (high profits and secure markets) become the goal of government, and the ‘national interest’ becomes identified with the systematic needs of corporate capitalism” (Ross 2012: 156, quoting Parenti 1995).

So it is important that, at the beginning of the 1990s, some criminologists – initially and most notably Michalowski and Kramer (2006) – proposed an integration of state and corporate crime frameworks, generating a new sub-genre of work around illegal or socially harmful actions that occur when there is a common set of interests between states and corporations.

In its original formulation, state-corporate crime was defined as those

... illegal or socially injurious actions that result from a mutually reinforcing interaction between (1) policies and/or practices in pursuit of the goals of one or more institutions of political governance; and (2) policies and/or practices in pursuit of the goals of one or more institutions of economic production and distribution. (Kramer and Michalowski [1993] 2006: 20)

According to the North American criminologists who originally shaped this concept, the deviant relationships between organizations can take two forms: state-initiated corporate crime and state-facilitated corporate crime. On the one hand, a state-initiated corporate crime “occurs when corporations, employed by the government, engage in organizational deviance at the direction of, or with the tacit approval of, the government” (Kramer and Michalowski [1993] 2006: 21). On the other hand, a state-facilitated corporate crime “occurs either when government regulatory institutions fail to restrain deviant business activities, because of direct collusion between business and government or because they adhere to shared goals whose attainment would be hampered by aggressive regulation” (Kramer, Michalowski and Kauzlarich 2002: 271–272).

A recent and suggestive development has sought to extend the ambit of state-corporate crimes through recognizing the initiator and facilitator characteristics that corporations may present. Thus, “corporate-initiated state crime occurs when corporations directly employ their economic power to coerce states into taking deviant actions”. Furthermore,
corporate-facilitated state crime ... occurs when corporations either provide the means for states criminality (e.g. weapons sales), or when they fail to alert the domestic/international community to the state’s criminality, because these deviant practices directly/indirectly benefit the corporation concerned. (Lasslett 2010a)

These conceptual frameworks are set out briefly to frame the analytical focus of this article. Furthermore, it is through the perspective of social harm that we wish to widen our analysis beyond concepts tied to crime (and, indeed, due process and punishment). Of course, utilizing the latter perspective alongside reference to “crime” does create tensions and indeed possible contradictions (Hillyard and Tombs 2007). This is due to, on the one hand, the perspective of social harm wanting to go beyond criminology and its own criminological language to avoid the problems and the limitations addressed within the analysis of criminology (Hillyard and Tombs 2004); on the other hand, extending to harm the definition of “criminal” creates a debate on new and expanded forms of criminalization, contrary to the intentions of many of those who identify and study social harm itself, while reopening an old debate within the field of critical criminology.2 Notwithstanding the problems associated with this latter debate, we consider the perspective of social harm a useful tool to illuminate the importance of certain types of clearly harmful activity – not least those with a basis in the economy and in finance, such as those upon which we are focused, below.

We believe that the conceptual frameworks of both social harm and state-corporate crimes can, in their combination, produce important insights into certain social phenomena.3 For us, it is imperative to recognize the fact that the harms caused against the Spanish population are not natural nor inevitable effects, but they derive from a mode of economic organization and a social structure within which the omissions and the actions of the state and of the corporations play decisive roles. According to our interpretation, the latter produced harms and inequalities because of the markets, which derive directly from the state tolerance, absolving the international financial institutions from accountability for their decisions and allowing private enterprises to act freely, without being sanctioned for breaking the law. The state’s deregulation of the markets and the lack of control over the activities of corporations within them have enabled the production of widespread, significant harms (Tombs and Hillyard 2004: 44–45). This does not preclude, and we would argue necessitates, the study of the extent to which state and corporate behaviour is or is not criminal – and what should be the consequences of such a determination.

In the following section, the symbiotic relationship between the state and the corporations within the Spanish crisis will be analysed, including how the latter has produced social harm and a series of crimes.
Crisis, Evictions and Suicides: A Spanish Example of State-Corporate Crime and Social Harm

As already indicated in the “Introduction” section, the global economic crisis has impacted, and continues to impact, particularly seriously in Spain. As a product of fiscal adjustment policies, the welfare state has been subject to a series of (new forms of) budget cuts, which have included pressures to diminish social rights in health, pensions, education and other policies relating to social inclusion. These cuts have been accompanied by the state increasing personal taxation, which has affected lower income earners. Meanwhile, according to the policy of bank bailouts, just one of the banks, Bankia S.A., received more than €23 billion.

Evictions: A clear expression of social harm generated by the symbiosis between the state and the corporations

As a result of processes of dispossession due to unpaid debts, Spain is going through an intense situation leading to the loss of homes for hundreds of thousands of families. This situation is becoming worse because, in Spain, even with home loss, debtors still retain a certain part of the debt.

The country’s housing market bubble emerged from the Land Use Act 1998, which allowed for a change in land use, thus promoting speculation. The outbreak of the crisis, the exponential increase in unemployment and the loss of purchasing power prevented hundreds of millions of people from paying their mortgages. The financial institutions therefore began, thanks to court orders, to evict families from their houses. According to the Platform of People Affected by Mortgage (Plataforma de Afectados por la Hipoteca (PAH)), by 2011, over 349,716 cases of foreclosures had occurred, of which 166,716 cases ended up in eviction. According to the Judiciary data, by 2012, 46,408 court orders out of at least 70,000 had in fact been executed – with a 14 per cent increase in 2011. This latter figure in fact represents an average of 127 evictions per day. These evictions created a huge amount of newly empty apartments, in addition to the thousands of homes that were built and never occupied. According to the data, there are 3–5 million unoccupied houses in Spain, making it one of the countries in the world with the highest number of vacant houses.4

Beyond a debate about people’s responsibility when applying for credit in Spain, it is clear that there has been fraudulent regulation which has allowed banks to calculate the remaining debt unilaterally after its payment due date. Moreover, the latter’s interest rate increases in an abusive manner due to payment delays, preventing the affected people from proactively halting eviction. This abusive character of loan contracts clauses and lenders’ vulnerability have been recently recognized by a sentence of the Court of Justice of the EU (14 March 2013),
which claims that the Spanish regulation is illegal because it runs counter the Directive 93/13 EEC, allowing the Spanish judges to stop an eviction through precautionary measures, while they analyse whether the mortgage contract contains abusive clauses.\textsuperscript{5}

The wheel keeps on turning: The tragedy of suicides due to economic causes

As dramatic as it can seem, it would not have been long until the events happening in Greece or Italy arrived in Spain. And such situations generate harm, so that, during a period of crisis, some people may turn towards desperate measures. In other words, it is through such events that some people decide to put an end to their lives, seeing no other alternative.

Even though there are official figures of the number of suicides per year, they do not show the causes behind those suicides. Therefore, it is extremely hard to collect the suicide cases and determine which of them were due to the crisis. What we can, however, be sure of is that from the crisis outbreak, especially since 2012, some did write that the reason behind them ending their lives was the crisis. In addition, broadcasted events of people who had committed suicide, before an imminent eviction, have illustrated the crisis in a dramatic way.

For example, on 24 October 2012, a man hanged himself in Granada at the moment when the court delegation proceeded with eviction. The following day, another man tried to commit suicide by hanging himself when he was about to face eviction. Then, on 9 November, a Spanish Socialist Workers’ Party (PSOE – Partido Socialista Obrero Español) ex-politician committed suicide in Barakaldo, Basque Country. In February 2013, a retired couple left a letter explaining that the loss of their home and their financial situation was the cause of their suicide.\textsuperscript{6}

After the press widely publicized three of these latter suicide cases, the government was pressured to take certain measures. It finally passed the RD-Act 27/2012, which established a 2-year moratorium on the evictions. However, the reality is that, due to this law’s restrictive conditions, none of these three widely publicized suicide cases would have been prevented, and less than 10 per cent of those facing eviction would have been able to find any benefits from it.\textsuperscript{7}

In addition, those suicide cases were certainly not the last ones.\textsuperscript{8} The visibility of the set of problems behind these cases, besides its difficult categorization or measurement, directed people’s attention towards the politicians and the bankers. Even though, in 2012, all the political parties agreed to demand that the Government modify the “goals and actions of suicide prevention” (within the Mind Health Strategy 2009–2013) to better support groups of people who are the most vulnerable (Spain is placed as the third country of the world in youth’s suicide rate), more suicide cases kept on occurring in 2013. This indicated the futility of treating suicide prevention through the paradigm of vulnerability as an
individualized mental health issue. Rather, it required recognizing than seeking to avoid the systematic production of these – the anomic situations, in Durkheim’s ([1893] 1987; [1897] 1995) words, which give rise to greater suicide rates.

**State welfare cuts, bank bailouts and evictions: Civil disobedience as a form of resistance**

The state’s active defence – or at best its passive tolerance – of corporations and the so-called markets has demonstrated its *inability* to generate solutions for great social harms.

There is a deep erosion of democracy in contemporary Spain. After the 6/12 and 27/12 RD-Acts, the government created the Housing Social Fund, which would allow evicted people to rent houses at low prices. In fact, each of these measures has proven to be absurdly insufficient.\(^9\) Therefore, civil society began to take specific actions to defend what appeared unavoidable. Perhaps, the most evident case is represented by the PAH, which has not only avoided hundreds of evictions and developed an overall campaign of communication support and information for affected people, but also promoted public consciousness and indeed *conscience about* this phenomenon, thus spreading this beyond a limited number of institutional actors. Little by little, more and more actors began changing their way of facing the said problems. For instance, some judges began to suspend evictions even before the sentence from the Court of Justice of the EU had been given. They also wrote a report denouncing malpractice from the banks. Thus, the position of the judges, lawyers and public prosecutors became stronger against the financial institutions by starting to accuse them of speculating with evictions by purposely delaying the auctions to ensure a better price (Irujo and Elola 2012).\(^10\)

Since then, other actors have been joining the cause. In November 2012, the largest union of the National Police Corps, as well as the *Catalan Autonomous Police* (*Mossos d’Esquadra*), was in favour of not punishing police officers who refused to take part in evictions by giving them proper juridical assistance. In the same way, some municipalities took measures to oppose the evictions, followed by the refusals of firefighters and locksmiths to participate in these acts.

The actions of disobedience, protest and communication carried out by the PAH all over the country finally generated a proposal to parliament to modify the Mortgage Law. In February 2013, Ada Colau, on behalf of the PAH and during her appearance in the congress, called the representatives of the banks “criminals”. Consequently, this caused indignation within the political sphere, and it deepened the debate about the convenience of labelling the banks and the governmental actions, during this crisis, as “criminal”.

Despite such denunciations, and growing public support for them, the government started to institute a campaign of criminalization, especially since
the _escraches_ campaign\textsuperscript{11} promoted by the PAH. Today, the Government has proceeded to order the police to identify and, if necessary, punish, fine or even arrest people taking part in such _escraches_, labelling their actions as terrorism (or _Euskadi Ta Askatasuna_ (ETA) supportive) and, also, “pure Nazism”.\textsuperscript{12}

Nonetheless, the PAH’s strength and the capacity for resistance within neighbourhoods have increased. For instance, in Badalona alone, the third largest city in Catalonia with a population of just over 200,000, the PAH has stopped 200 evictions “and is currently helping, every week, 700 families afraid of losing their homes” (Llamas 2014). In general, this resistance has succeeded in reducing in many municipalities the effects provoked by the mortgage policies through a variety of measures, which have been adopted, in turn, in other towns. Another aspect of the resistance has been successfully to propose alternatives to the extreme situation of eviction. It has also promoted policies which oblige banks to find better solutions and also to be sanctioned if they play a passive role. Thus, the PAH managed to have sanctions imposed upon banks located in cities like Terrassa and in Barcelona that not only continue to evict residents, but also maintain ownership of empty flats. Finally, a further element of the struggle was to help evicted families stay in empty flats until they found a new place in which to live. In this “social project”, as it became known, the occupation of a block of houses in the City of Salt became emblematic. While the residents of this block were finally evicted in December 2013, the occupation – which had begun in March that year – revealed the capacity for neighbourhood resistance and generated controversy surrounding the issue of social rights and the duty of the state to protect them.\textsuperscript{13}

**More production of state-corporate violence: The business of armaments**

The problem of the arms’ trade – whether legal or illegal – is of course not a new one, but has not been treated in depth by criminology (albeit with some exceptions). For us, and in the context of this article, this trade, while generating harm in itself, also illustrates, not least during a period of economic crisis, a symbiosis between the state, banks and other private sector corporations in the manufacture and sale of weaponry – a perverse conjuncture between economic and political interests. In the context of the crisis, the state, through its use of public resources, helps banks, injecting them with huge amounts of money to, on the one hand, “rescue them” while, on the other hand, cutting social services to its citizens (basically, health and education) due to lack of money to sustain the latter programmes. At the same time, these banks evict thousands of people from their houses because they cannot pay their debts. In parallel with those evictions, the banks are the same ones that negotiate to make tools used for violence, destruction and death. In the following section, we will try to further explore the nature of and links within this trade.

*State Crime 3.2  Autumn 2014*
The destructive character of the connections between crisis, state-corporate criminality and social harm appears evident if we consider some forms of financing taken by the banks. Beyond the evident fraud represented by bank bailouts by means of public funds – while these very same institutions push hundreds of people out of their houses – there are other forms of financing, which show the criminal and criminogenic roles of some actions committed by banks. We refer to the financial support that the private bank has given to companies creating, year after year, many more deaths, if we compare them with the figures generated by the “common” crime. In other words, the reference is to the industry which produces weapons.

The complexity of this – as it includes states, private companies, bank institutions, intermediaries, illegal actors and operations, and a lack of transparency – requires some analytical means to reveal its constituent elements. In this, the work of Rothe and Collins is invaluable. They indicate that it is necessary to consider what they call system criminality, which is defined by them “as a theoretical and a legal construct that can aid in efforts of enhancing accountability for international and transnational crimes in particular at the international level and international law” (Rothe and Collins 2011: 24). They define that system criminality “... not as criminality that is systematic, but rather as the system that facilitates criminality that necessarily expands beyond a singular state, states, organization/organizations, or network/networks” (Rothe and Collins 2011: 24). These authors suggest that one should expand and review such a concept to include the phenomenon of arms trafficking.

In this sense, the classification of armament markets offered by these aforementioned authors is very useful. From their point of view, there are three kinds of markets: white, black and grey:

White market refers to the legal sale of weapons by governments or private manufacturers to other countries or governments ... Black market deals are illegal by the covert nature of the transaction (i.e., the movement of the money and the arms) as well as through the illegal status of the buyer, seller, or transaction” ... Gray market makes reference to those transactions that are not considered illegal, but do not fall within the category of white market dealings. (Rothe and Collins 2011: 23)14

With these elements in mind, we now turn to look briefly at the situation in Spain.

The Spanish position in the arms market

What is the importance of this market in Spain that it is worth considering in the context of this article? According to the data from the Stockholm International Peace Research Institute (SIPRI 2010), during the 5-year period, 2006–2010, Spain was ninth in the world as an exporter of conventional armaments, generating
an amount of US$3,554 million in the trade of heavy weaponry (i.e. tanks, combat aircraft and warships). In addition, light weapons also made part of the latter data (i.e. pistols, rifles, machine guns, grenade launchers and a large number of warlike artefacts that are emerging permanently). Moreover, in 2010, during the second stage of the economic crisis, it was estimated that Spain had increased its arms trade by 44 per cent; the Spanish Ministry of Commerce reported that, for the first time, €1 out of €10 from Spanish products sold abroad belonged to the arms market and to the military (González 2010: 11).

In this context, it is important to identify the countries to which those armaments were exported. Many have violated European and Spanish provisions – due to their internal conflicts, violation of Human Rights, democratic deficits and so on – so that it is highly restricted to export weapons to them. However, despite these latter restrictions, the main Spanish clients are, among many others, Venezuela, Colombia, Israel, Libya (which has been sanctioned with an arms embargo by the EU and the United Nations), Thailand, Mauritania, Angola and Turkey (SIPRI 2012: 21). Clearly, of course, there is a simultaneous and contradictory discourse at play in several of these cases: on the one hand, the political regimes and the lack of respect for human rights in several of the mentioned countries are strongly questioned (as well as the important minimization of exports), and, on the other hand, they are subject to important agreements of cooperation within the military industry (Font and Benítez 2011: 5 and later). In other words, referring to the Spanish exports of small and light arms, during 2001–2010, the decade mentioned above, when Spain was alternatively governed by the Popular Party (PP – Partido Popular) and the PSOE, exports rose by 97 per cent – one indication of the increase in the arms business.

Furthermore, it is important briefly to note the uses to which these exports are put, as well as the lack of transparency surrounding this business. Concerning the first point, the SIPRI (2010) report, above, remarks upon the diverse nature of the exports destinations, which is particularly important when indicating the gradual privatization of war: the report demonstrates that 70 per cent of the destinations are private companies and not governments. This leads researchers to confirm the Spanish contribution to “the creation of private armies and war privatization”. Furthermore, on the level of transparency and information from the Spanish governments, the report outlines great “secrecy” at the moment of informing the destiny of the exported armament (SIPRI 2010: 14), failing to admit that its export practices might in fact endanger national security.

Economic crisis and the arms market

From another point of view, to outline the last Spanish governments’ political priorities, it is interesting to check how, while the budgets for health, education
and justice become reduced, budget cuts for military policies and defence do not appear on the Government’s agenda. Indeed, the Ministry of Defence is disproportionate representing 3 per cent of the gross domestic product (GDP), as a consequence of the 19 special programmes agreed since 1997. Yet, the Army remains over-sized – albeit that this, paradoxically, has generated employment opportunities – but which contributes to a very remarkable increase in debt. As the Centre d’Estudis per la Pau JM Delàs notes, military operations abroad present an extraordinary and continuous budget per year reaching around €780 million hidden by the government within the contingency fund. The investment in military research and development continues to enjoy significant public funding that could be used, for example, for promoting civil research and generating more socially useful jobs instead. It is clear, then, that “Buying armaments for tens of thousands of millions keeps on being a heavy burden for the public budget, which is already very high” (Ortega 2012: 1–2). Should there be any doubts left, the current Spanish government announced a review of its defence policy that would, economically speaking, double the budget of the Ministry of Defence for 2013 (Elorduy 2013). In this context, it might also be noted that the Minister of Defence, Pedro Morenés, is a former adviser to weapons manufacturing company “Instalaza”, which produces cluster bombs (a weapon with devastating power). Morenés held that position between the years of 2005 and 2007, no doubt adding to his expertise for his current ministerial post and the business strategy overseen by the ministry. Despite visual evidences showing child amputees, who had played with spread cluster bombs, the current Spanish Minister of Defence has personally taken under his wing the manufacturers who provided annihilation weapons during the International Defence Exhibition and Conference (IDEX 2013, one of the greatest events in the world for arms sales) in Abu Dhabi in February 2013.15

The role of banking corporations within the arms business

As indicated by the study La Banca armada: Inversiones explosivas de los Bancos y Cajas (The Armed Bank: Explosive Investment from Banks and Savings Banks),

financing is as important for arms companies in Spain as for any other enterprises or industries. If we pay attention to these Spanish companies’ indebtedness, we will find that, from last year’s analysis, from which updated data has been included, the indebtedness ratio is of an average of 73%, reaching values around 100%. (Calvo Rufanges 2012: 7)

There are very important and diverse banks, financial institutions and savings banks in Spain working on financing the business of production and sale of every kind of arms trade, including dual-use products and technology. Despite the difficulties in researching this financing, not least due to bank secrecy, it is
clear that there are a significant number and range of bank services involved in this market, both directly, through trading, and indirectly, supporting new arms development. Over 60 diverse financial institutions in Spain have business relations with armament companies and arms dealers.16

The following corporations (Table 1) have financed, at least, 41 private armament companies, which had received financial support on 457 occasions.17

Table 1 Credits Provided by Spanish Banks to Arms Enterprises, 2005–2013

<table>
<thead>
<tr>
<th>Bank</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao Vizcaya Argentaria (BBVA)</td>
<td>€2,657,887,157</td>
</tr>
<tr>
<td>Santander</td>
<td>€1,322,658,549</td>
</tr>
<tr>
<td>Instituto de Crédito Oficial (ICO)</td>
<td>€116,000,000</td>
</tr>
<tr>
<td>Bankia</td>
<td>€66,752,941</td>
</tr>
<tr>
<td>CaixaBank</td>
<td>€35,585,941</td>
</tr>
<tr>
<td>Catalunya Caixa</td>
<td>€31,600,000</td>
</tr>
<tr>
<td>Banco Sabadell Atlántico</td>
<td>€20,043,285</td>
</tr>
<tr>
<td>Ibercaja – Caja 3</td>
<td>€18,936,493</td>
</tr>
<tr>
<td>Banco Popular – Pastor</td>
<td>€17,652,249</td>
</tr>
<tr>
<td>Kutxabank</td>
<td>€17,352,941</td>
</tr>
<tr>
<td>Banco Mare Nostrum (BMN)</td>
<td>€17,352,941</td>
</tr>
<tr>
<td>Cajamar Caja Rural</td>
<td>€2,692,750</td>
</tr>
<tr>
<td>Unicaja – Caja España-Duero</td>
<td>€2,153,297</td>
</tr>
<tr>
<td>Total</td>
<td>€4,326,668,545</td>
</tr>
</tbody>
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Source: Calvo Rufanges (2013: 6).

Some of these financial corporations are the same institutions that had been provided with bailouts from public funds after the housing market bubble burst – a crisis which of course these very same companies (such as Bankia, Liberbank and Catalunya Caixa) had provoked. They are also the same corporations that lead evictions and expulsions of thousands of families all over the Spanish territory.

However, it is alarming to verify that companies like Textron, Lockheed Martin, European Aeronautic Defense and Space Company (EADS) and Thales, who are producing cluster bombs, anti-personnel mines (certain type of landmines) and nuclear weapons, gather half of the cases in which the banking has foreseen as profitable to invest money (Calvo Rufanges 2012: 9). According to the latter, during the last decade, the total of the bank inversions exceeded €45 billion. Thus, it is clear that significant state funding has been diverted to the armaments industry. It almost goes without saying, but at the same time needs emphasizing, that such funds could have been used to generate employment and promote economic growth instead of promoting lethal violence.
Thus, the report by Calvo Rufanges and others concludes that banks are not only suspected of unethical practices, but also that we can demonstrate that it is co-responsible for its structured links with armament business ... It is insufficient for anyone to appear as socially responsible when one is helping to manufacture arms, which generate thousands of deaths, mutilations, and suffering all over the world. (Calvo Rufanges 2012: 27–28)

Conclusion: War Horrors and Criminology

Many works of art have immortalized forever war horrors, and the falsehood of claims of progress based upon a warlike rationality. *Angelus Novus*, by Paul Klee; *The Falling Angel or War*, by Marc Chagall; *Guernica*, by Pablo Picasso, constitute some magnificent portraits of authoritarianism, warfare industries and wars. Despite these artists painting their masterpieces to keep alive the memory of horror and outrageous inhumanity, the collective violence expressed by those pictures persists. Now the markets, in their relentless eagerness for money accumulation and devastation, contribute to them.

As we have seen in this article, the destructive connections between private banking and the Spanish state has facilitated the execution of a variety of state-corporate crimes, including internal economic frauds and external deaths in the participation in wars, and massive social harms as a result of the response to the country’s economic crisis – not least evictions, suicides, unemployment, pauperization and so on. Its immediate and most evidently deplorable aftermath is about the dozen reported deaths of those directly harassed by corporations.

The same crisis has made the various faces of banking evident: *speculating banking*, which contrived to generate the housing market bubble; *swindler banking*, which, after the crisis outbreak, used the state to socialize the losses of its financial market speculation; *eviction banking*, which expelled the victims of consumption out of their houses; and *armed banking*, which, with the aim of gaining enormous profits, is willing to finance arms manufacturing, thereby creating violence and war in other countries.

Where do such ways of acting and powers lead us? Will criminology have anything to say about those (legal) powers, which, the same as the economic and military ones, produce so much pain and devastation and so many victims, at home and abroad? Or will criminology continue to reproduce what Morrison (2006) has termed a form of “apartheid”, through its silence as regards the production of wars, horrors and devastation? As Ruggiero argues, “[W]ar is increasingly becoming a form of state and corporate criminality, which requires criminological analytical efforts” (Ruggiero 2010: 103). In fact, we strongly believe that a
discipline studying social harm, state and market crimes can address the myopia of criminology – as we attempted to illustrate here with respect to Spain and the juxtaposition of economic and political power in the banking and arms sectors.¹⁸

Notes

1. The authors wish to thank Alejandro Piombo, Nanor Hajjar, Steve Tombs and the anonymous reviewers for their comments upon and help in the translation of this article.
2. For example, see this kind of debate in Cohen (1988).
3. Some authors also opt for this route, opting for a few larger studies that they would call Social Harm Studies. See Lasslett (2010b).
5. When the Spanish Constitutional Court had the opportunity of expressing itself about this issue, it decided not to admit the matter of unconstitutionality and decreed that forced executions did not imply defencelessness.
7. According to PAH data, the Free Association of Lawyers criticized the measure, accusing the Government of “obeying the Troika” (García de Blas 2012).
8. A quick browse through the Press, beginning from 2010, will crudely show the occurrence of a dozen suicides due to economic reasons, especially when facing evictions.
9. Even though on 17 January 2013, the vice-president of the government very enthusiastically announced the creation of such a fund, there were, actually, only 6,000 available houses, when the number of evicted families exceed 200,000.
10. The popular pressure has also achieved a jurisprudential shift to accepting the nullity of certain high-risk financial-product contracts, such as the Preferential Participations or the so-called “swaps”, based upon the error of the manifested contract will.
11. Peaceful demonstrations from some citizens at the homes or workplaces of certain individuals, usually politicians, to denounce bank and mortgage law abuses with the aim of urging legislative reforms.
14. Actually, they are “covert” operations. The authors argue that, for example, while there are arms embargos decreed over certain countries, sales can be made to other countries free of such embargos with the awareness that the arms will be then transferred to the state in which the embargo has been placed (Rothe and Collins 2011: 23).
15. Regarding Instalaza and the double discourse employed by the Spanish authorities with respect to the use of weapons and certain countries’ political systems, it would be important to remember the finding of a cluster bomb cap manufactured by the mentioned company during the attacks of Gaddafi’s regime over the population of Misrata during the Libyan war in 2011 (Calvo Rufanges et al. 2012).
16. By type of investment, these links include the following: (1) shareholdings, (2) loans, (3) investment funds, (4) issuance of bonds and stocks and (5) financing of exports. It was €45,460,963,985 altogether (Calvo Rufanges 2012).
17. The Spanish military companies that did direct business with the private banks are EADS
Construcciones Aeronáuticas (EADS Casa, subsidiary of EADS), Eurocopter España (subsidiary of EADS), Indra, Maxam (including its subsidiaries Expal and Faex), Navantia, Santa Bárbara Sistemas (subsidiary of General Dynamics), Sapa Placencia, Tecnobit and Urovesa (Calvo Rufánjes et al. 2012: 10).

18. As we completed the final draft of this article, the awful fact of the death of around 15 people who tried to cross one of the fences that divide the uncivilized from the civilized space (Ceuta) highlighted once again the criminogenic power of the defence policy from the Fortress Europe. Once again, is it only social harm or is it a massive interstate/regional crime?

References


