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NEOLIBERALISM AS A PRODUCER OF CRIMINOGENIC ENVIRONMENTS?

An Examination of Bolivia's Neoliberalization 1985-2003 Via a Lens of State Crime

A Thesis presented in

fulfilment of the requirements

for the degree of

Master of Arts

In

Politics

Massey University

New Zealand

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2016

Abstract

The aim of this thesis is to examine the potential for neoliberalism to produce a criminogenic environment via the symbiotic relationship between the global economy's primary actors, that of states, private capital interests and international financial institutions. This symbiotic relationship reinforces and reproduces neoliberal ideology and thus aids neoliberalism in becoming a cultural producer. The theoretical underpinnings of this thesis are rooted in critical theory and the thesis uses historical narrative to aid in explicating neoliberalism's global ascension. Moreover this thesis is an examination of this phenomenon via a lens of state crime, in particular state-organized crime, state-corporate crime and crimes of globalization. For the purpose of this thesis, state crime definitions are grounded in human rights laws and norms which are themselves conceptually grounded in the capabilities approach, an approach which serves as an antithesis to neoliberalism. Lastly, this thesis examines neoliberalism's potential to produce a criminogenic environment via a single-case study; Bolivia's neoliberalization for the period 1985-2003. The purpose of this thesis is to shed light upon potential and actual social and economic harms brought about by the economic rationality prescribed by the neoliberal ideology.

Acknowledgments

Firstly I would like to thank Massey University and members of the Politics Department, in particular my supervisor Dr, Beth Greener for her tireless patience and understanding.

Thanks also to my parents Robert and Kerry Kear for their support and for showing me that it's never too late and to Rae and Norma Simpson for housing me and feeding me through this last stretch. But most of all a big thanks to my long-suffering husband Jason to whom I will simply say 'finally the trifecta is now complete'.

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Introduction

In 1981 Robert W. Cox wrote a paper '*Social Forces, States & World Order: Beyond International Relations Theory*' in which he purported that 'theory is always for someone and for some purpose' (p. 128). His was concerned about the development of a hegemonic world order founded upon the ideology of free trade. Cox claimed that if the current model of monetarism was to remain we would see further deterioration of living standards in the Third World and that globally we would see inequality widen (Cox, 1981, p. 149). Cox (1981) was explicating the transformation of global structures such as the internationalization of the state (p. 144); what Wettstein (2009) calls today 'the economization of the state' (p. 19) as well as the internationalisation of production that shifts industry to low-wage countries (Cox, 1981, p. 146). This is what Smith (2015) proclaims today to be the "most significant and dynamic transformation of the neo-liberal era" (p. 82). Furthermore Cox (1981) outlines what global conditions this hegemonic structure would need if it were to survive. Primarily it would need a system that placed the needs of capital over socio-political needs, such as real wages and unemployment (Cox, 1981, p. 149). This is what Susan Strange (1996) has called 'the retreat of the state' where markets have become the masters of governments (p. 4). Or as Chomsky (1999) declared, it's a case of placing 'profit over people'. Secondly, this hegemonic system would also require a coalition of committed states centring upon the U.S.; a coalition such as the G7 today or the western dominated international financial institutions (IFIs) such as the World Bank and IMF (Cox, 1981, p. 149).

The model of monetarism that Cox (1981) was referring to is the model of economic arrangement that we now call neoliberalism. This thesis is concerned with the primary actors within this global economy, states, private capital interests (MNCs) and international financial institutions (IFIs), who, via a symbiotic relationship, reproduce and reinforce the neoliberal ideology. The aim of this thesis is to examine neoliberalism's potential to produce a criminogenic environment via the symbiotic relationship between the global economy's primary actors. Here it is important to note

that “Criminogenic conditions are systems, situations or facts that cause or are *likely to cause criminal behaviour*” (Alibux, 2016, p. 30).

This thesis will therefore examine neoliberalism and the contemporary global economic system from a critical theory perspective via a lens of state crime. State crime is itself a subfield of criminology concerned with state-organized crime, state-corporate crime and crimes of globalization. This sub-discipline is rooted in critical theory as it seeks to extend the traditional definitional parameters of crime, thus emancipating itself from the authorship of states. Critical theory both in international relations and in criminology challenges the status quo and seeks to produce a holistic understanding of a phenomenon. This holistic understanding can be best produced by historical narrative and by drawing upon multiple disciplines so as to better understand the particular phenomena. This is because it is only by understanding where we have been and how we came to be there can we theorize a better future.

With regards to this thesis, critical theory aids in explicating the current global hegemony of neoliberalism, its role as a cultural producer and the global processes that aided in the ideology’s ascension. Chapter One therefore investigates the development of neoliberalism and the contemporary process of economic globalization. So as to investigate neoliberalism’s potential for producing a criminogenic environment Chapter Two examines the contested sub-discipline of state crime studies. This chapter will begin by discussing definitional problems concerning state crime and attempts to broaden the definition of state crime. It will then proceed to examine the particular subfields of state crime relevant to the thesis; state-organized crime, state-corporate crime and crimes of globalization.

Definitions of state crime are varied and contested therefore for the purpose of this thesis they will be grounded in international laws and norms, particularly those concerning social and economic justice and human rights. Chapter Three therefore investigates human rights theories and debates, in particular those concerning social and economic rights. This thesis will further ground its conception of human rights in the

capabilities approach as this serves as an antithesis to neoliberalism. Neoliberalism views economic liberty as prior to and essential to all other liberties. Thus, neoliberalism subordinates the social and political spheres to economic rationality. The capabilities approach however places social, economic and political freedoms on an equal footing arguing that each of these freedoms are interconnected and serve to strengthen one another.

This thesis will then examine neoliberalism's potential to produce a criminogenic environment via a single-case study. Chapter Four investigates the neoliberalization of Bolivia over the period 1985-2003. Bolivia has experienced one of the most radical 'shock treatment' economic restructuring to date and the period of Bolivia's neoliberalization reflects the global processes that aided in the ascension of the ideology. Moreover, Bolivia is one of the poorest nations in the world yet is rich in natural resources, and has succumbed to the structural adjustment policies of the World Bank and IMF and the subsequent influx of foreign direct investment. Bolivia's experience highlights how the symbiotic relationship between states, private capital and international financial institutions reinforce and reproduce the neoliberal ideology and become permanently embedded in domestic economic, political and social structures.

Lastly, Chapter Five analyses neoliberalism's potential to produce a criminogenic environment. It assesses state-organized crime, state-corporate crime and crimes of globalization with specific reference to Bolivia and human rights law. It interlinks the global processes concerning neoliberalism with the aim of illuminating the symbiotic relationship that is forged between the global economy's primary actors.

This thesis is therefore an investigation into how the symbiotic relationship between the global economy's primary actors, that export, reproduce and reinforce the neoliberal ideology, can potentially produce a criminogenic environment that causes social and economic harms and thereby violates human rights. This claim is assessed using a single case study, that of Bolivia's neoliberalization period 1985-2003, via a lens of criminology, in particular that of state crime. State crime studies include state-organized crime, state-corporate crime and crimes of globalization. State crime definitions are grounded in human rights international law and treaties that argue the claim that social and economic rights are essential for enjoying all other rights. Critical theory forms the basis of the theoretical framework for this thesis as one is able to draw from multiple disciplines so as to provide a holistic examination of a specific problem thereby challenging the status quo.

Conceptual Framework

"Theory is always for someone and for some purpose" – (Cox, 1981).

The theoretical underpinning of the research and methodological design stems from 'critical theory' as it provides the means by which to challenge current systems. 'Critical theory' is concerned with understanding how we came to live within the existing international structure; that is to look to the past so as to better understand our present and to then theorise a better future (Sinclair, 1996, p. 8). Therefore it is an historical pursuit that places knowledge of the past as an integral part of understanding how we came to be where we are and of theorising a better alternative.

'Critical theory' examines the whole of the system and draws upon many social science perspectives and methods so as to produce a holistic critique of existing power structures (Duvall & Varadarajan, 2003). It questions the hidden assumptions and purposes of competing theories and existing practices and institutions (Bronner, 2011,

p. 1). Critical theory is particularly relevant today in assessing the interdependency between political and economic agents so as to combat global risks such as climate change, poverty and increasing economic inequality. It seeks to question existing institutions and their practices via an understanding of how they emerged and to whose purpose they serve so as to develop a better path forward. It is therefore an emancipatory and normative exercise that challenges existing power structures and advocates for change within the international system (Cox, 1996, p. 90).

By challenging existing power structures critical theory examines the production of ideas, institutions and social practices that aid in producing conceived realities (Sinclair, 1996, p. 8). ‘Critical theory’ recognises that all theories have a point of origin, an ideological bias and the manner in which knowledge is defined and accrued has a direct influence upon the institutions we produce and reproduce (Kolokotronis, 2015, p. 321). In regards to this research critical theory will aid in the assessment of various historical forces that have shaped the world in which we now live, such as the triumph of liberalism and capitalism, the rise of neoliberalism, globalization and the rise of private capital’s economic and political power (Sinclair, 1996, p. 8). This approach therefore aids in examining how neoliberal economics and its underlying ideologies have permeated global political and economic relationships. The primary agents in our global economy (states, private capital interests and IFIs) therefore are produced by and reproduce this ideology to the extent that no other alternative is considered; they are therefore ‘cultural producers’.

The term ‘cultural producers’ stems from Gramsci’s idea of cultural hegemony in which the dominant group in society coerces the subordinate classes into consenting to their rule; and this is a form of power (Gramsci, 1971). That is, that the primary actors within this global economy become cultural producers as they export their own version of reality, what they perceive to be the true path to economic growth and development, and develop policies that reflect this reality (Eagleton & Pierce, 2011; Sinclair, 1996, p. 8). The result ultimately being that no alternatives for economic growth and development are produced thereby allowing the inequality that neoliberalism produces and the power structures of western dominance in the existing world order to prevail.

“In this view, the hegemony of a particular world order requires an ideological dominance which secures the broad consent of the ruled in an unequal and unjust manner” (O’Brian & Williams, 2010, p. 26).

Neoliberalism thereby serves the interests of the most powerful and has come to dominate the existing world structure by promoting and exporting its own version of reality.

This cultural hegemony is a power structure that is produced by and reproduces the dominant ideology, that of neoliberalism; however this power structure is multifaceted. As Foucault’s (1995) dissection of power concludes power is not linear, that is, it is not simply what one side does to another side; power for Foucault comes from many different sources and uses many different tools and techniques (p. 26). “Power is not a thing, but a social process: it becomes manifested in changing forms because social relations are constantly in flux” (Schwan, 2011, p. 42). Therefore Foucault (1995), when examining the concept of power, looks at the strategic alignments of agents and the coalition of their interests that are fluid and sensitive to certain pressures, and these pressures can emerge socially, politically and economically (Schwan, 2011, p. 43). This assessment of power leads Foucault (1995) to depart from Kant’s (2002) a priori judgements, that is, that knowledge exists in the absence of power relations (p. 28). Foucault (1995) claims that modern forms of knowledge and modern forms of power are intertwined; he calls this ‘power-knowledge’ (p. 27).

“[T]here is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations” (Foucault, 1995, p. 27).

A critical theoretical approach to this study therefore assesses these power constructs that produce ‘power-knowledge’ and become ‘cultural producers’ so as to challenge the status quo.

As noted this thesis seeks to examine the relationship between the global economy's primary actors via a lens of state crime studies. Criminology's subfield, that of state crime studies, situates itself firmly within critical theoretical tradition in that it challenges existing power structures as it examines state power and the interests that the state serves both domestically and globally; therefore critical criminology has firmly situated itself within the context of a critique of global capitalist society (Hopkins Burke, 2014, p. 512; Coleman et al., 2009, p. 1). State crime studies focus on crimes of the powerful particularly in a political economic context as the interstices of the political and the economic create powerful hegemonic structures that become cultural producers. In regards to this research cultural production is underpinned by the neoliberal ideology, and is aided by the process of economic globalization, this in turn has created a global hegemonic structure that could potentially produce a criminogenic environment. State-organized crime, state-corporate crime and crimes of globalization are the result of this interdependent global economy in which social and economic rights/ justice could be subjugated to economic liberties. State crime studies are therefore a critique of these hegemonic systems.

In sum the theoretical underpinnings of this research are rooted in critical theory which provides a holistic examination of global forces (economic globalization) that reproduce and export the neoliberal ideology thereby becoming hegemonic. Once hegemonic these forces influence and shape the domestic state structure as it serves the power of global capital, this in turn could potentially reproduce a criminogenic environment in which the global economy's primary actors become complicit in social and economic injustice. The neoliberalization of the global economy is nothing less than "a progressive, institutionally 'unleashed' and normatively 'disinhibited' economization of all areas of life and even of thought (economic imperialism) throughout the world ('globalisation', 'deregulation')" (Ulrich, 2002, p. 14).

Methods

This research is a qualitative study that will use a single-case study method so as to explicate how neoliberalization via the process of economic globalization, reproduced by the symbiotic relationship of the global economy's primary actors, can potentially cause a criminogenic environment which results in social and economic injustice. So as to examine this claim this thesis will investigate the neoliberalization of Bolivia from 1985-2003 as Bolivia's experience can best illuminate how global processes influence and reshape domestic state structures in which the interests of private capital take primacy over people's social and economic needs.

A single-case study is a detailed investigation of a particular event or issue that aids us in understanding why an event occurs the way that it did (O'Brian & Williams, 2010, p. 30). In regards to this research this single-case study will be examined via historical narrative so as to explore the specifics of the case in relation to external global processes. The disadvantages to conducting a single case study however is the inability to make generalizations pertaining to specific claims (O'Brian & Williams, 2010, p. 31). Single-case studies are an in depth description and examination of a specific series of events bounded in time and space (Merriam & Tisdell, 2015, p. 38). However the historical narrative will aid in the building of a holistic understanding of how the specific case is influenced by global processes. Historical narratives have a unique potential for understanding complex phenomena (Porra & Hirschheim & Parks, 2015, p. 537). This particular phenomenon that of Bolivia's neoliberalization, will be understood via the global processes that produce it. An historical narrative single-case study is furthermore conducive to critical theory in that it seeks to provide a holistic critique of existing global structures in the quest of emancipation. To understand why we are where we are we must understand where we have been and the underlying forces that brought us here.

In order to achieve this aim this study utilises a mixed methods approach that combines case study analysis via a lens of state crime studies alongside normative theoretical suppositions that will illuminate the potentially harmful practices of the primary actors. This will allow a holistic account of the problem at hand, that is, the global economy. Primary data collection methods will be that of secondary data analysis in which existing data is collected, analysed and evaluated. The advantage of secondary data analysis is that relevant information is easily accessed (O'Leary, 2010). The danger of secondary analysis is that the amount of data can become overwhelming, requiring selective data collection (O'Leary, 2010). Furthermore so as to ensure the credibility of my sources, and as I will be drawing from multiple sources and perspectives I will use the triangulation method that will allow me back up theories and/or statements made by researchers and scholars (O'Leary, 2010). This will consist of the triangulation of data method in which multiple sources are drawn upon to help establish credibility of information (Torrence, 2012).

Books, journals, periodicals and various databases are used to provide such secondary sources. However, some primary data is also drawn from research reports and databases pertaining to various NGO's and other international organizations such as the World Bank, IMF and United Nations. This adds some quantitative material to my primarily qualitative study and will help provide credibility to those secondary sources.

Summary

This thesis is therefore an investigation into how the symbiotic relationship between the global economy's primary actors, that export, reproduce and reinforce the neoliberal ideology, can potentially produce a criminogenic environment that causes social and economic harms and thereby violates human rights. This claim is assessed using a single case study, that of Bolivia's neoliberalization period 1985-2003, via a lens of criminology, in particular that of state crime. State crime studies include state-organized crime, state-corporate crime and crimes of globalization. State crime definitions are

grounded in human rights international law and treaties that argue the claim that social and economic rights are essential for enjoying all other rights. Critical theory forms the basis of the theoretical framework for this thesis as one is able to draw from multiple disciplines so as to provide a holistic examination of a specific problem thereby challenging the status quo.

CHAPTER ONE

The Development of Neoliberalism

This chapter investigates a range of existing theoretical and empirical literature to begin to set the scene for an investigation of a particular case study; Bolivia's 'neoliberalization' in the period 1985-2003. This chapter is comprised of two main sections. It will begin with a brief history of the free market concerning the emergence of laissez-faire economics. This section then investigates the counter-emergence of Keynesianism and the welfare state and lastly the rise of neoliberalism. This will aid in explicating the evolution of neoliberal ideology and its relationship as both producer and benefactor of economic globalization. An investigation into the changing dynamics between the global economy's primary actors, states, private capital (MNCs), and multilateral lending agencies (IFIs) such as the World Bank and IMF then follows. The aim of these two sections within this chapter is to explicate the hegemonic nature of neoliberalism which in turn will aid in the following chapter's investigation of neoliberalism's potential connection with crime.

A Brief History of the ‘Free Market’

Homo Economicus; an economic agent that is strictly concerned with maximizing its own self-interest with no moral obligation to the other (Ulrich, 2002, p. 20).

In 1989, the year that signalled the end of the Cold War, Francis Fukuyama wrote a piece for *The National Interest* called *The End of History* in which he asserted that the triumph of liberal democracy may well signal “the end of mankind’s ideological evolution” (Fukuyama, 1992, p. xi). Fukuyama’s (1992) proclamation reflects the emergence of a truly global free market underpinned by neoliberal economic ideology most commonly referred to today as economic globalization. The objective of neoliberal economics is a depoliticized economy in which the free hand of the market dictates all aspects of societal life (Wettstein, 2009, p. 19). It is an ideology that places primacy upon the economic freedom of the individual as this is believed to be pertinent to the individual’s political freedom within a society (Hayek, 1994, p. 98-101; Friedman, 2002, p. 9). It purports to be a rational ideology in which economics is considered an amoral affair (Ulrich, 2002, p. 20). This value-free, pure economics is based upon *Homo Economicus*; an economic agent that is strictly concerned with maximizing its own self-interest with no moral obligation to the other (Ulrich, 2002, p. 20; Jevons, 1970, p. 90; Menger, 1950, p. 97). Within the neoliberal ideology it is the rational self-maximising individual that is of central concern, while the market is considered the medium in which the individual partakes in voluntary exchange to further their own interests, and the ‘invisible hand’ is the unseen guided force that equates to efficiency (Kelsey, 2015, p. 133-134). The concept of the free market and of *homo economicus* has a long history however, and it emerged from and in turn greatly influenced the transformation from a traditional feudal society to a modern market society in the 18th and 19th century.

The Emergence of Laissez-Faire Economics

Classical liberalism, or what became known as laissez-faire economics, is most commonly said to have developed from Adam Smith's (1776) assessment of 18thc economic structures in his *Wealth of Nations* in which he theorised on the concept of the self-interested man and coined the term the 'invisible hand' (Smith & Wight, 2007, p. 291-292). Smith (1776) envisaged a free market based upon the liberty of man and his own self-interest guided by the invisible hand (i.e. self-regulating), one in which the role of government was reduced to providing internal and external protection and to the management of public works and institutions (Smith & Wight, 2007, p. 444). The concept of the self-interested man was also furthered in 1871 by the works of William Stanley Jevens (1970, p. 90) & Carl Menger (1950, p. 97) and became the central tenet of laissez-faire economics. Despite the claim that the free market rests upon the natural liberty of the individual and the natural evolution of markets themselves, the establishment of a market-controlled economy was hardly a natural affair, it required a strong state apparatus to enforce laissez-faire, that is, the political program of classical liberalism and utilitarianism (Gray, 2009, p. 1).

Utilitarianism "was characterized by a deep suspicion of political intervention into the "natural laws" of market[s]...and by an unbending...religious trust in the newly emerging discipline of (neoclassical economics)" (Wettstein, 2009, p. 171). This led to what Polanyi (1957) called 'the great transformation' (p. 170). This transformation is one where society transformed from a pre-modern to a market economy and thereby created a 'market society' (Polyani, 1957, p. 71). In traditional pre-modern societies economic activity served as a function of society and was based upon the norms and values of that society (Ulrich, 2008, p. 117). However a market society is one where the economy is separated from societal moral suppositions. According to Polyani (1957) a market economy can only exist within a market society and a market society can only emerge by separating society into economic and political spheres (p. 71). Thus "[i]nstead of economy being embedded in social relations, social relations are embedded in the economic system" (Polyani, 1957, p. 57). Therefore the emergence of the modern state went hand in hand with the emergence of a market society and the

emancipation of economics from societal moral suppositions. The separation of the economic and political spheres was considered a requirement for liberty.

The implementation of laissez-faire rested upon two historically timed factors: the first was the technological innovations of the day; the second was a lack of democratic institution's (Gray, 2009, p. 8). The first half of the 19thc witnessed a string of state legislation that redefined property rights and the state's role in economic and social affairs and aided in producing mass inequalities. The Enclosures transformed common land into private property; the Repeal of the Corn Laws 1846 ended protectionism; the Poor Law Reforms placed poor people at the mercy of the state and destroyed family units, while the scrapping of the Wage Councils removed obstacles to determine wage levels (Gray, 2009, p. 8-10). This period not only saw "an outburst of legislation repealing restrictive regulations, but also an enormous increase in the administrative functions of the state, which was now being endowed with a central bureaucracy" that functioned as the state enforcer of laissez-faire (Polyani, 1957, p. 139). However, as state bureaucracy and economic inequalities grew, so too did the democratic franchise. Indeed, Gray (2009) goes so far as to claim this was a reflection of and a societal reaction to the harsh realities of laissez-faire (p. 14). One could therefore conclude that while the successful implementation of laissez-faire resulted from a lack of democratic institutions, the harsh economic inequalities brought about by laissez-faire triggered the emergence of the democratic franchise.

It is not surprising therefore that after the Great Depression of the 1930s we saw the rise of fervent anti-capitalist ideologies such as Fascism and Stalinism. Nor is it surprising that post WWII we saw a strong political will to direct the market and address social issues such as the Beveridge Plan in Britain and the Great Society plan in the U.S.A. (Wettstein, 2009, p. 174). Most notably however was the change from free markets to mixed and managed markets brought about by the economic theories of John Maynard Keynes.

Keynesianism & the Welfare State

Keynes (2007) most notable work was *The General Theory of Employment, Interest and Money* (1936), in which he highlights the volatility of the free market in which uncertainty rules; when confidence is high we see economic growth, but when it is low we experience a downturn, therefore the volatility of the market creates instability (Keynes, 2007, p. 94). This in turn affects employment, which in turn affects consumption, which in turn revolves around to reduce production (Keynes, 2007, p. 251). In order to quell these uncertainties/ instabilities, Keynes (2007) argued that the government should take a more active role in economic management and employment (p. 372-379).

In terms of influencing the international norms of the day, Keynes was also integral to the development of the Bretton Woods institutions (the IMF and World Bank) created in 1944 in the hope of bringing global financial stability and access to post-war reconstruction aid for Europe and developing countries (Wolff, 2013, p. 77; Shelton, 2015, p. 274). The aim of these institutions was to aid economic growth, the architects believed that it would be prosperity and trade that would bring stability and peace to the world (Peet, 2009, p. 36; Shelton, 2015, p. 274). Keynes was a great supporter of development aid (Shelton, 2015, p. 275); again he saw it as the government's responsibility to ensure the economic welfare of people. In sum, Keynes' economic policies were concerned with the welfare of ordinary people and saw it as the state's responsibility to mitigate the harmful social and economic effects of the volatile laissez-faire market.

Keynesianism created what became known as the welfare state, and although western democracies largely adopted this economic path "there was no satisfactory political philosophy at the time which could make sense of this phenomenon" (Kymlicka, 2002, p. 88). Most viewed the liberal democratic welfare state as a compromise between libertarians who endorsed the free market and Marxists who endorsed equality (Kymlicka, 2002, p. 88). In 1971 however John Rawls published his *Theory of Justice*,

which came to be understood as an intellectual framework that supported the economic policies of the welfare state and the liberal foundation of equality, known as liberal egalitarianism (Kymlicka, 2002, p. 88). Rawls (1999) critiques utilitarianism highlighting that it does not account for the differences in people (such as talent or social opportunities) and that these differences and/or attributes influence a person's life chances for success and cause inequality (Rawls, 1999, p. 24). Rawls' general conception of social justice is as follows "All social values – liberty and opportunity, income and wealth, and the social bases of self-respect – are to be distributed equally unless an unequal distribution of any, or all, of these values is to everyone's advantage" (Rawls, 1999, p. 54).

Rawls (1999) sparked a debate concerning what should be equalised; should it be equality of resources or income, or, rights or opportunities? (Kelly, 2010, p. 56). Dworkin (1981a) argues that some people need more resources than others, such as people with disabilities (Wolff, 2005, p. 444) and also that Rawls' difference principle does not take into account people's individual choices, that is, a person's responsibilities for their own actions (p. 243-244). Kymlicka (2002) argues that Rawls' (1999) formulation allows for one to claim greater resources so long as they can show it benefits everyone (p. 57). Nevertheless welfarism ushered in a resurgence of normative political philosophy as liberal egalitarianism forces us to try and answer the question *Equality of What?* (Kelly, 2010, p. 55). The prevailing view of equality within our liberal democracies is however based upon the idea of 'equality of opportunity' (Kymlicka, 2002, p. 57). That is, economic freedom is considered a priority for all other freedoms.

In terms of normative theorising both Rawls (1999, p. 242) and Dworkin (1981 b, p. 338) place primacy upon political liberty over economic redistribution. That is, political liberty is considered a precondition for equality, as equality is demanding upon society (Kymlicka, 2002, p. 88). But as Sen (1999) highlights in countries that are intensely poor, the priority of political liberty may not be as important as direct and immediate economic needs (p. 64). The weakness of liberal egalitarianism as Glaser (2014) points out is that it is ultimately torn between the two ideals of liberty and equality (p. 28).

The liberal belief in equality requires *ex ante* endowments, whilst the welfare system helps to correct market inequalities *post factum* (Kymlicka, 2002, p. 89). Connolly (1984) claims the two ideals of the modern welfare state and liberal democracy conflict (p. 227). As Kymlicka (2002) explains welfarism does not challenge the existing economic hierarchies that are the cause of economic inequalities, its purpose is to mitigate the effects of the volatile market (Kymlicka, 2002, p. 89). That is, the welfare state requires economic growth to support its redistribution programmes, however the system of economy and the types of policies needed to sustain and promote economic growth are inconsistent with liberal principles of justice (Connolly, 1984, p. 227-231). Connolly (1984) therefore charges liberalism with being merely an ideology of principle, and “this principled liberalism is neither at home in the civilization of productivity (i.e. liberal economic markets) nor prepared to challenge its hegemony” (p. 234). Connolly’s (1984) point is extremely poignant as it reveals the unquestioning acceptance of the subjugation of moral reasoning from the practice of rational economics. That is, our own liberal democracies must also be understood by the economic institutions that it endorses (Connolly, 1984, p. 233).

The Emergence of Neoliberalism

Liberal economics did not fade away during these welfare years. High inflation, a debt crisis and Rawls’ *Theory of Justice* sparked a revitalisation of liberal economic thinkers (Wettstein, 2009, p. 175). Von Mises and fellow Austrian School colleague Hayek, were two notable advocates of liberal economics whose work gained renewed attention in the 1970’s. Von Mises (1998) in his economic treatise *Human Action* (1949) theorised that all human action is purposeful (p. 11) and that social relations were a result of cooperative economic exchange (p. 144); human behaviour therefore is based upon practical self-interest. Hayek’s (1944) *The Road to Serfdom* perceived any form of economic control/ regulation as a form of coercive power and a violation of individual freedom (Hayek, 1994, p. 98-101). Both works were however primarily a critique of communism and the totalitarian state.

The most notable objection to Rawls' theory of distributive economic justice however is that of Nozick (1974) in his work *Anarchy, State and Utopia*. Nozick's (1974) approach to economic justice states we have absolute rights of self-ownership and that these rights trump the legitimate functions of the state (Wolff, 2005, p. 435). For Nozick (1974) any redistribution is thus violating a person's self-ownership as a person's talents and/or luck are owned absolutely by the individual and one has the right to benefit from them (Nozick, 1974, p. 172). For these theorists economic freedom is an individual right and the Keynesian welfare state violates this right.

Neoliberalism can generally be defined as "a theory of political economic practices that propose that human well-being can be best advanced by liberating entrepreneurial freedoms"; that is economic liberty (Harvey, 2007, p. 2). In particular neoliberal economics can be largely equated to the economic theories of Milton Friedman.

Friedman developed an alternative to Keynesianism in the 1960s known as monetarism. Monetarism is simply "the 'quantity' theory of money (Friedman, 1983, p. 44). In this theory the nominal quantity of money, such as interest rates and currency, are fixed, while the 'real' quantity of money is determined by the public under the premise of supply and demand (Friedman, 1983, p. 45). It is here that we find the guiding force of the 'invisible hand', that is demand and availability for a product or service dictates the price and this is the essence, and efficiency, of the free market. He charges the excessive spending of governments on Keynesian welfare programs as being the cause of inflation and slow growth in the 1970s (Friedman, 1983, p. 48). His belief in a natural connection between economic and political freedom can perhaps best be seen in his work *Capitalism and Freedom* (1962) where he concurs with Hayek's position that economic freedom is essential for political freedoms. For Friedman (2002) political and economic freedom is freedom from external political coercion and the free market "enables economic strength to be a check on political power rather than a reinforcement" (Friedman, 2002, p. 15).

However Friedman (2002) did not endorse a world without government, for Friedman “government is essential both as a forum for determining the ‘rules of the game’ and as an umpire to interpret and enforce the rules decided on” (p. 15). This is the point at which neoliberals differ from 19thc classical liberals. Classical liberals envisaged a truly depoliticized economy, while neoliberalism requires the state to apply the correct legal, jurisdictional, fiscal and infrastructural frameworks that are conducive to the workings of the self-regulating market (Wettstein, 2009, p. 172-176; Harvey, 2007, p. 2). Kelsey (2015) thus states that this is the political project of neoliberalism, to realign state power (p. 122) so as to lock in the power gains of capital, depoliticize potential (especially labour) opposition and create new mechanisms of control (p. 128-129). Neoliberalism therefore seeks to change the primary functions of the state itself as economic liberty is considered to be a prerequisite for political liberty – therefore the role of the state is to first and foremost protect and nurture economic liberties.

Contemporary Views on Neoliberalism

Neoliberalism is often described as an ideology of market and private interests. However Dumenil and Levy (2005) describe it as a new set of rules for the functioning of capitalism (p. 9-10). Neoliberalism has four central tenets to which each supports and serves the other. The first tenet is that neoliberalism rests upon the confidence that if markets were able to operate without restraint they would be able to serve all economic needs (Shaikh, 2005, p. 41). That is it would efficiently utilise all economic resources and naturally generate full employment (Shaikh, 2005, p. 41; Hay, 2004, p. 508). Therefore neoliberalism aspires to a global regime of free trade and the free mobility of capital in which all domestic markets are open to foreign capital and goods (Hay, 2004, p. 508; Shaikh, 2005, p. 42). The freedom granted to capital mobility and to trade/business is considered essential to innovation and wealth and is thus considered a fundamental societal good (Harvey, 2007, p. 64). Therefore, according to the neoliberal theorist the reason that there is poverty/ unemployment/ economic crisis is due to restraints placed upon the global market (Shaikh, 2005, p. 41). These restraints include an interventionist state, embedded social practices (such as welfare and employment protections) and labour union power (Shaikh, 2005, p. 41). According to this theory if

these restraints were removed the innovation and wealth created by unfettered economic freedoms will eventually trickle down to all societal levels. This therefore leads to the second tenet that of the minimal, albeit forceful, state.

Neoliberalism's second tenet is the belief in a limited role for the state reduced to facilitator and protector of market mechanisms and belief in the theory of monetarism (Hay, 2004, p. 508). Neoliberalism places great emphasis upon strong individual property rights and the rule of law that protects these rights; these are considered to be the guarantees of individual freedoms (Harvey, 2007, p. 64). The role of the state is to use its monopoly of force to preserve these freedoms (Harvey, 2007, p. 64). The state is furthermore charged with the establishment of any military, defence, police, and legal structures required so as to secure these individual private property rights (Harvey, 2007, p. 2).

Where markets do not exist the state is required to impose or invent market systems so as to bring all resources and societal structures into the free market fold (Harvey, 2007, p. 2). The places where markets do not exist are what many consider to be social goods such as land, water, healthcare, social security and education. Neoliberalism seeks to subjugate these social goods to economic rationality as it purports that privatization acts as a bulwark to irresponsible exploitation, wastage and the potential for natural monopolies of common resources (Harvey, 2007, p. 65). That is, the free market will naturally utilise and allocate resources in an efficient manner. Market theory therefore has moved beyond the economy and penetrated social domains previously seen as antithetical to market logic, and as Kelsey (2015) explicates, opening these spaces up to economic rationality subordinates their social nature (p. 135). This therefore leads to the third tenet of neoliberalism, the removal of embedded social practices that restrain the free market.

A commitment to the removal of welfare benefits believed to be disincentives to market participation is the third principle of neoliberalism. This is what Hay (2004) claims to be the subordination of social justice to economic imperatives (p. 508). Privatization

and deregulation coupled with competition is believed to eliminate bureaucratic red tape, increase efficiency and productivity, improve quality and reduce the costs of social services (Harvey, 2007, p. 65). The reduction in costs to the consumer is both direct via cheaper commodities and services and also indirect via the reduction of the tax burden (Harvey, 2007, p. 65). That is, a minimal state in which social services become subject to free market rational economics and competition is able to not only reduce its own expenditure but also reduce the tax burden of its citizenry. However the privatisation and deregulation of social services and social protections, which are interpreted as embedded social practices that restrain the free market, results in individuals becoming subject to volatile market forces. This therefore leads to the fourth and last tenet of neoliberalism, the eradication of labour power.

The last central tenet of neoliberalism is the defence of a flexible labour market (Hay, 2004, p. 508). This translates into the eradication of labour union power which is seen by neoliberals as another restraint upon the free market. As mentioned before neoliberalism believes that the free market will naturally result in full employment (Palley, 2005, p. 20). Within the neoliberal paradigm labour is also subject to market forces, that is, neoliberalism needs labour to be flexible so as to expand or retract in response to changing economic conditions. Curbing union power is thus considered essential to the neoliberal project as the free market requires compliant, flexible and affordable labour so as to effectively compete in the global market (Ongley, 2013, p. 142). Therefore labour flexibility is the individualising of employment relations, the reduction of labour costs, the de-standardisation of work and the internationalisation of production (Ongley, 2013, p. 142-143). Neoliberalism therefore commits all aspects of societal and economic life to the economic rationality of the free market. However as Kelsey (2015) reiterated before opening these spaces to pure economic rationality, spaces previously considered to be social goods and/or protections, subordinates their social nature (p. 135). Therefore questions naturally emerge under these conditions pertaining to human beings morality within the process of economic exchange; is it innate, or is it something that can be put aside?

Neoliberalism & Morality

Both neoliberalism and laissez-faire economics claim that economic exchange is a purely rational and utility maximizing exercise that is devoid of moral reasoning. However, it is interesting to note two notable works of the 18th and 19thc that argue human nature is both self-interested and moral. The first is Adam Smith's *The Theory of Moral Sentiments* 1759 and the second, published the same year as Jevons and Menger's works on the self-interested man, is Darwin's (1871) *The Descent of Man & Selection in Relation to Sex*. Smith (1759) highlights the duality of human nature stating that no matter how selfish an individual may appear humans have a natural tendency for sympathy and benevolence; therefore humans are both inherently moral and selfish (Smith & Haakonssen, 2002, p. 11). Darwin (1871) too saw the duality of human nature and argued that morality is innate and that the moral nature of man has evolved as our need to form social solidarity has risen (Darwin, 1871, p. 392-394; Joyce, 2006, p. 222). Kant (2002) also theorised that man is a rational being and one's morality is inherent, not one based upon experience; therefore "all moral concepts have their seat and origin *a priori* in reason" (p. 28). Morality therefore is inherent in all of us. This inherent morality therefore is problematic for *Homo Economicus* (Hodgson, 2014, p. 84). Classical liberals and neoliberals would have us believe that our moral tendencies are ignored once we enter into economic relations however this is to ignore the duality of our human nature.

A critique of the absence of morality within economic exchange is part of a consistent critique of capitalism itself. Akin to laissez-faire, neoliberalism is based upon the concept of *Homo Economicus* and of a market society that requires the subjugation of moral societal suppositions. Marx (1992) referred to this process as 'alienation' as people were transformed into commodities (p. 351-353). Durkheim (2002) charged capitalist society as being 'anomic' (socially disoriented) due to a lack of moral regulating forces (p. 340-345). Habermas (1987) describes the process as the uncoupling of system (market economy) and lifeworld (societal norms and values) (p. 116) explicating that this pure economic theory has colonized the lifeworld (p. 196).

Wettstein (2009) argues that neoliberalism “seeks to place the whole organization of society under the functional authority of the market mechanism” (p. 177).

This uncoupling of system and lifeworld, this emancipation of the economic from moral political philosophy, this separation of economic science from ethical reflection, is presupposing “the dehumanization of human beings” (Wettstein, 2009, p. 172). The subjugation of normative moral reasoning to a pure rational economic ideology

“can be understood as a theoretical reflection of what has actually been occurring in society for over 200 years, namely a progressive, institutionally ‘unleashed’ and normatively ‘disinhibited’ economization of all areas of life and even of thought (economic imperialism) throughout the world (‘globalisation’, ‘deregulation’)” (Ulrich, 2002, p. 14).

As iterated in the previous section neoliberalism aims to apply economic rationality upon all aspects of economic and societal life. Its influence can be felt in many global and domestic areas such as universities, think tanks, the media, corporations and multilateral financial institutions such as the World Bank and IMF (Harvey, 2007). “It has pervasive effects on ways of thought to the point where it has become incorporated into the common-sense way many of us interpret, live in, and understand the world” (Harvey, 2007, p. 3). And even in places where there has been a significant societal backlash to neoliberalism, the embedded nature of the ideology via its quest to permeate all aspects of societal life has made meaningful change difficult to manage.

In Latin America many social movements have ousted neoliberal governments, most notably the subject of this thesis’ case study, Bolivia. However, as Geddes (2014) explicates the MAS (Movement Towards Socialism) party’s quest to re-nationalize natural resources and develop policies that redistribute income and land, are inevitably constrained and must navigate within an existing neoliberal environment (p. 179; Dello Buono & Bell Lara, 2007, p. 6). Likewise for Iceland, long seen as a David vs Goliath story in which the people stood up to the power and influence of Europe and the IMF. However in 2013 the Social Democratic Alliance, the popular movement party was horrendously defeated (Hart-Landsberg, 2013, p. 41). As Hart-Landsberg (2013) states,

although Iceland was unique in their overthrow of a neoliberal government many previous governing interests remained in powerful positions (p. 42). Once stability returned therefore these capitalist interests are well positioned to reclaim what they had lost (Hart-Landsberg, 2013, p. 43). As Kelsey (2015) explicates neoliberalism embeds itself in the political system via regulatory and/or constitutional reform thereby locking in the power gains of capital and restraining present and future governments from changing the game (p. 130).

Neoliberalism had been able to expand via the process of globalization; it has permeated nearly all domestic economies and serves as the primary ideology of regional and international institutions that promotes the expansion of private capital; ‘theory is always for someone and for some purpose’ (Cox, 1981).

Neoliberal Colonization

As neoliberalism requires a strong state so as to implement, facilitate and protect its economic structures it is not surprising that a pure version of neoliberal economic restructuring first took place within U.S. sponsored dictatorships such as Brazil, Bolivia, Chile, Argentina and Uruguay in the 1970s and 1980s (Foster, 2007, p. 2-3). A special issue of *Social Justice* (2000) aimed to illuminate this point arguing that neoliberalism and militarism are inextricably linked. Within this special issue Staples (2000) claims that the global economic system promotes military economies over civilian economies due to the premise that the only legitimate role for the state is to provide internal and external protection (police and military) (p. 18-19). Kirk & Okazawa-Rey (2000) highlight how corporate and capital interests require political stability, and that the state, with its monopoly of force, is best positioned to provide this (p. 3). The result being, in many circumstances, that military spending remains high while social spending (welfare, education and health) are dramatically cut (Kirk & Okazawa-Rey, 2000, p. 3). As Thomas Friedman (1999) explicated “the hidden hand of the market will never work without a hidden fist”. These authors are thereby suggesting that the neoliberal

experiment, in its purest form, requires dictatorial spaces so as to effectively transform and rebuild an economy from the ground up.

It was General Pinochet's military coup in Chile that has garnered the most attention in terms of being the first to implement far-sweeping neoliberal economic reforms in 1975 (Davis-Hamel, 2012, p. 79; Budds, 2013, p. 301; Letelier, 1976, p. 47; Wolff, 2013, p. 100). The economic policy had been designed by a group called the 'Chicago Boys' who had been tutored by Hayek and Friedman at the University of Chicago and had been consulted on by Friedman himself (Carcamo-Huechante, 2006, p. 414; Borzutzky, 2005, p. 658; Silva, 1991, p. 390; Budds, 2013, p. 305; Davis-Hamel, 2012, p. 81; Rosenzvaig & Munck, 1997, p. 59). Latin America thus became the testing ground for what became known as neoliberal economic 'shock treatment' in the 70s and early 80s. These were sets of sweeping neoliberal economic and political reforms and were developed in response to, and were able to be exported widely in the developing world due to, the 1980s debt crisis.

The debt crisis of the 1980s occurred, ironically, due to the adoption of monetarist policy by Paul Volcker when he became head of the U.S. Federal Reserve 1979 and raised interest rates (Galbraith, 1987, p. 4). This shift in economic policy shocked not only the debtor countries, but also the commercial banks (Kahler, 1985, p. 358). Developing countries had originally sought IMF help so as to boost their economies so they could repay commercial banks and the World Bank however the rise in interest rates globally resulted in their debt ballooning (Fonjong, 2014, p. 94-95). The burgeoning debt and reduced exports meant that developing countries had no other option but to borrow more so as to stay afloat (Kahler, 1985, p. 358). Developing countries therefore became trapped within a cycle of economic dependency upon multilateral lending institutions such as the World Bank and IMF.

This period too reflects the developmental paradigm shift of the World Bank and IMF, in which they implemented the neoliberal economic ideology via structural adjustment programs (SAPs) and adopted conditional lending (Pender, 2001, p. 399; Collier &

Gunning, 1999, p. 634; Sharma, 2013, p. 668; Klein, 2007, p. 164; Fonjong, 2014, p. 95). These SAPs, and therefore the economic reforms of developing countries, were under the direct control of both the IMF and the World Bank (Fonjong, 2014, p. 95). Both institutions began to advocate the ‘minimal state ideology of neoliberalism’ that promoted deregulation and the opening up of developing country markets to foreign investment (Joshi & O’Dell, 2013, p. 251). This went far beyond the original objective of Bretton Woods, that of rectifying a crisis and providing developmental aid. Another objective of Keynesian economics is thereby discarded, that of altruism (Dumenil & Levy, 2005, p. 13). By the early 1990s nearly all developing countries had adopted SAPs in some form or another (Best, 2007, p. 310; Barro & Lee, 2005, p. 1246).

It was Bolivia’s model however that became the blueprint for SAPs in other parts of Latin American, Africa and Eastern Europe (Kohl, 2002, p. 451). Developed by Harvard economist Jeffery Sachs Bolivia’s New Economic Policy of 1985 was an ambitious program that went far beyond the usual macroeconomic policy (Sachs, 1987, p. 281). It not only included fiscal reform, but also the devaluation of the currency, liberalization of trade, elimination of subsidies and social services, the privatization of state-owned enterprises (SOEs), and most importantly the opening up of the country to foreign direct investment (FDI) (Morales & Sachs, 1989, p. 74; Davis-Hamel, 2012, p. 81). This is where Friedman’s monetarism began to be known as the ‘Washington Consensus’ (Wolff, 2013, p. 101). These dramatic economic reforms were often termed ‘shock treatment’ (Silva, 1991, p. 393; Davis-Hamel, 2012, p. 81; Klein, 2007, p. 6; Letelier, 1976, p. 46) best delivered during a crisis. This is based upon Friedman’s ‘crisis theory’ in which he theorizes that “Only a crisis – actual or perceived – produces real change” (Friedman, 2002, p. xiv). That is a crisis, whether it be economic, political, or even ecological, can create perfect market opportunities to implement real and permanent economic change. It was not only developing countries that adopted the neoliberal path, the west, due to a belief that the Keynesian system was the cause of high inflation, also began to adopt the ideology.

Anglo-American countries gradually adopted a milder version of neoliberalism during the 1980s; Thatcher’s Britain in 1979 set about a war on trade union power and to ‘roll

back the state'; while Reagan in the U.S. entered government in 1980 and set about deregulating industry, agriculture and finance (Harvey, 2007, p. 1; Wettstein, 2009, p. 2). It is interesting to note that neoliberal economic policies penetrated both right and left political parties in Anglo-American countries. In Britain and Canada neoliberal reform was initiated by right wing governments, while in Australia and New Zealand they were initiated by Labour governments in the 1980s; these policies were then also adopted by the opposition parties in all four countries "what one side of politics initiated in the 1980s, the other side consolidated and entrenched when it acceded to power in the 1990s" (Swarts, 2013, p. 4-5). The 1997 Asian financial crisis brought many Asian countries into the fold and when the Cold War ended the states of the former Soviet Union also adopted the neoliberal economic path as dictated by both the World Bank and IMF (Woo-Cummings, 2003, para 3; IMF, 1998). The colonization of all areas of social and economic life is complete, neoliberal ideology has adopted a new idiom, T.I.N.A; 'There Is No Alternative'. The spread of neoliberalism however could not have been as easy to attain without the process of economic globalization. Neoliberalism has been both the primary driver of and primary benefactor of economic globalization.

Economic Globalization

Neoliberal ideology has been the primary driver of (and has been able to attain hegemonic status) via the process of economic globalization. The term *globalization* "refers to the process by which the social relations between human beings have tended to extend 'globally', to cover the territorial and demographic space of the entire planet" (Zolo, 2007, p. 1). Some see globalization as part of a single historical continuum beginning in the 19thc with the rise of colonialism and imperialism and continuing through post-colonialism (Zolo, 2007, p. 1; Beitz, 2005, p. 14). Yet others, such as Amartya Sen (2002) perceive globalization as a natural human progression that has existed throughout all of human history;

“globalization has contributed to the progress of the world, through travel, trade, migration, spread of cultural influences, and dissemination of knowledge and understanding...To have stopped globalization would have done irreparable harm to the progress of humanity” (p. 11).

In a contemporary context globalization is a social process highly influenced by technological development that has transformed our world economically, demographically, politically, and culturally, resulting in complex modes of interdependence (Delanty, 2009, p. 1). Ulrich Beck (2006) however differentiates between globalization as a social process and what he calls *globalism*; “Globalism promotes the idea of the global market, defends the virtues of neoliberal economic growth and the utility of allowing capital, commodities and labour to move freely across borders” (p. 9). This thesis will however use the term ‘economic globalization’ to describe the global economy. This economic globalization has been fuelled by the neo-liberal economic project. “The dream of the neoliberal architects of the global market was one of liberty and global prosperity – provided and secured by the magic of an unleashed, self-regulating market on a global scale” (Wettstein, 2009, p. 2).

As Stiglitz (2015) notes however, the ‘trickle-down effect’ that the architects of the neoliberal project profess will occur, have been largely discredited by the facts of the last several decades (p. 14). Pascal Lamy, the former head of the WTO 2005-2013, has also stated that the best thing to come out of globalization is poverty reduction, but the worst is inequality (World Economic Forum, 2013). So even those who were early advocates of neoliberal policies question the consequences of those policies, and it seems clear that, especially since the 2008 economic crisis economic inequality, both within countries and between, has risen dramatically;

“The gap between rich and poor is at its highest level in most OECD countries in 30 years. Today the richest 10% of the population in the OECD earn 9.5 times more than the poorest 10%. By contrast, in the 1980s the ratio stood at 7:1.” (OECD, 2014, p. 1).

In regards to a reduction in absolute poverty globally the World Bank (2008) states that we have seen a decline of around 25%, from 1.9 billion in 1981 to 1.4 billion in 2008 (the absolute poverty measurement is based upon those living on less than US\$1.25 per day) however the World Bank (2011) estimates that there is a total of 4 billion living on less than US\$9 per day (Arnold, 2013, p. 125). Researchers for the World Bank do concede two factors that skew claims that global poverty has been reduced however. The first, is that the cost of living in the developing world is much higher than previously thought and secondly that the reduction in poverty globally is uneven across regions (World Bank 2008). For example in Sub-Saharan Africa there has been no reduction, while the number of poor has doubled; whilst a dramatic decrease in China, from 80% in 1981 to 20% in 2005, has potentially skewed overall results (World Bank, 2008; Shah, 2011). This according to Pogge (2010 a), coupled with the rigid baseline for what is deemed to be absolute poverty (less than US\$1.25 per day) and what is deemed to be non-poor (those on US\$1.30 per day), is nothing more than “making progress through gimmickry” (p. 73). Neoliberalism’s report card is therefore less than appealing in regards to achieving prosperity.

Economic globalization is however specifically fuelled by the free flow of capital, an underlying premise/ requirement of neoliberalism. The effects of the free flow of capital have in turn resulted in the evolution of the global economy’s primary actors, states, MNCs and IFIs. These primary actors in turn share a symbiotic relationship that reinforces and reproduces the neoliberal ideology.

The Effects of the Free Flow of Capital Upon the State

The former Prime Minister of Australia Kevin Rudd recently stated during an interview at the 2013 World Economic Forum that “Inequality is an inevitable consequence of capitalism” (World Economic Forum, 2013). However he does not advocate for the neoliberal economic claim that the market will magically solve inequality; he believes it is up to governments to address these market inefficiencies that produce inequalities (World Economic Forum, 2013). However, this is where the problem today lies. The

crux of economic globalization is the free flow of capital, that is, capital moves freely across borders constantly seeking favourable conditions;

“Since capital is an essential ingredient of production, individual countries must compete to attract it; this inhibits their ability to tax and regulate it... The ability of capital to go elsewhere undermines the ability of the state to exercise control over the economy” (Soros, 2002, p. 3).

Capital has always been eager to escape taxation and globalization has been the primary process that has enabled it to do so (Soros, 2002, p. 4). The result of this is what Susan Strange (1996) calls ‘the retreat of the state’ where markets and capital, due to their ability to freely transcend across borders, have outgrown the authority of the state (p. 190). “As markets drive out politics, the nation-state increasingly loses its capacities to raise taxes and stimulate growth, and with them the ability to secure the essential foundations of its own legitimacy” (Habermas, 2001, p. 79). In regards to this thesis it is the subjugation of the state to economic policy, often to the detriment of the particular society, that is of interest.

Since the end of the Cold War scholars have been debating on the ‘state of the state’. In some ways the state appears to be as strong as ever, it is still the “the prevailing form of political organization” however the measure of its power appears to be coming under attack from global market forces, international agreements and organizations and also regional institutions to name a few (Sorensen, 2004, p. 2). In the 1990s many scholars proclaimed that the ‘state is dead’; as Kenichi Ohama (1994) stated the nation-state has become an obstacle in the forming of a truly globalized market due to its nationalistic, and therefore protectionist, attitude to production (p. 11). Others saw the state as retreating such as Susan Strange (1996) who argues that technology and markets have produced structural changes (p. 185) that have weakened the state’s ability to exercise control over the economy (p. 14), this is what she calls the ‘diffusion of state power’ (p. 4). Julius (1997) points to how globalization erodes state power as it is driven by private interests (p. 453) and this in turn has enhanced the power of capital (p. 454).

State-centric scholars however argue the contrary highlighting that economic agent's still look to the state to gain access to markets and mediate economic competition (Kapstein, 1994, p. 6). As Friedman (2002) proclaimed governments are essential for determining the 'rules of the game' (p. 15). States are still the source of both domestic and international regulations, and they guarantee their enforcement (Silvia, 2011, p. 22). However, via the process of economization, states have become increasingly reliant upon technocrats and their specific fields of expertise. As Strange (1996) explicates markets have become the masters of governments (p.4) as deliberation on economic policies and/or regulations are left up to experts who have experience in a specific field. For example, in regards to this thesis case study, Bolivia, private hydrocarbon companies collaborated with the government to draft regulatory policy for the sector (Kaup, 2015, p. 459). "In this technocratic model of rational economic politics even the politicians are left only with the task of implementing what the system experts regard as objective" (Ulrich, 2008, p. 342). Ethical-political questions regarding the 'good society' are thereby reduced to economic rationality (Ulrich, 2008, p. 341-342).

There are, however, those who perceive the state to be in transformation. Barrow (2005) argues that scholarly work on the retreating state is a misinterpretation and that what we are seeing is the transition to a new capitalist state in which the contradicting pressures of global accumulation and national legitimization are being played out (p. 125). Sorensen (2004) argues that states have never been static, that they are ever changing (p. 175). The transformation that Sorensen (2004) sees is one from governance in the context of national government to multilevel governance concerning national, local and international levels (p. 81) what he calls a transformation from a modern to a postmodern state (p. 175). Haigh (2013) refers to this multilevel governance as 'neo-medievalism' likening characteristics of the medieval period with contemporary global structures such as segmented, overlapping and widely distributed authority and the absence of an overarching state apparatus which in turn cause conflicts between universal and particular levels of political organization and allegiance (Haigh, 2013, p. 3). Sorensen (2004) argues however that we should not get hung up on whether the state is losing or winning in terms of global power (p. 22). But that we should focus on how the state has changed and what are the consequences of these changes to the state's

traditional role of providing basic social services, such as welfare, security, growth and international order (p. 177).

In sum, it is not that the state is either necessarily in retreat or has lost its ability to exercise global or domestic power, it is instead the fact that the role of the state is in the process of transforming. In one interpretation explicated by Kelsey (2015), state power is realigning so as to serve the interests of private capital.

The Free Flow of Capital Results in Capital Political Power

A consequence of the free flow of capital has been the rising political power of capital, what Wettstein (2009) calls the ‘neoliberal paradox’ where the depoliticization of the economy has led to the economization of the state and the politicization of capital (p. 19). The number of multinational corporations (MNCs) has grown considerably since the end of the Cold War and often their economic output exceeds that of many states. “Looking at the top 100 economies in the world, only 47 of these are nation-states; the other 53 are MNCs. The 1,000 largest MNCs throughout the world today account for 80 percent of the world’s total industrial production” (Truitt, 2006, p. 162). Corporations therefore can wield a lot of political power today due to their ability to transcend national boundaries and choose the most favourable conditions for their operations. This is a form of political power. As Joseph Stiglitz (2006) points out, many people today see this form of MNC political power as symbolic of what is wrong with globalization (p. 187). MNC’s view the world as a single entity as their impact transcends national boundaries; “They make decisions not in terms of what is best for the home or host country of operations, but rather what is best for the corporation as a whole on an international basis” (Irogbe, 2013, p. 223). It is here that neoliberalism’s premise of the amoral nature of economic exchange can be illuminated; as Friedman (1970) once explicated ‘the only responsibility of business is to increase its profits’ (p. 33).

There have been attempts to curb this power since the 1970s, first in the context of MNC relations with labour (Lisbeth, 2010, p. 41) and more recently in the UN Global Compact (2000) which aims to move beyond labour issues and include human rights (Ruggie, 2007, p. 819-820). This is only a voluntary initiative however and as Wettstein (2012) states applying human rights responsibilities onto MNCs is problematic as it is the state that is charged with being the primary protector/enforcer of human rights (p. 743-744). And as Ruggie (2007) discovered in his questionnaire to states concerning the policies and/or practices of states to adjudicate, regulate and/or influence corporate action, there were very few that did, most looked to soft law practices such as the UN Global Compact (p. 830). Therefore, as states are in the business of attracting capital (MNC business) they are reluctant to impose extra obligations onto them; in fact this competition has resulted in states using incentives to attract capital.

These incentives can include direct and indirect subsidies, tax reductions and tax holidays or even via the creation of 'policy enclaves' in which a company is exempt from normal regulatory rules (Wettstein, 2009, p. 232-236). Corporations can also hold states to ransom by threatening to move operations offshore unless their needs are met (Holmes, 2009, p. 391). Therefore while it remains true that states are still the authors of domestic and international laws and regulations, due to the competition to attract capital, the laws and regulations created are designed in favour of capital. Also, as iterated in the previous section, economic policy and/or regulation is often handed over to technocrats with expertise in a specific field. What results therefore is the practice of what Kelsey (2015) calls 'co-regulation' where those who are being regulated have influence over the design and operation of regulation (p. 131). This gives the MNC considerable global power and influence over the shape and structure of the global economy (Wettstein, 2009, 195). Moreover, it is arguable that the ability of corporations to transcend boundaries and wield this measure of political power is further facilitated by IFIs such as the World Bank and IMF who mediate (especially in developing countries) between states and MNCs so as to promote economic growth and development.

The Power of Capital: Facilitated by the IMF & the World Bank

Capital's ability to transcend boundaries is often facilitated by powerful international financial institutions (IFIs) such as the World Bank and IMF. The World Bank and the IMF were originally created in 1944 in reaction to the Great Depression and WWII with the aim of fostering a multilateral international economy; the World Bank was to support post-WWII reconstruction and provide development aid, while the IMF was to monitor the international monetary system, foster financial stability and aid countries in times of economic crisis (Wolff, 2013, p. 77; Shelton, 2015, p. 274; Peet, 2009, p. 36; Friedrichs & Friedrichs, 2002, p. 15; Sharma, 2013, p. 668; Wouters & Odermatt, 2014, p. 52). These institutions were created by 44 developed states that still dominate not only the governing positions within these IFIs but also dominate lending policy due to the weighted voting system in which the number of votes of a member country is based upon the countries size within the global economy (Weaver, 2007, p. 500; Cogan, 2009, p. 209; Wolff, 2013, p. 77-86; Wouters & Odermatt, 2014, p. 58). For the rest of the world's nations the choice was to join or be excluded from a vast amount of global trade (Woods, 2014, p. 17). The weighted voting system however was based upon post-WWII economic structures and therefore does not reflect current geo-economic realities which has resulted in calls for reform within the institutions.

Changing geopolitics and emerging market economies such as the BRICS states, alongside the failure of SAPs in developing countries and failures in the handling of the Asian Financial Crisis 1997, brought to light the unrepresentative nature of the institutions, particularly their voting structure (Buirra, 2005, p. 7). In response to widespread critique the IMF and World Bank began processes that would grant extra basic votes within the institutions. In 2010 the IMF executive board said it was to shift 6.2% of voting power to emerging and developing countries (Vestergaard & Wade, 2015, p. 2). The reforms have taken place but only recently at the end of 2015 with the BRICS states now belonging to the 10 largest members group (IMF, 2016). The World Bank was quicker to issue reforms in 2010 beginning with a World Bank Report (2010) titled 'New World, New World Bank' and claiming that reforms would reflect the new international economic realities and a greater say for developing countries (p. 5).

However the reality was much more modest due to several high income countries still being put in the developing country group; China, South Korea, Turkey and Mexico gained the most, while Japan, France, U.K., U.S. and Germany lost the most, but for the rest gains were microscopic (Vestergaard & Wade, 2015, p. 6). Despite reforms in both institutions the U.S. still retains 16% of the vote and the G7 overall maintains a collective vote of 40% (IMF, 2015; IBRD, 2015).

The present quota regime results in creditor countries commanding excessive voting power that results in skewed crisis analysis and resource distribution and neglects the rising strength of emerging economies such as the BRICS states (Kelkar, et al, 2005, p. 45). Developing countries meanwhile have become disillusioned with the west and have begun to look to the east for development lending and experience. Two new development banks have thus emerged in 2015 so as to bring equilibrium to current global economic realities;

“the New Development Bank, as determined by the BRICS summit in July 2014, and the Asian Infrastructural Bank (AIIB), proposed by China and joined by 56 other countries” (Lin & Wang, 2016, p. 103).

At the turn of the 21stc both the World Bank and the IMF seemed to be facing a legitimacy crisis and an increase in competition.

The first couple of decades both institutions were guided by Keynesian economic principles that sought to constrain rather than liberalize capital movements, however in the 1980s both institutions shifted to neoliberal economic principles that valued the liberalization of markets, privatization of state-owned enterprises (SOEs) and most of all the importance of foreign direct investment (FDI) (Best, 2007, p. 309-310; Joshi & O'Dell, 2013, p. 252). As mentioned before, these principles were made manifest in these SAPs in which foreign capital has been able to source cheap and lax regulatory environments in which to operate and thereby increase profits. It is here that emerges a symbiotic relationship, underpinned and driven by neoliberal ideology, between the state, private capital and global financial institutions.

The 1980s debt crisis provided the opportunity for private capital to penetrate previously state-centric markets, facilitated by, and enforced by, the World Bank and IMF, who reformed developing country economies so as to favour this private capital. As a result industry has shifted to low-wage countries (Smith, 2015, p. 82) with 78% of industrial workers now in the global south (Suwundi, 2015, p. 39). In 2010 more than half of FDI went to developing and transitional economies and it was estimated that 40% of global trade was outsourcing (Suwundi, 2015, p. 39). Lausen and Cope (2015) perceive these new realities resulting in the global north becoming purely consumption economies, while the global south transforms into production economies with little purchasing power (p. 57). One could therefore conclude, as Siddiqui (2012) has, that the global free market is a continuation of imperial core-periphery arrangements (p. 28).

By adopting the neoliberal ideology and by becoming facilitators of the free flow of capital the World Bank and IMF have become ‘globalizers’ (Woods, 2014). They export and implement the neoliberal ideology from above (Friedrichs & Friedrichs, 2002, p.15). Via conditional lending practices and promulgating neoliberal economic policies onto states these institutions aid in private capital’s ability to transcend national borders with ease. This in turn grants private capital a measure of political power as states compete for capital’s investments. States therefore have transformed, and have become the guardians of the neoliberal project.

Concluding Remarks

The purpose of providing a brief history of the free market is not only to give an historical context to the rise of neoliberal economic ideology but also to explicate a process that could be seen to be a form of global economic colonization. The unwavering belief in the efficiency of the free market and the guiding force of the invisible hand has since its inception caused social and economic harms as it dismantles traditional social values and norms and discards normative moral reasoning. The separation of the economic and political sphere was simply the releasing of economic rationality from normative moral suppositions. And although there was a brief reprieve

and acknowledgement of the harsh social and economic harms caused by laissez-faire with the emergence of the welfare state this did not challenge existing economic hierarchies – it merely attempted to mitigate the harsh effects caused. The end of the Cold War appeared to signal the triumph of liberal democracy and economic globalization. As Fukuyama (1992) argued, this could have been the end of mankind's ideological evolution (p. xi) as neoliberalism was exported to the world. Since then, economic globalization has been the primary process in which neoliberalism has been able to colonize the global economy. In turn it is the global economy's primary actors (states, MNCs and IFIs) that have evolved via a symbiotic relationship that has further aided in neoliberalism becoming the hegemonic structure Cox (1981) was referring to. That is, a coalition of states and global institutions committed to exporting and reinforcing the neoliberal ideology by economically internationalising the state and the modes of production (Cox, 1981, p. 144-149).

It is the symbiotic relationship between these economic actors that is central to this thesis. The thesis investigates the possibility that the reinforcement that each actor gives to the other in the name of the neoliberal ideology potentially produces a 'criminogenic' environment. A criminogenic environment is "one that creates perverse incentives to commit widespread crime" (Black, 2011, p. 597). In the case of the global economy's primary actors, the crime is the production of social and economic harm, so as to generate profit for special interests. The next chapter thus begins to examine this claim via a lens of state crimes studies.

CHAPTER TWO

Criminology, State Crime & Criminogenic Environments

The discipline of criminology is extremely large and is also deeply divided (Agnew, 2011, p. 2). The primary source of contention in this field is the definition of crime and the role of the primary actor that defines it (the state). Mainstream criminologists simply define crime as an act that violates criminal law (Brown et al., 2015, p. 14; Hopkins Burke, 2014, p. 33; Agnew, 2011, p. 13; Wilcox & Cullen, 2010, p. 1001; Hagen, 2008, p. 15; Alder et al., 2007, p. 13; Walklate, 2007, p. 5; Siegal, 2006, p. 17). Crime is thus merely defined as behaviour that is prohibited by the State as an injury to the State and against which the State may react (Sutherland, 1983, p. 46; Quinney & Wildeman, 1977, p. 3). But as Sellin (1938) has pointed out, legal definitions of crime do not reflect the intrinsic nature of the subject (p. 20-21). From a critical perspective the danger of relying on the state's conception of crime leads to an uncritical acceptance of an existing order (Quinney & Wildeman, 1977, p. 5). History has shown that laws and legislation can serve as instruments of repression, exclusion and domination and further serve the particular interests of particular groups within society, such as the Jim Crow laws of the U.S., apartheid in South Africa, and those that served the Nazi's during the Holocaust (Ezeonu & Koku, 2008, p. 116). Marxist and critical criminologists have critiqued this position by highlighting that the mainstream relies upon an external force (the state) to define their subject matter (Agnew, 2011, p. 6; Rothe et al., 2010, p. 25). Attempts to reconsider the concept of crime from this approach have resulted in interesting outcomes.

Thus Edwin Sutherland (1940/1983) famously extended the parameters of the definition of crime coining the term 'white collar crime' (Sutherland, 1983, p. 7). Influenced by the events of the Great Depression Sutherland (1940/1983) highlighted the disparity between crimes of the powerful (civil violations) and crimes of the powerless (criminal violations) (Sutherland, 1983, p. 93; Hopkins Burke, 2014, p. 508). Sutherland's (1983)

groundbreaking contribution to criminology however is the extension of criminality from individual culpability to organizational deviancy (Chambliss, 2011, p. 214). The application of deviancy to an organisation breaks away from mainstream criminology in which emphasis is placed upon *mens rea* (knowledge or intent of harm) (Tombs & Whyte, 2007, p. 3) which is interpreted solely via individual culpability (ibid, p. 119).

Organizational deviancy thus refers to the environment and/or culture of an organisation that influences individual's attitudes and behaviour in a criminal direction (Friedrichs, 1996, p. 222). In regards to this research organizational deviancy emerges via the amoral nature of neoliberal ideology which in turn could potentially produce a criminogenic environment via the symbiotic relationship between states, private capital interests and IFIs. It is this issue of redefining crime and the notion of criminogenic environments that is the topic of this chapter.

Rethinking What Constitutes Crime

Since Sutherland's groundbreaking work there has been a flurry of corporate crime and white-collar crime literature (Braithwaite & Geis, 1982; Geis, 1982; Pontell & Geis, 2007; Tombs & Whyte, 2007; Friedrichs, 2007; Michalowski & Kramer, 1987). Various Marxist and critical criminologists have also examined both the social construction of crime and the power structures that aid in defining it (Triplett & Upton, 2015, p. 271; Tierney, 2009, p. 91-92; Bonger, 1916, p. 667; Quinney & Wildeman, 1977, p. 12; Chambliss, 1975, p. 150; Hall et al, 1978; Quinney, 1973; Schwartz & Hatty, 2003, p. 6; Turk, 1982, p. 12-16).

In terms of specific research and researchers, Box's (1983) work *Power, Crime & Mystification* drew particular attention to the harmful acts of corporations - proclaiming that they can in fact kill, harm and maim (p. 23). Box (1983) also highlighted how corporate influence on government may result in policies that are not in the best interests of the polity (p. 17). Other seminal works such as Pearce's (1976) *Crimes of*

the Powerful and Quinney's (1973) *Crime Control in Capitalist Society* placed the state as an analytical entity firmly on the agenda of critical criminology (Coleman et al, 2009, p. 1). While Hall et al (1978) *Policing the Crisis* drew correlations between the restructuring of British society during the rise of neoliberalism; they highlighted parallels between deregulation in which crimes of the powerful became less visible, and an increased state focus on crimes of the poor (powerless) (Hall et al., 1978, p. 320).

What Hall et al (1978) added to the literature was drawing attention to the material and ideological interventions that the state used to maintain the capitalist order (Coleman et al, 2009, p. 2). The notion of an organization being criminally liable did remain controversial and highly contested within criminology (Rothe, 2009, p. 3) until the 1980s when many critical criminologists began calling for a broadened definition of crime (Michalowski & Kramer, 2006, p. 13). In 1989 William J. Chambliss (1989) challenged criminologists to begin to examine state crime as a legitimate field of criminological enquiry (p. 203), and introduced the concept of 'state-organized crime' (Rothe & Friedrichs, 2006, p. 148). This challenge coupled with the increasing pressures of globalization has led to a wealth of examinations of state crime and from here developed subfields such as state-corporate crime and crimes of globalization.

Defining State Crime

Critical criminology has firmly situated itself in the context of a critique of 'global capitalist society' examining state power and the interests that the state serves (Hopkins Burke, 2014, p. 512; Coleman et al., 2009, p. 1). However just as the core of criminological research is divided over the definition of crime itself, this division is even deeper when concerning state crime. That is, if it is the state that defines what is criminal then "a state can only be criminal on those rare occasions when it denounces itself for breaking its own laws" (Green & Ward, 2004, p. 1). Therefore domestically state crime is problematic as the state has the power to legalise its own actions. At the international level the concept of state crime could be perceived as violating key principles of sovereign rights, one being the states right to regulate itself (Rothe &

Friedrichs, 2006, p. 150). However, states do give up part of their sovereignty when they adhere to international customary laws or are signatories to treaties (Macklem, 2007, p. 588).

These international agreements and laws have been further bolstered in recent decades with the debate over sovereign responsibilities; that is, if the sovereign state has rights it therefore denotes that it has responsibilities; this in turn has led to the Responsibility to Protect (R2P) doctrine (Sampford & Thakur, 2013, p. 1). However, R2P is limited to only the 'big three' human rights violations, war crimes, crimes against humanity and genocide and it still stresses state sovereignty norms (Evans & Sahnoun, 2001, p. 14). In addition to R2P there has also been resurgence in concern over the role business plays in human rights violations (Lisbeth, 2010, p. 1). This has resulted in the UN Global Compact in 2000 (Ruggie, 2007, p. 819; Lisbeth, 2010, p. 2) and went beyond previous corporate social responsibility initiatives to include human rights (Wettsetin, 2012, p. 742).

As Green & Ward (2004) rightly point out, the presence of these sorts of international norms and laws provides a sociological basis for saying that states and state agencies (as well as MNCs) have the capacity and often practice deviant and criminal behaviour that violates legal norms (p. 2). (Albeit one also has to acknowledge that just as in domestic law states are also the authors of international laws (Rothe et al, 2010, p. 25)). The R2P and UN Global Compact arguably represent an internationally recognized shift from the primacy of state security to the concept of human security (Janzekovic & Silander, 2013, p. 41). This shift provides the context in which broader definitions of state crime have been theorised, that is an emerging concern for the protection of human security from political and economic policies that cause mass social harm.

Broadening the Definition of Crime

Human Rights

It was Schwendinger and Schwendinger (1970) that first suggested that human rights should serve as a foundation in defining crime. Human rights in this context includes not only basic rights and political rights but also racial, sexual and economic equality as “[t]he abrogation of these rights...limits the individual’s chance to fulfil himself” (Schwendinger & Schwendinger, 1970, p. 108). They ask the imperative question of why a man that steals food is considered criminal while a state or an agent of the state is not when they destroy food so as to maintain price levels (Schwendinger & Schwendinger, 1970, p. 109). Therefore they charge those individuals and also social relationships and social systems that cause the abrogation of these rights as criminal, thereby including imperialism, racism, sexism and poverty as criminal acts (Schwendinger & Schwendinger, 1970, p. 108). Schwendinger and Schwendinger (1970) further charge the social systems of contemporary society with neglect for allowing socially injurious acts to be committed against those who are powerless.

In terms of criminological opinions on this approach, Cohen (1993 a) states that this version of human rights is too broad for criminology, and that human rights violations should focus on those offences that most countries in the world see as violations, such as genocide, war crimes and crimes against humanity (Cohen, 1993 a). These, the argument goes, are acts that are unjustifiable evils that undermine the legitimacy of the state (Green & Ward, 2000, p. 103). Within debates on the universalistic extent of human rights, this critique falls into the ‘minimalist’ camp that reduces human rights to a very basic level making them easily applicable in a pluralistic world with competing social values and norms (Donnelly, 2007, p. 292; Ignatieff, 2001, p. 56). Grounding a definition of crime in human rights therefore ultimately succumbs to debates over the extent of and applicability of human rights overall.

Socially Injurious Action or Social Harm Approach

In another approach Michalowski (1985) argued that the definition of crime should be extended to ‘socially injurious actions’. Michalowski (1985) includes in his definition of crime that of social injury, which “refers to legally permissible acts or sets of conditions whose consequences are similar to those of illegal acts” (p. 317). More recently however has been a call to do away with the concept of crime altogether and focus on *zemiology*, that is, the study harm (Rothe & Mullins, 2010, p. 26).

Hillyard’s (2004) book *Beyond Criminology* places the study of social harm above that of criminality. The study of harm is to include poverty, human rights violations, gender violence, workplace practices that cause injury and/or death and environmental harms, to name but a few (Hillyard, 2004, p. 267). Furthermore a social harm approach should begin not only with a focus on the social origins of harm but also the structures that produce and reproduce such harms (Hillyard, 2004, p. 271). Within this work Tombs and Hillyard (2004) examine the hegemonic ideology of neoliberalism and the interstices of state and corporate collusion that have actively pursued its adoption (p. 52). They highlight that “states and companies combine to produce not only unequal distributions of income and wealth, but also differentially distributed access to healthcare, social and welfare services, education, employment, housing stock” etc (Tombs & Hillyard, 2004, p. 33). Yet the concept of harm too has its own set of definitional problems as it could include an array of individual and institutional behaviour (Rothe et al, 2010, p. 26).

Green and Ward (2000) claim that the realm of social harm is also far too broad to include in criminological studies (p. 102). As Muncie (2005) too points out we need to acknowledge that harm is not solely a source of fear, it is also a source of fascination, pleasure and entertainment (p. 200). And just as concepts of crime differ across time and space, so do definitions of harm; just like some human rights, harm is not a unitary or uncontested concept (Muncie, 2005, p. 201). Therefore if we are not careful, this broad concept of harm could unintentionally criminalize all ‘undesirable behaviour’

(Hopkins Burke, 2014, p. 535). Furthermore we do not escape the problems of the concept of crime as we are still faced with the question of ‘who’ it is that defines harm (Rothe et al, 2010, p. 26). However, Andrew Linklater (2006) points out that there are many international laws that refer to causing harm, especially in regards to genocide, torture, violence against women and even the environment (p. 329-330). Thus;

“The international prohibitions of harm suggest that although states have proved incapable of agreeing on any particular conception of the good...they have succeeded in reaching a global moral consensus about certain forms of harm that should be eradicated from international society” (Linklater, 2006, p. 330).

It is within this context that a different type of legalistic definition of crime has emerged, one that grounds its definition in international laws and norms, thereby being able to include not only human rights in its broadest sense, but also social and economic harms.

An International Legalistic Definition of State Crime

Mullins and Rothe (2008) define state crime as “Any action that violates international public law, and/or a state’s own domestic law when these actions are committed by individual actors acting on behalf of, or in the name of the state even when such acts are motivated by their personal economical, political or ideological interests” (p.83). Rothe and Friedrichs (2006) see international law as the best foundation for defining state crime “since this framework includes standards dealing with human rights and social and economic harms as well as providing a legalistic foundation for understanding and assessing the acts” (p. 151). Furthermore international criminal law covers the actions of individuals as well as states, thereby resolving reservations one might have about states as actors as opposed to individuals (Mullins & Rothe, 2008, p. 83). And by using a legalistic foundation to define state crime means that we do not need to define harm or to seek out direct or indirect connections to states or state actors (Rothe et al, 2010, p. 29). Using international law and codified human rights laws and norms we can not only

ground the definition legalistically, giving it legitimacy, but we can also address social and economic harms as they are expressed in human rights laws and norms.

Kauzlarich and Kramer (1998) adopted an international legalistic definition of state crime in their book *Crimes of the American Nuclear State* (Rothe et al, 2010, p. 30). They used international law to examine how the U.S. committed state crimes by threatening to use nuclear weapons and by justifying the increased development of nuclear weaponry in the 80s by claiming it was a deterrent (Kauzlarich & Kramer, 1998). More recently there have been case studies that have used international criminal law as a foundation to determine a state crime. Such as Rothe and Ross (2009) that examine the lack of international regulatory power so as to explain the criminogenic culture of private military contractors. And also Mullins and Rothe (2008) that examined the protracted conflict in the Democratic Republic of Congo and determined that there are not just cases of war crimes, crimes against humanity and human rights violations occurring, but there are also state crimes and state-corporate crimes occurring. There have also been developments in creating a criminology of international criminal law (Rothe & Mullins, 2010; Rothe & Mullins, 2009). And there are also studies examining the International Criminal Court and the extent of its power and ability to control state crime (Ross & Rothe, 2008; Mullins & Kauzlarich & Rothe, 2004). All these studies ground themselves in international law so as to legally define state crime. Definitions and methods pertaining to state crime studies are broad, case-specific and often contested. This thesis will investigate the symbiotic relationship between the global economy's primary actors via a lens of state-organized crime, state-corporate crime and crimes of globalization so as to illustrate how neoliberalism could potentially create a criminogenic environment.

State-Organized Crime

In his 1988 Presidential Address to the American Society of Criminology Chambliss (1989) challenged criminologists to address state crime as a legitimate field of inquiry. What he presented was an historical study of piracy and smuggling in the 17th and 18thc

and recognized them as ‘state-organized crime’ (Chambliss, 1989, p. 183). For Chambliss (1989) state-organized crime “consists of acts defined by law as criminal and committed by state officials in pursuit of their jobs as representatives of the state” (p. 184). Examples include state complicity with piracy, smuggling, political assassinations and criminal conspiracies, and he iterates that crime is a political phenomena and therefore must be analysed accordingly (Chambliss, 1989, p. 204). Explanations of state criminality and/or complicity stems from the double-edged sword of the law, as Chambliss (1989) explains state officials inherit laws from the past and often find themselves caught between conflicting demands (p. 201). That is, state officials can find themselves constrained by laws that interfere with future goals or their perception of what is in the best interests of the state (Chambliss, 1989, p. 202). State criminality therefore is wrapped in the political economic interests of the state as accumulation of capital determines a nation’s power and influence and the state is charged with creating the climate and set of international relations that facilitate this accumulation (Chambliss, 1989, p. 202).

Barak (1991) took up Chambliss’ challenge in his seminal editorial work *Crimes by the Capitalist State*. Works within tackled death in custody, terrorism, air piracy, contract policing and sexual assault, to name but a few (Barak, 2010, p. 35). He firmly differentiated between crimes against the state (crimes of the powerless) and actions/inaction and/or omissions “committed by government agencies or caused by public policies...[that cause]...social, political and economic injustice” (Barak, 1991, p. 3-4). Other notable works tackled the Holocaust such as a case study in which Friedrichs (2000) highlighted how the predominance of legal positivism allowed Nazi Germany to criminalize those they wished to destroy (p. 32). This firmly illustrates the argument that the definition of crime needs to be released from the authorship of states. Kauzlarich and Kramer (1995) examined the use, the threat to use and/or possession of nuclear weapons and claimed that “U.S. nuclear state policies represent a form of domestic and international terrorism” (p. 336). While Kramer and Michalowski and Rothe (2005) examined the 2003 invasion of Iraq and concluded that this was a clear violation of multiple international laws (p. 74) and that due to the massive harm it has brought upon the Iraqi population it is a clear case of war crimes as there was no imminent threat to the U.S. (p. 53). This thesis utilises Mullins and Rothe’s (2008)

definition that state-organized crime is any action that violates international law and/or a state's own domestic law, when these actions are committed by actors acting on behalf of, or in the name of the state, even when these acts are motivated by their personal economical, political or ideological interests (p. 83). As Chambliss (1989) noted state criminality arises from the political economic interests of the state (p. 202). These political economic interests are often in conflict domestically and therefore could potentially produce criminogenic behaviour. This acknowledgment therefore has generated a subfield of state crime studies, one that focuses on the relationship between political and economic actors, that of state-corporate crime.

State-Corporate Crime

Within the subfield of state crime studies corporate crime and political crime had usually been examined separately (Michalowski & Kramer, 2006, p. 3). However as noted above state and economic interests in all social systems throughout history have long intertwined; "What is economic is always political; what is political is always economic" (Michalowski & Kramer, 2006, p. 2). Thus;

"[S]ince the modern corporation emerged as the basic unit of economic activity within private production systems in the late 19th century, corporations and governments have been functionally interdependent" (Kramer et al, 2002, p. 270).

Michalowski and Kramer (1987) recognized this rift in their study of *The Space Between Laws: The Problem of Corporate Crime in a Transnational Context*. This paper was an examination into the practices of Transnational Corporations (TNCs) operating in the Third World in which developing nations had yet to develop any meaningful legal controls (Michalowski & Kramer, 1987, p. 34). "As a result, TNC's operating in developing host nations have engaged in a variety of injurious actions that would have been violations of criminal, regulatory, or civil law in their home countries" (Michalowski & Kramer, 1987, p. 34). They aimed to break that conceptual wall between what are seen to be 'economic crimes' and 'political crimes' so as to examine

the way that crime and/or social injuries can occur from the interstices of economic and political power (Michalowski & Kramer, 2006, p. 3).

These authors argued that it is the political and economic elite that determine what is to be defined as criminal and what is to be defined as regulatory violations, or civil laws, and this they view as an expression of political power (Michalowski & Kramer, 2006, p. 4). The evolution of a distinction between criminal law and regulatory and/or civil law to address harms brought about by corporate and government elites was a juridical move by the very political and economic elites it was ostensibly designed to control (Michalowski & Kramer, 2006, p. 4; Tombs & Whyte, 2007, p. 117). An interesting historical narrative produced by Tombs and Whyte (2007) in their work *Safety Crimes* explicates this point.

They show that whilst forces were pushing for worker protection from the harsh economic realities of laissez-faire via the Factory Acts (Tombs & Whyte, 2007, p. 112), forces were also collecting to mitigate capital's responsibilities in regards to workplace harms, and resulted in the decriminalisation of health and safety via the establishment of regulatory law (p. 115). Crimes of the powerful therefore became less visible. Michalowski and Kramer (2006) therefore sought to develop a definition of state-corporate crime defined as "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" (p. 20). Kauzlarich et al (2003) similarly sought to develop a continuum harm-based definition of state and state-corporate crime.

By further clarifying two previous works on state-corporate crime Kauzlarich et al (2003) differentiated between two differing types of state-corporate crime; state-initiated (crime of commission) and state-facilitated (crime of omission). In regards to state-initiated crime they drew upon a case study by Kramer (1990) *State-Corporate Crime: A Case Study of the Space Shuttle Challenger Explosion*. Kramer concluded that

it was a mix of political pressure on NASA and the complicity of private business to continue with the launch despite knowing of inherent problems (Kramer, 1990/2006, p. 43). “The Challenger case study provides general support for the hypothesis that criminal or deviant behaviour at the organizational level results from a coincidence of pressure for goal attainment, availability and perceived attractiveness of illegitimate means and an absence of effective social control” (Kramer, 1990/2006, p. 43).

In regards to state-facilitated crime they drew upon Aulette and Michalowski (1993) *Fire in the Hamlet: A Case Study of State-Corporate Crime*, concerning a fire at a chicken processing plant in the U.S. that took 25 lives due to fire doors being locked so as to prevent theft. Aulette and Michalowski (1993/2006) charged government agencies with not enforcing workplace safety as they discovered that the state of North Carolina refused to fund or support Occupational Safety & Health programs (p. 45). The authors argued that “it was a reflection of North Carolina’s long-standing commitment to development policies based on attracting industry by offering low taxation and , particularly relevant in the immediate case, a lax regulatory environment” (Aulette & Michalowski, 1993/2006, p. 46). Aulette and Michalowski (1993/2006) concluded that laws are not enough to protect, that they need the political will to enforce them so as to be effective and that it was the lack of political will and the omissions of various state and federal agencies due to their objective of attracting and retaining FDI that enabled Imperial Chicken to violate workplace safety standards (p. 66).

This thesis utilises the following formulations of state-initiated crime (crimes of commission) and state-facilitated crime (crimes of omission). State-initiated crime is “when corporations, employed by the government, engage in organizational deviance at the direction of, or with the tactic approval of, the government” (Kramer et al, 2002, p. 271). State-facilitated crime “occurs when government regulatory institutions fail to restrain deviant business activities, either because of direct collusion between business and government, or because they adhere to shared goals whose attainment would be hampered by aggressive regulation” (Kramer et al, 2002, p. 271-272).

In an economic context state-organized crime examines the harmful actions and policies of governments in pursuit of the accumulation of wealth and the affect they have on respective citizens. State-corporate crime on the other hand examines harmful actions brought about within the interstices of political and economic aims and objectives. However the economic objectives of both state and private capital interests are often supported by and facilitated via international institutions of both finance and trade. It is here that another subfield of state crime studies has emerged, one that looks at the harmful practices of global institutions such as the World Bank, the IMF and the WTO.

Crimes of Globalization

Most criminologists had paid little attention to the effects of globalization and the policies of IFIs until Friedrichs and Friedrichs (2002) study *The World Bank & Crimes of Globalization*. Theses authors coined the term ‘crimes of globalization’ and claimed that the economic policies of IFIs cause social harm and violate human rights, and, further, that these acts have characteristics of state crime, state-corporate crime and finance crime (Friedrichs & Friedrichs, 2002, p. 18).

Friedrichs and Friedrichs (2002), moreover, claim that the internal and external structure and organization of the World Bank is a *criminogenic* environment. Internally this is due to the incentive structure of employees where loans are made to achieve internal success and not based upon the results of the loans in relation to the people it effects (Friedrichs & Friedrichs, 2002, p. 24; Sharma, 2013, p. 668; Weaver, 2007, p. 507). Externally it is the result of undemocratic structures that favour western nation’s interests and its focus on global economic market growth rather than human rights or its original objective of development (Friedrichs & Friedrichs, 2002, p. 26-27). As already mentioned in the previous chapter both the World Bank and the IMF have a weighted voting system that does not reflect current geo-economic realities (Cogan, 2009, p. 238; Milewicz, 2009, p. 415). While the President of the World Bank is a prerogative of the U.S. and the Managing Director of the IMF is traditionally the prerogative of the EU (Weaver, 2007, p. 500; Cogan, 2009, p. 209).

The idea of crimes of globalization is thus based upon the argument that many of the policies of international financial institutions cause enormous harm to people around the world and are made in the interests of western nations and private capital (Ezeonu & Koku, 2008, p. 113). It therefore extends the parameters of the definition of crime to include social harm. It is conceptualized within the harmful consequences to vulnerable people brought about by the policies of the IMF, World Bank and the WTO, that result from massive deregulation of economic activities and the withdrawal of the state from managing those activities (Ezeonu & Koku, 2008, p. 117).

In Friedrichs and Friedrichs (2002) study they looked at the adverse affects caused by the World Bank funded Pak Mun Dam in Thailand that consequently cost the livelihoods of many villages and ruined the river's ecosystem. This study claimed that, although IFIs are not states and are not signatories to international covenants, they are funded by states that are. They argued that law can serve as a positive function by insisting that human rights be incorporated into not only government policies but also the policies of IFIs (Friedrichs & Friedrichs, 2002, p. 27). In other studies, Rothe, Muzzatti and Mullins (2006), examine the historical post-colonial developments of Senegal and the consequent political and economic relationships and conditions which led to interactions from IFIs. In this case study, the authors link the harsh economic policies of IFIs to the sinking of the Le Joola ferry. A further case study has even linked the act of genocide to the adverse policies of IFIs. Rothe, Mullins and Sandstrom (2008-9) claim that the destructive policies of IFIs created the political and social conditions that led to genocide in Rwanda in 1994. While Ezeonu and Koku (2008) argue that the implementation of neoliberal economic policies have contributed to women's exposure to HIV in Sub-Saharan Africa (p. 112). All these case studies stem from the massive push to liberalize and deregulate national and international economic structures that favour long-term economic growth over the harsh short-term effects vulnerable people have been plagued with. Crimes of globalization is thus an extension of and is incorporated with state-organized crime and state-corporate crime due to the interconnected nature of the global economy.

Concluding Remarks

A definition of state crime is problematic internally due to the state's monopoly over the determination, and also externally due to sovereign rights, in particular the right to self-regulate. However states today are signatories to a wide range of international treaties that include international laws and norms pertaining to human rights, therefore states place themselves under the adjudication of international laws and norms. Therefore grounding a definition of state crime in international law gives it legitimacy and includes both social and economic harms and human rights. This thesis grounds the definition of crime in human rights, particularly social and economic rights, so as to explicate the social and economic harms brought about by the neoliberal ideology via economic globalization. As varying theoretical frameworks pertaining to state-organized crime, state-corporate crime and crimes of globalization are generally case-specific my use of these theories will be of a reductionist nature.

In terms of moving forward with definitions with which to investigate a particular case study, this thesis views state-organized crime as any action that violates either international law or a state's own domestic law when these actions are committed by officials in the name of the state even when such acts are motivated by personal economic, political or ideological interests (Mullins & Rothe, 2008, p. 83). State-corporate crime is crime that occurs at the interstices of economic and political power and can either be state-initiated and/or state-facilitated. Moreover, crimes of globalization are crimes/ social harms caused by IFI economic policies enforced upon a nation-state in the interests of global private capital. Central to this thesis is an investigation of neoliberal economic ideology and an investigation of the claim that it produces a criminogenic environment. My aim is not to develop a causation theory pertaining to state crime, but to highlight how neoliberalism and its amoral nature could potentially produce a criminogenic environment via the symbiotic relationship of the global economy's primary actors. So as to give a normative and moral foundation to the lens of state crime this thesis will ground the definition in human rights. Human rights are instilled in many international laws and norms and include conceptions of social and economic harms thereby providing this thesis' examination in legal legitimacy.

CHAPTER THREE

Human Rights as a Source of Moral Reasoning

Human rights are generally conceived as being rights that belong to a person simply because they are human; they are equal in that everyone has the same rights, they are inalienable as one cannot stop being human, and they are universal in that all humans have them, regardless if they are or are not legally codified in national law (Freeman, 2011, p. 68; Donnelly, 2013, p. 10). Human rights therefore are ‘supra-legal’, designed to empower and authorize citizens against political and/or economic power (Donnelly, 2013, p. 12). As Dworkin (1977) stated, rights are *prima facie* trumps, when claimed these rights trump utility, social policy or any moral and/or political grounds for action (p. 90). Therefore if one has a right and is entitled to that right, then one has a claim to something from someone (Vincent, 2010, p. 14). And it is nation-states that are charged with the protection and delivery of those rights; human rights therefore are concerned with state-citizen relations (Beitz, 2013, p. 30; Donnelly, 2013, p. 32-33).

States are thereby responsible for the facilitation and protection of human rights (UN, 2014, p. 20). Human rights are promulgated via the Universal Declaration of Human Rights (UDHR) created in 1948; it is a “living document” designed to be used as an inspirational educational tool (Roosevelt, 1949, p. 23). These human rights are legally binding via the Covenant on Civil and Political Rights (from here on CP rights) and the Covenant on Economic, Social and Cultural Rights (from here on SE rights); these Covenants create obligations onto states only (Donnelly, 2013, p. 33). The state therefore is both the primary enforcer and protector of human rights and it is also the primary violator of human rights.

This chapter will begin with a brief investigation into conflicting concepts of human rights and it will then proceed to examine the capabilities approach to human rights. The use of the capabilities approach is purposeful in this thesis as it explicates the interconnectedness of social, economic and political rights. Neoliberalism on the other

hand perceives human rights to only be those acts in which a government restrains an individual's ability to maximise one's own utility and enter freely into economic exchange. For the neoliberal this economic liberty is essential for and prior to all other freedoms. Furthermore the core pillars of neoliberalism are contrary to social and economic rights as set out in the UDHR and the ICESCR, such as labour rights and social security. The chapter will then proceed to give a brief history of the splitting of the Covenants (the legally binding legislation behind the UDHR) and will then discuss the philosophical debates surrounding social and economic rights as promulgated in the ICESCR. The chapter will thereby end with an examination into social and economic rights under the neoliberal ideology.

Contested Conceptions of Human Rights

Human rights are not an uncontested subject, their universality is often questioned. "A strong universalist discourse has accompanied the articulation and codification of international human rights" since 1948 (Reus-Smit, 2011, p. 1207). Cultural relativists argue however that the universality of human rights is not logical as it does not reflect the realities of this world; that is it is a world made up of a multiplicity of cultures with different conceptions of right and wrong (Churchill, 2006, p. 46; Donders, 2010, p. 16; Reus-Smit, 2011, p. 1207). Human rights are further critiqued as being a purely western conception. Donnelly (2007) however highlights that even in pre-modern western society there was no reference to equal, inalienable, or individual rights (p. 285). He claims that human rights emerged due to the social, economic and political transformations of modernity that produced new 'standard threats' to people's interests and dignity (Donnelly, 2007, p. 287). However there are longstanding debates that question the existence of human rights.

A critique of human rights does not just stem from ideas of cultural difference. There have long been debates over the existence of human rights especially in regards to the relationship between rights and the political community. In the 18thc utilitarian's such as Burke rejected rights as natural in the sense that they did not exist outside the state

(Langlois, 2013, p. 14). “As... Jeremy Bentham put it, talk of natural rights is ‘nonsense, nonsense on stilts...for there is no right which when its abolition is advantageous to society, it should not be abolished’” (Douzinas, 2007, p. 20). Marx perceived the rights of man as only existing within a political community (Marx, 1992, p. 229). While Durkheim (1996) too relates rights to the political community, and as cooperation is a cornerstone of any community, we do not have complete rights to oneself, we also “owe something of ourselves to others, to the various groups we form part of” (p. 122). Weber (1978) also rejected the idea of universalism emphasizing the increased rationality of positivist law (p. 875; Short, 2013, p. 92). The issue here is the claim that rights are natural, that is, that they are pre-state, pre-political community.

Carl Schmitt (1996) theorised that just as the final distinction within the realm of morality are ‘good and evil’ or in the realm of aesthetics, ‘beautiful and ugly’, the realm of the political too must have an ultimate distinction; that became the friend/enemy distinction (p. 26-27). Schmitt therefore cannot perceive the concept of ‘humanity’ to be a political reality; the political entity presupposes an enemy; therefore for Schmitt (1996), to embrace a universal concept of human rights or humanity is to do away with the political entity (p. 51-53). Hannah Arendt (1973) points out a paradox of natural rights, leading to what she calls the misappropriation of the foundation of human rights (p. 295-298). Arendt (1973) explicates that rights, justice and equality can only be preserved within the political communities of Man; “We are not born equal: we become equal as members of a group on the strength of our decision to guarantee ourselves mutually equal rights” (p. 301). As Ignatieff (2001) explicates the history antecedent to the Universal Declaration of Human Rights (UDHR), that of the Holocaust, provides abundant evidence of the natural indifference of human beings, and the failure of the state to uphold rights (p. 79). This is what Arendt was explicating; “The Universal Declaration set out to re-establish the idea of human rights at the precise historical moment in which they had been shown to have had no foundation whatever in natural human attributes” (Ignatieff, 2001, p. 80). Ignatieff (2001) therefore states that human rights as moral universals counteract rather than reflect human nature (p. 80).

A further critique of human rights is that they have no ontological reality. Brown (2013) claims that the reason that human rights are so widely criticised is that the human rights regime refuses to commit to a single ontological foundation (p. 23). For example, there is ‘human dignity’ which occupies a prominent place in both the UN Charter and the UDHR (Beitz, 2013 b, p. 259). Habermas (2010) claims human dignity is a moral force that provides the standard that inspires people to claim their rights (p. 476). There are theorists that look to ‘human needs’, human needs being “any requirement for a person’s survival, health or basic liberties” (Bay, 1982, p. 67). There are therefore competing conceptions of human rights. However there has emerged a more inclusive foundation to human rights, one that has been adopted by the UN as an alternative measurement to GDP in determining the political, social and economic health of the nation known as the Human Development Index (HDI), known as the capabilities approach (McNeill, 2007, p. 10).

The Capabilities Approach

The capability approach was first developed by Amartya Sen in the 80s via his development of welfare economics. Sen’s (1999) capability approach centres upon the ‘functionings’ of a person, that is, what a person is actually able to do, whilst the capabilities reflects the freedoms, or opportunities, one has to achieve those functionings (p. 75). In sum, it is more than just a person’s basic needs, it is concerned with what a person is able to do or to be in life; it includes not just one’s external development, but also one’s internal development. Sen (1999) sees the interconnected relationship between economic, social and political freedoms (p. 4). All freedoms are interlinked and these different freedoms strengthen one another (Sen, 1999, p. 11);

“Political freedoms (in the form of free speech and elections) help to promote economic security. Social opportunities (in the form of education and health facilities) facilitate economic participation. Economic facilities (in the form of opportunities for participation in trade and production) can help generate personal abundance as well as public resources for social facilities” (Sen, 1999, p. 11).

All of these freedoms and opportunities thereby advance the general capabilities of a person (Sen, 1999, p. 9).

These ideas that interlink the political, the economic and the social to providing the functionings and capabilities needed for one to live one's own life in the conception of their good form the basis for the development of the HDI. In terms of development it is a backlash against the World Bank and IMF SAPs of the 80s that measure economic growth via GDP; GDP however only assesses the overall economic progress of a nation and it disregards specific on the ground realities (McNeill, 2007, p. 10). The HDI meanwhile takes into account income, living standards, gender equity, health, longevity, morbidity, education, just to name a few; it thereby assesses an individual's capability to live their own conception of the good.

Martha Nussbaum (2011) has added to Sen's 'capabilities approach' by developing a list of capabilities that she claims are essential to a life worthy of human dignity (p. 31). This list of ten capabilities highlights common needs for a human being to develop and function in a meaningful and positive way. They include life (not dying prematurely and one that is worth living); bodily health (nourishment, adequate shelter, access to health care); bodily integrity (to move freely from place to place, be free of violence, and have choice in reproduction); senses and imaginative thought (to be able to imagine, think, reason, to be educated and enjoy pleasurable things); emotions (to be able to have attachments, to love, to grieve, to be angry and to have communal support); practical reason (the ability to form a conception of the good, to have critical reflection); affiliation (family ties, political ties, social interactions, and be free to join or to exit); other species (ability to live with concern for and in relation to animals, plants, and the natural environment); to play (be able to laugh, be recreational, to have leisure time); and control over one's environment (political participation, to own property, have employment, to have meaningful work and workplace relations) (Nussbaum, 2011, p. 33-34). It is interesting to note that all ten capabilities are intrinsically linked to one another. Nussbaum's ten capabilities illustrates Sen's (1999) own conclusion that the political, the economic and the social are intrinsically linked when one is theorizing about a life worth living, a life of human dignity.

Nussbaum's (2011) definitive list however could be misconstrued as promoting a single conception of the good, and it is here that Sen (2005) departs from Nussbaum (2011). Sen (2005) is reluctant in applying a definitive list of capabilities as the weighting of priorities changes between time and space (p. 158). His concerns relate to the applicability in a widely pluralistic world (i.e. a one size fits all approach), and also the creation of a definitive list without proper public reasoning (Sen, 2005, p. 157-158). That is, there are going to be differing priorities in differing places; these priorities could be environmental, political, economic and/or social and they need to be properly debated with those in which they directly effect. While Nussbaum (2011) sees human rights in terms of capabilities; Sen (2005) sees the capability approach as an accompaniment to human rights, rather than a theory of. Sen (2005) states that while capabilities have merit in the assessment of the opportunity aspect of freedom it cannot adequately deal with the process aspect of freedom (p. 155). Sen (2012) further states "that human rights are best seen as an articulation of social ethics...[and that while they can be disputed]...the claim is that they will survive open and informed scrutiny in terms of being plausible, if not universally endorsed" (p. 92). He sees human rights as ethical affirmations in which public scrutiny is essential so as to assess the normative claims, as a human right claim that could not stack up to public scrutiny would be seriously undermined (Sen, 2012, p. 97). For Sen (1999) the differing weighting of priorities gives agency to people in regards to their specific situations; he famously questions the prioritizing of liberty over subsistence rightly asks that in nations where economic necessity is a matter of life or death, is it just to place liberty as a priority? (p. 64).

In this thesis the capabilities approach gives weight to the argument that economics should be grounded in moral reasoning as political, economic and social freedoms are all interlinked and all strengthen each other. This argument is particularly important as even within international human rights law SE rights have remained the poor sister of CP rights in terms of weighted priority; from their inception CP rights have been enforceable while SE rights have been generally perceived as purely aspirational.

Splitting the Legally Binding Covenant in Two

The decision to split the legally binding covenant of the UDHR in two was made due to problems of justiciability, that is, SE rights were deemed incapable of being formulated into strict judicially enforceable obligations in national law (Whelan & Donnelly, 2007, 930-933). It was an Indian delegate in fact that first made this point during the draft process, explicating that “their resources and state of economic development did not permit them to implement the economic and social rights at one stroke of the pen” (Whelan & Donnelly, 2007, p. 934). Many critics state that the West from the beginning was against any inclusion of social and economic rights in the UDHR or the enforcement of the ICESCR. Felice (2003) thus states that during the Cold War many western nations considered SE rights to be socialist propaganda (p. 7). When criticizing the lack of enforcement of SE rights this line of argument is generally used even today (Pollis, 1996; Eide & Rosas, 2001, p. 3; Eide, 2001, p. 11; Freeman, 2011, p. 45; Cardenas, 2013, p. 80; Kang, 2009; Kirkup & Evans, 2009).

Whelan and Donnelly (2007) dispute this however they claim that the west at the time of the creation of the UDHR were committed to the welfare state and that SE rights emerged from the beginning from this commitment (p. 929). The separation of the covenant into two cannot be attributed to ideological difference alone, the primary east west debate was one of enforcement not one of inclusion; the east wanted SE rights to be legally enforceable, the west wanted them to be merely aspirational (Cole, 2013, p. 169). The west won this debate with the support of developing nations that did not have the capabilities to achieve the full scope of the ICESCR. And as Cole (2013) explicates in 2005 149 nations had ratified both covenants, and 13 have also done so since; the UK ratified both in 1976, and the then Soviet Union had ratified both covenants in 1973; while only 9 nations have ratified ICCPR and not ICESCR (Cole, 2013, p. 169). One of the reasons debates over the justiciability of SE rights remains even today is due to philosophical debates on negative and positive rights. Within this debate SE rights are considered positive rights in that they require resources so as to fulfil them. CP rights however are considered to be negative rights in that they only require abstention from violating those rights.

Philosophical Debates

As noted before to have a right is to have a claim to something, it therefore denotes that if one person has a right and a claim to something then another entity (the state) has a duty to deliver and protect that right. The philosophical debate therefore has separated CP rights into negative duties, while SE rights are considered positive duties. Negative duties merely denote that we refrain from violating a right, while positive duties require that we provide a material need. This distinction has formed the continual subjugation of SE rights to CP rights since their inception. The most cited critique of SE rights came from Cranston (1973) who argued that SE rights require too many resources and are a source of pleasure, that SE rights are merely rights to be given things (p. 66-67).

However in 1980 Henry Shue (1996) published *Basic Rights, Affluence & U.S. Foreign Policy* which famously explicated that rights, no matter how negative or positive they at first appear, require both positive and negative duties so as to achieve their full realization (p. 52-53). There are three steps that lead to Shue's (1996) thesis; the first is his formulation of moral rights, the second is his notion of subsistence, and lastly is his formulation of basic rights and their correlative duties (Kiper, 2011, p. 506). For Shue (1996) a moral right provides 'the rational basis for a justified demand' 'that the actual enjoyment of a substance be' 'socially guaranteed against standard threats' (p. 13). Therefore for a person to have a right means that they have justifiable demands upon others, and that in order to enjoy this right it must be protected (socially guaranteed), and a right has only been guaranteed via institutions that protect these rights from standard threats (p. 13-17).

Basic rights meanwhile are "everyone's minimal reasonable demands upon the rest of humanity" (Shue, 1996, p. 19). For Shue (1996) there are basic rights that serve to uphold all other rights; that is, that without the enjoyment or protection of these basic rights, no other rights can be adequately enjoyed (p. 19). "When a right is genuinely basic, any attempt to enjoy any other right by sacrificing the basic right would be quite literally self-defeating" (Shue, 1996, p. 19). The basic right to physical security is

deemed to be essential to the enjoyment of all other rights as first, everyone is entitled to enjoy their right and second that everyone is entitled to be protected from grave conditions that could prevent or interfere with a person's ability to enjoy that right (Shue, 1996, p. 22). In sum, if a person was being threatened with torture or some other physical violence, a person may be coerced via fear to give up some of their rights in return so as not to be harmed. Shue (1996) uses the same reasoning for subsistence rights; that is a person held under duress from a lack of nourishment could too out of necessity give up their other rights. "Part of what it means to enjoy any other right is to be able to exercise that right without, as a consequence, suffering the actual or threatened loss of one's physical security or one's subsistence" (Shue, 1996, p. 27). Therefore there are basic rights that are needed so as to enjoy all other rights; these are security, subsistence, liberty and protection from standard threats (Kiper, 2011, p. 507).

Shue (1996) then explicates that the generally held view that security rights are negative and thereby easy to implement and protect, while subsistence rights are positive and too costly to implement and protect, is misleading (p. 36). Shue (1996) claims that so as to fully realize one's rights, all rights naturally have both positive and negative duties attached; first is the duty to refrain from violating a right; the second is to (so as to enforce the first) protect that right from being violated; and lastly, is the duty, should the first and second duty fail, to aid those whose rights have been violated (p. 52-53). Here he explicates that even security rights (largely deemed to be negative rights) require positive duties so as to enjoy and have this right protected ; subsistence rights in turn (largely deemed to be positive) also have negative duties attached, such as a negative duty to refrain from depriving a person from the ability to access nourishment (Shue, 1996, p. 37-41). In sum, Shue (1996) states that a person's lack of nourishment is a deprivation that could be controlled "by some combination of the mere restraint of second parties and the maintenance of protective institutions by first and third parties, just as the standard threats that deprive people of their right to physical security could be controlled by restraint and protection against non-restraint" (p. 41). All rights thereby require both negative and positive duties therefore the argument that SE rights are too costly or difficult to implement falls short as all rights cost and require strong action so as to effectively protect. However, despite the strength of Shue's argument SE rights are still considered the poor sister of CP rights especially in relation to neoliberalism.

Neoliberalism: A Natural Antithesis to SE Rights

SE rights coexist uneasily with neoliberalism due to the notion that people possess fundamental economic rights (Cole, 2013, p. 165). The ICESCR was opened to signature in 1966 and became legally binding 10 years later; it is therefore noteworthy that the core pillar of SE rights took effect at the same time that its ideological antithesis, neoliberalism, took shape (Cole, 2013, p. 167). Many SE rights require state regulation of and intervention into markets (Cole, 2013, p. 165). Under neoliberalism “legitimate human rights can only be defined as that set of rights that require government abstention from acts that violate the individual’s freedom to invest time, capital, and resources in processes of production and exchange” (Kirkup & Evans, 2009, p. 235). As already discussed the core pillars of neoliberal economics are reducing the role of the state and cutting state expenditure, the removal of welfare benefits, believed to be disincentives to market participation, and the reduction of labour power (Hay, 2004, p. 508; Swarts, 2013, p. 4). These core pillars are the antithesis of what SE rights demand, such as labour rights, social security and protections, the right to health and education and also cultural rights (UN, 2014, p. 2). And as neoliberalism applies economic rationale onto the social domain, a domain previously thought to be antithetical to market logic as they are deemed to be social goods, it thereby subordinates their social nature (Kelsey, 2015, p. 135). As Ulrich (2002) proclaimed the neoliberal ideology is the disinhibited economization of all areas of life and thought (p. 14).

However SE rights are considered essential for one to have a decent standard of living and this standard is to be protected from market forces (Hasenfeld & Garrow, 2012, p. 296). Neoliberalism distorts these guarantees as its theoretical underpinnings are based upon personal responsibility (ibid, p. 301). However, as Young (2011) explicates, personal responsibility, whilst noble, must be understood in the context of individual choices being made in reflection of larger social processes that influence and determine outcomes (p. 48-52). Much like Rawls (1999) difference principle (p. 24) or Sen’s (1999) capabilities approach (p. 75), Young (2011) recognizes that people’s social opportunities, talent and/or luck determine their life chances, therefore SE rights are

designed to mitigate these effects. The UDHR itself in Article 25 refers to a person's right to a decent standard of living, with access to food, clothing, shelter, medical care, social services and social security in times of a lack of livelihood due to circumstances beyond a person's control (UN, 2007, p. 9). Circumstances like those that occur due to the volatility of the free market. However as long as the neoliberal ideology can continue to influence the lack of willingness of states to enforce SE rights and while neoliberalism continues to affect the fiscal ability of states to implement SE rights, a paradigm shift is unlikely (Giannone, 2015, p. 178). As Cole (2013) discovered in his empirical assessment of the effects of ICESCR membership, implementation depends solely upon political resolve and economic resources (p. 187).

Conclusion

By providing a brief history of the free market the aim was to explicate the importance of the historical consequence of separating the political from the economic, which is the subjugation of moral reasoning to economic rationality. Both laissez-faire and neoliberalism rest upon the concept of Homo Economicus, the economic agent strictly concerned with maximizing his own self-interest with no moral concern for the other (Ulrich, 2002, p. 20). This separation of the political and economic spheres gives primacy to economic liberties and this claim has been transformed into an underlying societal belief. The fact of this embedded societal belief can be discerned during the Keynesian period where although welfarism emerged in reaction to the harsh social and economic realities of laissez-faire, it only aimed to mitigate the effects, it did not challenge the economic hierarchies that laissez-faire produced (Kymlicka, 2002, p. 89). Neoliberalism emerged in times of economic crisis promulgating the high costs of welfarism and once again advancing the claim that economic freedoms are essential and prior to political freedoms (Freidman, 2002, p. 150). Unlike laissez-faire however, neoliberals value the role of the state in creating the proper environment conducive to free economic exchange. This has resulted in the re-alignment of state power from one where the state is primarily charged with the protection of the welfare of people, to one where the protection of economic freedoms is paramount (Kelsey, 2015, p. 122).

Neoliberalism promotes the concept of the minimal state, the privatisation of social goods and services, a flexible labour market and most importantly the advancement of global free trade and global free capital mobility (Hay, 2004, p. 508). Neoliberalism has been the primary driver of and primary benefactor of economic globalization; this global process has allowed neoliberalism to be exported to the world and is reinforced, reproduced and implemented by the global economy's primary actors, states, private capital and global institutions such as the World Bank and the IMF.

It is this symbiotic relationship between these global actors that is central to this thesis as it is an investigation into the potential for neoliberalism to produce criminogenic environments that cause social and economic harms and violates human rights. This thesis will examine this claim via a lens of criminology, in particular state-organized crime, state-corporate crime and crimes of globalization. Although state crime and its subfields are contested due to definitional problems, state crime has emerged as an important mode of inquiry in assessing the global capitalist society. This thesis will ground a definition of state crime in international human rights laws and norms, thereby giving it more definitional legitimacy. A conception of human rights will furthermore be grounded in the capabilities approach as it serves as the antithesis to neoliberal ideology, that of separating economic rational from societal normative moral reasoning. As Sen (1999) explicates, social, political and economic freedoms are all interlinked and interdependent (p. 11). To separate them is to 'dehumanize human beings' (Wettstein, 2009, p. 172). This in turn will give greater weight to the argument that SE rights are just as justiciable as CP rights; as Shue (1996) rightly argued subsistence is a basic right and is therefore a requirement for the enjoyment of all other human rights (p. 27). And lastly, this thesis will investigate the symbiotic relationship between the global economy's primary actors by using a single case study; the neoliberalization of Bolivia for the period 1985-2003.

Bolivia's experience during this period was one of the most radical economic shock treatments the world had ever known, and policies implemented and enforced by the World Bank and IMF, became models for SAPs in other developing countries. Bolivia, like many other developing countries succumbed to the power of the World Bank and

IMF due to the 1980s debt crisis; in turn these institutions had begun a set of programs that advocated that FDI was essential to economic growth and due to conditional lending Bolivia essentially sold the country's resources to foreign MNCs with detrimental effects. Bolivia, has in fact, become synonymous with anti-neoliberal sentiment; the mass protests of water privatization, known as the Water Wars 2000, were successful in expelling greedy MNCs, while the Gas Wars of 2003 successfully expelled a President. Bolivia's experience therefore will clearly illustrate how historical global processes influence and subjugate domestic state policies that favour private capital over the social and economic needs of the citizenry. And it will particularly illuminate the symbiotic relationship between the primary actors, underpinned by neoliberalism and how this relationship can potentially produce a criminogenic environment.

CHAPTER FOUR

The Neoliberalization of Bolivia

1985-2003

Bolivia's economic restructuring represents one of the most radical experiments of neoliberal 'shock treatment' to date. This chapter begins to investigate Bolivia as a single-case study using a historical narrative so as to explicate how global processes, such as the 1980s debt crisis, the developmental paradigm shift in the World Bank and IMF that adopted the neoliberal ideology and the continuous pressures of economic globalization may have acted to create a criminogenic environment. These events however must be understood within the historical context of Bolivia itself, beginning with the 1952 Revolution which was sparked by the contrasts between the country's immense resource wealth and the high levels of absolute poverty suffered by a large majority of the population. Therefore Part One will begin with a brief political history of Bolivia from 1952 ending with the adoption of neoliberalism in 1985. Part Two will then analyse the period of neoliberal consolidation beginning in 1993 in which the *Plan de Todos*, a set of sweeping political, economic and legal reforms aimed at buttressing neoliberalism, was implemented. Lastly, in Part Three, a historical rundown of the consequent backlash to neoliberalization that resulted in what became known as the Water Wars (2000) and the Gas Wars (2003) will aid in further evaluating what Bolivia's neoliberalization tells us about the potential for neoliberalism to result in a criminogenic environment.

PART ONE

From Revolution to a Market Society:

A Brief Political History of Bolivia

The Bolivian National Revolution of 1952 serves as the backdrop to the modern Bolivian state, it was at the time, alongside Haiti, the poorest nation in the world (Hesketh & Morton, 2014, p. 151; Dunkerley, 2013, p. 325). It was the level of Bolivia's poverty in stark contrast with the wealth of Bolivia's natural resources that sparked revolution and led to the nationalisation of industry and mining (Dunkerley, 1984, p. 42). The Revolutionary Nationalist Movement (MNR) that came to power implemented a series of reforms that dramatically changed the political landscape of the country such as universal suffrage, land reforms and the nationalisation of the country's resources (Hesketh & Morton, 2014, p. 153; Dunkerley, 2013, p. 328; Cyr, 2015, p. 291). These reforms dismantled the oligarchic system in which just three families controlled 80% of mining and reduced the power of the 'hacienda's' (large landowners) (Hesketh & Morton, 2014, p. 152). Free education was given to all and the power of the labour force was significantly enhanced (Hesketh & Morton, 2014, p. 155). The nationalisation of mining saw the emergence of labour union power; the MNR effectively gave the national labour union COB (Central Obrera Boliviana) control over the Ministry of Mines and Petroleum (Cyr, 2015, p. 292). The FSTMB (Union Federation of Bolivia Mine Workers) formed the core of the COB and the MNR ceded cabinet positions to union leaders giving a semblance of co-government (Dunkerley, 2013, p. 329). Within this co-government workers effectively had veto over government policy (Hesketh & Morton, 2014, p. 153). "More than any other modern revolution, the Bolivian Revolution had a single proletarian sector as its social vanguard" (Dunkerley, 2013, p. 329).

By 1956 however the Bolivian economy was in crisis and the ruling MNR government had three choices; one, they could further radicalise the revolution and completely socialise the economy; two, they could continue to let inflation rise and risk a right-wing take over; or three, they could turn to the U.S. for support (Hesketh & Morton, 2014, p. 156). Considering Cold War politics U.S. interests lay with preventing Bolivia from becoming socialist and by the end of the 1950's Bolivia had become the largest recipient of U.S. aid in Latin America (Hesketh & Morton, 2014, p. 156; Klein, 2003, p. 218). In response to the economic crisis at hand the U.S. and the IMF implemented a 'Stabilisation Plan' which reduced government spending on food and social welfare, froze wages and laid off workers (Dunkerley, 1984, p. 86; Morales, 2003, p. 159; Hesketh & Morton, 2014, p. 157).

Although inflation was reduced, the Stabilisation Plan brought havoc to everyday people; it contracted production, increased unemployment, reduced credit and real incomes and reduced subsidies and social protections (Dunkerley, 1984, p. 87). This resulted in fierce strike action from the workers unions which continued into the early 60s, and the MNR government responded by mobilising the peasantry as a counter force to the workers and miners essentially fragmenting their former alliance with the unions (Morales, 2003, p. 170; Hesketh & Morton, 2014, p. 157). Government repressive actions over strikes is wrapped in the history of the Alliance for Progress initiative of the Kennedy administration 1961; this initiative aimed to prevent countries in Latin America from becoming socialist; it had very little to do with democratic liberties and everything to do with anti-communist sentiment; it was an experiment in authoritarian development and a reaction to the strength of the unions (Field, 2014, p. 15-17). U.S. foreign policy at the time was to prevent communism taking a foothold in their own backyard and this resulted in a considerable amount of economic aid, conditional on sweeping economic reforms and the bolstering and development of close relations with the military (Field, 2014, p. 11-15).

In sum, the MNR abandoned their revolutionary beginnings and set on a path to authoritarianism as the government attempted to quell popular discontent. The failure of the revolution was its reluctance be either bourgeois or proletarian; on the one hand

giving considerable power to the unions and then recanting to implement harsh economic reforms in return for economic assistance from the U.S. (Hesketh & Morton, 2014, p. 156).

For three years the MNR government battled with miners and general protestors with cruel repression (Field, 2012, p. 179). Bolstering the armed forces was a general foreign policy of the U.S. throughout all of Latin America and it resulted in close political and military relationships between the U.S. and various militaries in the South (Field, 2012, p. 178). This bolstering of military strength and the repressive actions of the MNR government, coupled with government inaction over further economic reforms, led to a U.S. supported military coup in 1964 which resulted in two decades of military rule in Bolivia (Field, 2012, p. 147-149; Kohl & Farthing, 2006, p. 50). There were five separate military coups in Bolivia 1964-1980; they all included state repression, massacres, military arrests and disappearances, over 650 political assassinations, with tens of thousands wounded, imprisoned or exiled (Garcia Jerez & Muller, 2015, p. 120). The 1970s were also a period of development and foreign aid; tin prices doubled 1973-1974 and the authoritarian military government was able to push through harsh economic reforms required by IMF, such as devaluing the currency and removing subsidies on basic goods and services (Hesketh & Morton, 2014, p. 158; Kohl & Farthing, 2006, p. 51). However these harsh economic reforms took their toll and the alliance with the peasantry that had been in place since the 60s broke under the economic pressure and the military lost their support base (Hesketh & Morton, 2014, p. 158).

In 1982 Bolivia returned to democracy after nearly 20 years of military rule. However this was complicated by the existence of multiple factions; a fierce labour movement, a peasantry movement and business organizations, all with conflicting demands (Cyr, 2015, p. 292). In 1982 it was a coalition of left-wing forces that took power, known as the Democratic Popular Unity (UDP) (Webber, 2005, p. 35). However the debt accrued over the years from a series of military dictators resulted in Bolivia once again in economic crisis (Fabricant & Hicks, 2013, p. 132; Kohl, 2006, p. 310; Webber, 2005, p. 35). The Bolivian economy was hit further when in 1985 global tin prices collapsed

(Kohl, 2006, p. 310; Hesketh & Morton, 2014, p. 158). There was also the global 1980s debt crisis as a result of the U.S. Federal Reserve Bank's change to monetarist policies that hiked up interest rates; the result being that Bolivia, like the rest of the developing world found their debts unsustainable (Kahler, 1985, p. 358). By 1982 the currency in Bolivia had collapsed and by 1985 the government was facing insolvency (Kohl, 2006, p. 310). Consequently early elections were called in 1985 that resulted in a MNR led coalition (Cyr, 2015, p. 292). 1985 marks the year that neoliberal reform arrived in Bolivia in reaction to a massive economic crisis. Bolivia's neoliberal restructuring became the most radical economic 'shock treatment' next to that of Chile (Conaghan et al, 1990, p. 4; Hindery, 2004, p. 281; Sachs, 1987, p. 281).

1985: Economic Crisis & the Adoption of Neoliberalism

Bolivia's economy was in crisis. Between August 1984 and August 1985 prices had risen by 20,000% and inflation had surged to an annualized rate of 10,000% (Sachs, 1987, p. 279; Conaghan et al, 1990, p. 3). As early on as 1980 Bolivia had lost access to international capital markets and the World Bank and IMF had also ceased lending (Sachs, 1987, p. 279; Jenkins, 1997, p. 109). Therefore, although 1985 marks the year that the neoliberal turn began, these SAPs were not technically initiated by the World Bank and IMF (Jenkins, 1997, p. 110). The New Economic Policy (NPE), although bearing a strong resemblance to the 1956 'Stabilisation Plan', was designed and implemented by the ruling MNR government in conjunction with Harvard economist Jeffrey Sachs, so as to *regain* access to World Bank and IMF loans (Jenkins, 1997, p. 110; Kohl, 2002, p. 451; Kohl & Farthing, 2006, p. 60).

The NPE became the testing ground for economic liberalization, and became the model for future SAPs implemented by the World Bank and IMF in other parts of Latin America, Africa and Eastern Europe (Jenkins, 1997, p. 110; Kohl, 2002, p. 451). As Sachs (1987) himself stated, the NPE was a highly ambitious agenda that went far beyond macroeconomic stabilization to include fiscal reform, trade liberalization, eliminate subsidies and privatize state-owned enterprises (SOEs) (p. 281). The NPE was

enacted August 1985 via Presidential Decree 21060, which closed mines, floated the currency against the U.S. dollar, began processes to facilitate privatization, opened the country to foreign investment (FDI), and ended protectionist trade policies (Kohl, 2006, p. 310; Cyr, 2015, p. 293; Conaghan et al, 1990, p. 4; Sachs, 1987, p. 281). The NPE fiscal program was to stabilize the currency via devaluation, tax reform and increase the cost of public services, reduce public-sector employment and wages, create sustainable debt repayments, and open up to concessional FDI from foreign governments and MNCs (Morales & Sachs, 1989, p. 74).

Consolidating Political Power

The NPE dramatically transformed the political and economic environment in Bolivia. Firstly the MNR government made a political deal with fellow party ADN to form a majority coalition so as to effectively starve out any legislative opposition (Conaghan et al, 1990, p. 22). The MNR were effectively able to build upon the remnants of previous military dictatorships to concentrate decision-making power in the hands of the president (Kohl, 2006, p. 311). Almost immediately after the declaration of NPE the government issued a 'state of siege' with congressional approval so as to quell any popular uprising (Conaghan et al, 1990, p. 24-25). By declaring a 'state of siege' the government was furthermore able to increase their powers so as to implement policies by any means necessary (Jenkins, 1997, p. 111; Morales, 2003, p. 207). The MNR government closed down the mines laying off 80% of miners, whilst the increased powers of the government under the 'state of siege' allowed them to arrest union leaders and exile many more (Cyr, 2015, p. 293; Dunkerley, 2013, p. 330; Hesketh & Morton, 2014, p. 158; Conaghan et al, 1990, p. 25). By closing the mines the NPE effectively destroyed labour union power and economically marginalized the working class (Kohl, 2006, p. 311; Jenkins, 1997, p. 111; Conaghan et al, 1990, p. 25). During this 'state of siege' the government exiled 143 union members in 1985; by the second 'state of siege' in 1986 the COB had become less and less effective and more fragmented (Kohl & Farthing, 2006, p. 77).

Marginalizing the Working Class

The destruction of labour union power is a key tenet of neoliberal restructuring as it requires a cheap and flexible labour force to compliment, instead of resist, radical economic restructuring (Hay, 2004, p. 508; Swarts, 2013, p. 4). The government sought to further quell opposition with the passing of the 1986 Electoral Law in which they reduced the number of minority parties and left only three major parties in the system; this restructuring of the political was to ensure the continued restructuring of the economy (Kohl & Farthing, 2006, p. 69). In accordance with neoliberalism's ideology, the free hand of the market requires the strong hand of the state, while the destruction of labour power starves off opposition to radical reforms. Webber (2005) marks the period between 1985-2000 as one of neoliberal hegemony and the historic defeat of the left (p. 36).

The devaluation of the currency coupled with high unemployment led to an increase in the informal economy (Kohl, 2006, p. 311; Hindery, 2004, p. 282; Conaghan et al, 1990, p. 25). The peasantry suffered due to the elimination of subsidies on basic goods and services and suffered further due to U.S. sponsored programs to eradicate coca (Hesketh & Morton, 2014, p. 159). Coca had long been a form of income subsidisation for the peasantry in one of the poorest countries in the world; coca exports in the early 1980s equalled in sum to that of tin and natural gas (Morales & Sachs, 1989, p. 61; Jenkins, 1997, p. 113). Furthermore there were changes in employment protection due to deregulation and wages were left to negotiations between employees and employers on a case by case basis (Jenkins, 1997, p. 113). World Bank (1991a) report even applauded Bolivia's employment reform for providing 'incentives conducive to harder work' and eliminating the possibility of 'labour mobilisation and discontent' (p. 10). Further pressure was added to the populace in the guise of indirect taxation that added 'value added tax' (VAT) onto goods and services, again increasing the cost for everyday people (Jenkins, 1997, p. 113).

These reforms caused massive social and economic harm onto everyday Bolivians and as a result the MNR government looked to the World Bank for aid. The World Bank issued a Social Emergency Fund (SEF), the first of its kind, to alleviate the social impact of 'shock treatment' economic reforms (Kohl, 2006, p. 311; Jenkins, 1997, p. 311). In 1986 the IMF renewed credit arrangements and shortly after the World Bank and IADB followed suit; the IMF negotiations resulted in two-thirds of export income allocated to pay off the burgeoning debt and resulted in IFI funding becoming essential for the Bolivian government to meet its basic obligations (Kohl & Farthing, 2006, p. 67-68).

Removing the State as a Social Provider

The Social Emergency Fund (SEF) was designed as emergency relief so as to facilitate temporary employment for many of those who had lost jobs due to industry closures and aid in income generation, general social assistance and to alleviate social pressures that could potentially threaten continued economic reform (World Bank, 1987, p. 3; Kohl, 2006, p. 311). The World Bank (1987) had applauded Bolivia for undertaking radical economic reforms that reduced inflation to less than 20% in 12 months, however these sweeping reforms left many people economically and socially vulnerable (p. 1). The fund was to last for three years, be independent of government and rely on existing local institutions. The World Bank would offer advice and monitoring on the fund and mobilise international financial support; in return the World Bank would issue \$US50-70 million per year in loans to the fund (World Bank, 1987, p. 2). The SEF model was adopted throughout Latin America and Africa as part of the SAP conditional lending system, however critics were wary of their apparently temporary nature and the transferring of traditional state roles on poverty alleviation and development to non-governmental organizations (Graham, 1992, p. 1233; Arellano-Lopez & Petras, 1994, p. 555). Non-state providers are the primary source of social welfare in the developing world today and this reflects the shift in development policy of the World Bank and IMF, that of neoliberalism, that demands a reduction in government spending (Gough et al, 2014, p. 7).

In Bolivia NGOs grew from 100 in 1980 to 530 in 1992 (Arellano-Lopez & Petras, 1994, p. 562). Critics argue that the role of NGOs as social providers within a SAP context merely reinforce the neoliberal model as it diminishes the historical gains of labour and provides jobs for critical left-leaning middle classes in the now well-financed development sector (Kohl, 2006, p. 312; Arellano-Lopez & Petras, 1994, p. 567). Therefore these emergency relief programs and increased NGO activity due to economic restructuring only serve to illuminate the massive economic and social harm that these ‘shock treatment’ reforms cause. They further diminish the political relationship between the citizenry and the state (Gough et al, 2014, p. 2) they quell discontent in the left-leaning middle class as they provide jobs (Kohl, 2006, p. 312) and due to their non-political nature and reliance on international donors reduce the prospects of grassroots political mobilization; while their very nature, that of non-state provider, have undermined the historical gains of labour since the 1930s (Arellano-Lopez & Petras, 1994, p. 567; Kohl, 2006, p. 311). After four years it became clear that long term job growth had not materialized and the program was renamed the Social Investment Fund (SIF) and it became a permanent fixture in Bolivia (Kohl, 2006, p. 312). Like many other developing countries who have been subjected to SAP restructuring it was no longer the state that is responsible for the social and economic welfare of its citizenry.

From Revolution to the Free Market: Concluding Remarks

The adoption of neoliberal economics in Bolivia reflects the global processes of the time, a global paradigm shift from Keynesianism to monetarism, the consequent 1980s debt crisis, and the shifting of developmental practices in the IMF and World Bank. In line with Friedman’s crisis ideology Bolivia’s economic reform was one of the most radical at the time, in reflection of a massive economic crisis, an instant ‘shock treatment’ that transformed Bolivian society; “Only a crisis – actual or perceived – produces real change” (Friedman, 2002, p. xiv). These reforms were not merely of an economic nature, they also set the foundations for radical political and societal reforms.

Therefore along with economic liberalization, the reduction of trade protections, and the devaluing of the currency as tools to bring inflation under control, the NPE began the process of societal economization under the neoliberal paradigm. First an alternative democratic model is created, a new market-state relationship in which the state's primary role is to create favourable conditions for capital (Giannone, 2015, p. 176); or what Wettstein calls (2009) the 'economization of the state' (p. 19). When the MNR government centralised decision-making in the executive it was the recognition that harsh economic reforms would be unpopular, and that these harsh reforms needed the strong hand of the state so as to develop the legal, jurisdictional and fiscal infrastructure to nurture this new market-state relationship (Wettstein, 2009, p. 172-176; Harvey, 2007, p. 2). As Friedman (2002) promulgated "government is essential both as a forum for determining the 'rules of the game' and as an umpire to interpret and enforce the rules decided on" (Friedman, 2002, p. 15).

Secondly, is the need to quell labour power and to create labour flexibility that can expand and retract in accordance to the changing needs of capital. The neoliberal ideology requires labour-market flexibility so as to enhance cost competitiveness via the removal of labour market rigidities (Hay, 2004, p. 508). The closing of the mines in Bolivia destroyed the traditional union power of the COB and economically marginalised the working class via employment and wage deregulation (Kohl, 2006, p. 311; Jenkins, 1997, p. 113). This move was praised by the World Bank (1991a) as a method to quell discontent (p. 10). As Webber (2005) stated, the neoliberal invasion of 1985 represents the historic defeat of traditional labour power (p. 36).

And lastly there was the reduction of government social spending that transformed state-citizen relations by shifting social welfare services to the World Bank funded SEF (Gough et al, 2014, p. 2). The emergency relief program of the SEF only explicates the social and economic harms caused by radical economic reforms, and these harms are reproduced as social services become reliant upon the altruism (not to mention the conditional lending practices) of international donors (Arellano-Lopez & Petras, 1994, p. 567). The stage is therefore set, as 1985 may mark the year Bolivia adopted neoliberal reform, 1993 marks the year of neoliberal consolidation.

PART TWO

The Neoliberal Consolidation

Bolivia was well on her way in transforming into a market society by the time the MNR party came to power again under President Sanchez de Lozada in 1993. However it is the period 1993-2003 that a neoliberal revolution truly took hold of the country with sweeping legal economic and political reforms that formed the basis of World Bank/IMF conditional lending. These conditions reflected the institutional policy shift from macroeconomic stability to a focus on privatization and foreign investment and the dominance of the IFIs in regards to Bolivia's economy (Hindery & Hecht, 2013, p. 29). The conditions of the World Bank SAP (1991b) were based upon the Bolivian government implementing a range of constitutional and legal reforms so as to privatize state-owned enterprises (SOEs) and better facilitate foreign investment. The MIR ruling government of 1989-1993 legislated the sale of 30 SOEs, while the MNR government in 1995 had managed to sell another 72 more firms, however all sales were small and only generated a lump sum of \$US100 million (Kohl, 2002, 457). It was the primary sector's privatization that the World Bank was most interested in as it deemed continuing economic growth problems to stem from the increased presence and inefficiency of the state in SOEs since 1952 (World Bank, 1991b, p. 2). However the sale of primary industries such as oil and gas, telecommunications, power generation and transport needed changes made in the constitution and national legal framework, these legal bulwarks were left over from the nationalisation reforms of the 1952 revolution.

In 1993 President Sanchez de Lozada unveiled the *Plan De Todas* (the Plan for All), a sweeping set of economic and political reforms to facilitate the continued neoliberalization of Bolivia (Kohl, 2003, p. 340; Von Der Heydt-Coca, 2009, p. 351). There were 22 new laws created under the Plan from 1994-1997 alone (Kohl & Farthing, 2006, p. 85). It was President Sanchez de Lozada who acquired the nickname

‘*vende patria*’ (country seller) (Schultz, 2003. P. 34). This chapter will begin with a brief outline of the *Plan De Todos*. It will then discuss some of the laws created under the plan that explicate not only the extent to which neoliberalism permeated and transformed Bolivian society but also the foundations of the consequent societal backlash.

1993 Plan De Todos: Bolivia For Sale

The *Plan De Todos* was a set of sweeping legal reforms so as to facilitate continued political and economic liberalization of Bolivia that “promoted a market democracy characterized by a minimally regulated capitalist economy with a smaller, limited and formally democratic state” (Kohl & Farthing, 2006, p. 84). There were seven principle components to the plan; firstly constitutional reform effectively ridding the government of previous restrictions in regards to the privatization of natural resources; agrarian reform implementing a tax based set of property rights; reform of the judicial system; education reform; restructuring of the pension system; political decentralization; and lastly privatization, the capitalization of the state’s primary industries (Kohl, 2003, p. 340). The *Plan De Todos* had three strategic pillars; first a solution to unemployment, this would be achieved by the second, that is privatization of the state’s primary industries, and third, political decentralization (Grindle, 2003, p. 330).

At the centre of the *Plan De Todos* were two laws, the Law of Capitalization (LC) (1994) that set the legal framework for the privatization of the state’s primary industries; oil and gas, telecommunications, airlines, power generation and the railroads (Kohl, 2003, p. 345; Hindery, 2004, p. 287; Von Der Heydt-Coca, 2009, p. 352). And the Law of Popular Participation (LPP) (1994) that devolved power and resources to local municipalities essentially decentralizing the political system (Acre & Rice, 2009, p. 94; Kohl, 2003 b, p. 156). These two laws can seem on the surface to be somewhat unrelated or even contradictory in their objectives; the first effectively selling the country’s primary industries to foreign investors, while the second appears to increase democracy by giving powers and resources to local elements, that could potentially

mobilize to prevent privatization. However the two laws serve to not only reinforce legally the neoliberal market society but also to buttress each other and facilitate, enforce and protect neoliberal restructuring. Thus commentators have argued that;

“The Plan sought to establish a neoliberal hegemonic regime at the national level to mediate between the global economy, specifically international financial institutions and private firms on the one hand, and the nation’s citizens on the other” (Kohl & Farthing, 2006, p. 85).

There were many legal reforms during this period. However this thesis is limited to an examination of these two primary laws and more specifically those laws that were created to aid privatization in the state’s hydrocarbon sector and that of water. These laws, the Hydrocarbon Law 1996 and the Water Law of 1999, served as the primary instigators for political unrest in Bolivia and also the harsh reaction to this unrest from a reforming state.

Law of Capitalization (1994)

Before privatization, the state’s five primary industries accounted for 12.5% of overall GDP, 60% of government revenue, 80% of which came from oil and gas alone (Kohl, 2004, p. 898). Capitalization is different from traditional privatization. Traditional privatization of SOEs is a straightforward sale where the sale proceeds go directly to the government in the guise of disposable income (Barja et al, 2005, p. 4). Capitalization however is heavily focused on re-investment, expansion of and improved management of the specific industry (Barja et al, 2005, p. 4). The World Bank (1999 a) sees capitalization as a win-win for both the state government, who is required via their particular SAP to reduce government spending, and for the private investor whose payment for its share in the specific industry lends itself to further development and expansion of the sector, thereby increasing growth and profit (p. 2). In specific reference to Bolivia, the government transferred (rather than sold) 50% shares of its primary industries to the winning bidder (Barja et al, 2005, p. 4; Kohl, 2003, p. 340; Hindery, 2004, p. 287; Von Der Heydt-Coca, 2009, p. 352). The capital from the winning bidder is then re-invested back into the firm so as to expand, increase supply and to achieve

efficiency (Barja et al, 2005, p. 4). The investor is required to re-invest their share within a specific time frame (usually 6-8 years) and has a long-term contract (usually 40 years) (Barja et al, 2005 p. 4). The Law of Capitalization was supposed to be privatization with “social content” as the remaining 50% share of the five largest industries was to go to the state pension fund for those over 65 (Kohl, 2004, p. 894).

Policymakers view capitalization as a way to jumpstart economic growth. However this is based on the assumptions that investment made by these capitalized companies would have a trickle-down effect on the rest of the country’s economy, that local entrepreneurs would benefit from an increase in investment and create jobs, that pension funds could raise capital by the selling of shares, that shares in capitalized companies would increase and that taxes generated from economic growth would compensate for the loss of oil and gas revenues (Kohl, 2004, p. 899). The ‘trickle-down’ effect however did not occur.

Not only did capitalization not produce a disposable income to pay off some of Bolivia’s deficit, it also resulted in 14,795 job losses (Kohl & Farthing, 2006, p. 112). Across the board unemployment doubled in Bolivia between 1997 and 2002 despite an increase in output and labour activity of the recently capitalized companies (Barja et al, 2005, p. 14-16). Capitalization was effective in attracting FDI but this was primarily due to its very favourable conditions, while market restructuring had an adverse effect on affordability of public services it did however manage to expand services to the people somewhat (Barja & Urquiola, 2001, p. 42). Lastly, the hope that an increase in production and investment would have a ripple effect within the domestic economy in terms of local entrepreneurship and the creation of local jobs also did not occur. As the primary industries under capitalization were capital intensive and required technical expertise, the capital intensive goods required were sought from foreign manufacturers, while managerial and financial expertise were all foreign (Kohl, 2004, p. 900-902). Capitalized firms were furthermore under no obligations to pay out any dividends which resulted in losses for the pension fund, and there was a further decline in the shares of the companies (ibid, p. 900-902). If you then add the loss of government revenue from oil and gas, the cost of implementing capitalization equalled a US\$430 million deficit (Kohl & Farthing, 2006, p. 112-113).

Capitalization was bolstered by many laws, not least of all a new law concerning regulatory frameworks for the whole infrastructure sector (Barja & Urquiola, 2001, p. 8). This is known as the SIRESE Law (1994) that sets the legal framework for regulatory agencies for each primary sector; hydrocarbons, telecommunications, electricity, transportation, and water and sewerage (Perreault, 2006, p. 156).

Regulatory Reform: The SIRESE Law

The SIRESE Law was designed to set up administrative posts to regulate sectors that were likely to constitute natural monopolies (Assies, 2003, p. 15). Known as Superintendents, these regulatory administrations were highly centralized, had no direct oversight from government and were thereby independent (Perreault, 2006, p. 156). It was argued that - “The economic independence of the superintendencies is ensured through the payment of permit fees by the enterprises subjected to their regulation” (Assies, 2003, p. 15). And even though the appointment of the Superintendent is the President’s prerogative their fixed service periods do not correspond with the president’s term of office (Assies, 2003, p. 15; Perreault, 2006, p. 156). The SIRESE Law has effectively centralized resource governance. This is because decision-making on natural resources and public services is removed from the public-domain as they are independent of central government and operate via permit payments from the private sector “making regulators more accountable to the industries and private actors whose investments they attract and regulate” (Perreault, 2006, p. 156). This framework is then bolstered by four specific laws; Electricity 1994, Telecommunications 1995, Hydrocarbon Law 1996 and the Potable Water Law 1999 (Barja & Urquiola, 2001, p. 9). It is the latter two laws that I will expand upon as they are directly linked with the societal backlash that emerged in 1999.

Hydrocarbon Law 1996

Considering Bolivia's revolutionary history (in which securing the nation's natural resources so as to increase the standard of living for Bolivian's was central), the capitalization of the nation's hydrocarbon sector was always going to be contentious. The state-owned hydrocarbon industry YPFB was the last primary sector to be capitalized in 1996 (Kaup, 2015, p. 459). The YPFB was divided into two exploration and production companies, one transport company, one refining company and several service companies (Hindery & Hecht, 2013, p. 29). Immediately after capitalization the state, in conjunction with foreign multinationals that had acquired YPFB, set about designing and implementing new laws that would determine the rules for extraction, exploitation, ownership and commercialization of hydrocarbons (Kaup, 2015, p. 459). The Hydrocarbon Law of 1996 No. 1194 opened the sector to external investment (Kaup, 2010, p. 126) while Law No. 1689 became the legal framework to grant concessions for exploration, exploitation and commercialization of oil and gas via a risk-sharing enterprise (Von Der Heydt-Coca, 2009, p. 352). Law No. 1689 had determined all proven reserves as existing and thereby taxed at 50%; however a couple of months later the government issued Law No. 1731 which determined that only reserves that had been in production at the time of Law No. 1689 are considered existing while all others were considered new reserves and thereby only taxed at 18% (Kaup, 2010, p. 127). Lastly the Supreme Decree No. 24806 gave investors complete control of hydrocarbons upon extraction for a period of 40 years (Kaup, 2010, p. 128).

Effectively these developments meant that all of Bolivia's subsoil was opened to exploration and exploitation (Kaup, 2015, p. 459-460). Due to the nature of capitalization in which re-investment rather than revenue was key, government royalties were reduced from 50% to 18% (Kaup, 2010, p. 127; Kohl, 2004, p. 904). Reducing government subsidies was due to the risk-sharing enterprise between the state and private investors in which the rationale was to foster exploration (Von Der Heydt-Coca, 2009, p. 353). The 1997 Decree No. 24806 changed the terms of the constitution that had previously given government control of resources before and after extraction, now MNCs controlled resources outright after extraction (Kaup, 2015, p. 460). MNCs were

provided with very favourable conditions buttressed by support of IFIs such as increased foreign ownership of border regions and tax exemption areas for energy export projects; the benefits that MNCs gained via this new law were unparalleled with foreign firms reaping 82% of the value of gas through various taxes (Hindery & Hecht, 2013, p. 28). Furthermore, favourable conditions emerged due to the collaboration between the state and private companies in designing the very regulations that set the parameters of their operations. As Ulrich (2008) explicated deliberation on economic and/ or regulatory frameworks are handed over to technocrats and thus deliberation is reduced to economic rationality in which profitability is given primacy (p. 341-342).

The favourable terms given to foreign investors were made on the rationale that investment and exploration would increase. This was correct, investments grew from \$US169 million in 1996 to \$US2 billion in 2000, however due to a decrease in government royalties and tax revenues neither the Bolivian people nor the Bolivian government benefited from this investment (Kohl, 2004, p. 899). In fact due to the loss in a vast proportion of government revenue from the sale of oil and gas Bolivia's borrowing increased from 3.3% of GDP in 1997 to 8.6% in 2002 (Webber, 2005, p. 38). So as to regain revenue losses from the capitalization of oil and gas the government introduced an increase of 25% in energy consumption tax on the people which resulted in strikes and protests (Kohl, 2004, p. 901).

The Hydrocarbon Law therefore effectively nullified 60 years of nationalist policy, policy that was born on the premise that Bolivia is one of the poorest nations in the world yet is rich in resources (Von Der Heydt-Coca, 2009, p. 353). In sum, the Bolivian government lost its primary source of revenue, increased unemployment and debt, while the terms of capitalization resulted in little fiscal benefit effectively placing the burden of raising revenue onto the citizenry via various taxes; once again capital escapes taxation and the burden is placed upon an already impoverished people.

While the Law of Capitalization and the Hydrocarbon Law effectively sold the nation's source of wealth and increased the economic pressures of the people, it was the

privatization of what many consider to be a social right in which a societal backlash to economic reform began; that of water.

Law 2029 on Potable Water & Sewerage

The privatization of water is wrapped in the framework of ‘green neoliberalism’ “or the idea that corporate management can improve service and enhance conservation of scarce resources, while bringing in healthy profits” (Fabricant & Hicks, 2013, p. 132; Hay, 2004, p. 508). The UN Conference on Water and Environment Dublin 1992 declared water as an economic good, that it has economic value (UN, 1992; Robbins, 2003, p. 1076-1077; Macklin & McLarney, 2014, p. 9). It was argued that past failures to recognize the importance of water has led to wasteful and environmentally destructive practices therefore leading to the Dublin Principles (Robbins, 2003, p. 1077). The rationale stems from the belief that privatization is a win-win strategy for impoverished populations and MNCs alike, that the threat of regional and global water scarcity is a lucrative business opportunity, that poor nations lack the capital or technical expertise to invest in infrastructure and that price hikes send a clear message to consumers pertaining to scarcity and conservation (Fabricant & Hicks, 2013, p. 133). This consensus has resulted in the privatization of water resources and supply to become part of multilateral development institutions SAPs (Fabricant & Hicks, 2013, p. 133; Otto & Bohm, 2006, p. 310). The World Bank (1999 b) argued for privatisation on the premise of extending services to the people, something that the Bolivian government was unable to provide within their budget as existing tariffs could not cover running costs, and continuing economic reform was designed around reducing government expenditure (p. 140). The privatization of water was to transform the state from an inefficient provider to the role of regulator and proposed the plan to increase private investment in the sector (World Bank, 1999 b, p. 140) and replace the flat rate tariff of water services with a tariff based upon consumption (ibid, p. 154).

Before 1997 water companies in Bolivia were either cooperatives or in outlying areas wells and irrigation systems were privately owned and managed (Kohl & Farthing,

2006, p. 163). Privately-run wells and irrigation systems were mostly established via local communities with financial help from either the state, NGOs or the church; water was therefore considered a social community good (Assies, 2003, p. 19). Law 2029 set the framework for a regime of concessions and licenses; concessions were to be given to towns with a population of 10,000 or more where provisions could be financially self-sustaining and were granted for 40 years, while licenses were granted to those towns on a smaller scale and for a period of 5 years (Assies, 2003, p. 17). In total 41 cities came under concessionaires who negotiated contracts with the new regulatory institution the Superintendent for Basic Sanitation and Water; this was a top down process that effectively locked out local government from negotiations and with the concessionaires acquiring exclusive rights existing local organizations had little option but to enter into contracts (Kohl & Farthing, 2006, p. 163).

The subsequent privatization of water was to be based upon 'pro-poor' policymaking in which the poor's access to water was to be given priority (Laurie & Crespo, 2007, p. 841-842). As noted above the aim was supposed to be about expanding services and creating an efficient supplier. However current flat rate tariffs were noted by the World Bank (1999 b) as being insufficient to cover expansion and operating costs (p. 140) and made the case for the implementation of usage tariffs so as to attract private investors via incentives and favourable conditions. Therefore it was ultimately the criterion of economic efficiency, which communicated scarcity, and financial efficiency, that is the guarantee of the recovery of costs and operating expenses, that truly took priority (Assies, 2003, p. 18). It was the privatization of water that sparked a societal backlash to neoliberal economic reform and the hegemonic practices of multilateral lending agencies such as the World Bank and IMF. Beginning in Cochabamba the social unrest became known as the 'Water Wars'.

Several of neoliberalism's central tenets had thus been achieved. As explicated in Part One, embedded social practices, assumed to be restraints on the free market, such as labour power and social security, had been fragmented and structurally transformed under NPE. As explicated above, the economic and legal reforms of the *Plan* brought Bolivia's economy firmly into the free market fold. Thus, the social and the economic

spheres had effectively been placed under free market structures. The Law of Popular Participation was designed so as to compliment and buttress neoliberal reform by decentralizing government thereby transforming the political sphere.

Law of Popular Participation (1994)

The contradiction of neoliberal economic reform especially in politically and economically weakened states is that it is globalization/liberalization/democratization as enforced from above. On the one hand the conditions implemented upon developing countries in return for much needed loans from multilateral lending agencies need the strong hand of the state to implement and enforce (often via force) the economic reforms, on the other hand it weakens state governments by dramatically reducing their expenditures and their reach, especially in regards to the economy. The role of decentralization in the neoliberal regime therefore is designed to reduce the expenditure of national government and transfer obligations to sub-national units, and also aid in a continued governing presence at the local level; in turn citizen attention is drawn to the sub-national level and thereby fragments potential opposition to cuts in government services (Kohl & Farthing, 2006, p. 125).

Decentralization has been linked to market liberalization since the 1980s. The World Bank argues that decentralization not only promotes increased democracy but that it is also important for economic growth (World Bank, 1997, p. 120). And although devolving powers to local groups can potentially fragment social opposition, on the whole decentralization has had mixed results. It can on the one hand increase accountability, access to services, local development and equitable resource distribution (Abraham, 2014, p. 12). On the other hand it can lead to localised corruption, create inequality and does not always increase public trust (West, 2015, p. 63-65). As Acre et al (2007) work on the results of decentralization in Latin America shows, economic liberalization and democraticization via decentralization has also led to an increase in collective political activity (p. 118). It is true that traditional labour movements, such as the likes of COB, have been fragmented and destroyed by radical neoliberal reforms,

however on the flipside decentralization in Bolivia opened new spaces for collective social movements that led to the repoliticization of collective political activity in the aftermath of economic liberalization (Acre et al, 2007, p. 118-119).

The Law of Popular Participation (LPP) had two contradictory goals, the first was to extend land rights and autonomy of indigenous communities; the second was to open up resources to international markets (Von Der Heydt-Coca, 2009, p. 354). Both the Law of Capitalization and the Law of Popular Participation promote the neoliberal agenda by joining the concept of democracy with that of the free market (Kohl, 2002, p. 450). The law furthermore serves the SAPs of the World Bank whose objective it is to keep lowering central government expenditure (Kohl, 2003 b, p. 161). The LPP was radically pluralistic as it gave legal recognition to previously excluded indigenous and peasant communities, recognized traditional governance structures, and recognized territorial rights (Kohl, 2003 b, p. 156). Political structures changed dramatically as the number of municipalities doubled, thereby re-drawing the map of Bolivia and it was the first time that social, ethnic, and grassroots organizations were recognized by the state (Mendoza-Bothelo, 2013, p. 1222). The decentralization of Bolivia was unique for its time and was introduced on the assumption that the devolution of powers and resources to local municipalities would increase the efficiency of the public sector and improve governance and strengthen democracy (Mendoza-Bothelo, 2013, p. 1222; Kohl, 2002, p. 452).

The aim of both international and national policymakers was first and foremost to provide a stable political environment for foreign investment (Kohl, 2002, p. 452). Both laws combined to support the neoliberal agenda that on the one hand guarantees MNC access to Bolivia's wealth of natural resources and cheap labour, while on the other hand promotes a stable political environment, so as to better facilitate a favourable environment for capital and also quell social discontent (Kohl, 2002, p. 465).

The municipality became the basic political unit of the state with two branches of government, an executive and a legislative and they used unique participatory

mechanisms, such as the Annual Operative Plan that was drafted in response to local demands and the Municipal Development Plan that created a five year strategic plan for social policies such as health and education and also economic policies such as promotion and extension of infrastructure (Mendoza-Bothelo, 2013, p. 1223). In practice however the LPP was fraught with contradictions; firstly fiscal transfers were given on a revenue sharing basis of \$31 per capita; given that the municipalities were now charged with being responsible for health, education and general infrastructure, they were not able to further develop on any reasonable scale (Kohl, 2002, p. 464). In turn the LPP charged the municipalities with being responsible for sustainable development and environmental protection, however other laws prevented them from having a say on or utilizing local natural resources (such as the SIRESE Law), as the management of Bolivia's natural resources remained with centralized regulatory administrations (ibid, p. 465). The LPP in practice merely transferred tax collection from central government to local government (Kohl, 2003 b, p. 156).

In the Bolivian context decentralization aimed to quell not only multiple grassroots factions but also aid in bolstering weak collation national governments becoming increasingly unable to appease all local oppositional groups. It was promulgated as the answer to the extremely pluralistic nature of Bolivia by giving voice to previously excluded groups. However, due to the SIRESE Law, local municipalities were effectively locked out of decision-making on the allocation of natural resources and thus unable to effectively develop locally.

Therefore decentralization could be interpreted as a tool to redirect local discontent from the national to the sub-national. On the other hand however, in Bolivia's case, it increased social opposition movements. As the traditional national labour movement had been effectively dissolved due to the NPE in the 1980s, the LPP created a new space for political action (Kohl & Farthing, 2006, p. 144). Decentralization was designed so as to garner local support for neoliberal economic reform and demobilize opposition by giving a local level voice to the people; however when state-led economic reforms failed to benefit the people, it was a return to the politics of protest (Acre & Rice, 2009, p. 94).

The Neoliberal Consolidation: Concluding Remarks

The *Plan De Todos* was a radical reformation of Bolivia's political, economic and legal institutions designed to provide a stable and favourable environment so as to attract FDI and further embed neoliberalism. It included constitutional reform, privatization of SOEs, decentralization of politics, and new legal and institutional mechanisms all designed to permanently embed the neoliberal ideology. Kelsey (2015) identifies three general dimensions of neoliberalism in regards to consolidating its hegemony via political and economic reform. The first concerns the political project that is designed to realign state power (ibid, p. 122) so as to lock in the power gains of capital, depoliticize potential opposition and create new institutional mechanisms of control (ibid, p. 128-129). The Law of Capitalization set the legal framework for the privatisation of Bolivia's primary industries (locking in the power gains of capital) (Hindery, 2004, p. 287). The depoliticization of opposition was furthered via the Law of Popular Participation that devolved power and resources from central government to local sub-national units (Kohl, 2002, p. 464). Decentralization is part and parcel of the World Bank's commitment to promoting economic growth via FDI and the creation of a stable political environment; economic growth is seen to be dependent upon stable institutional arrangements that foster minimal government (World Bank, 1997, p. 157). Furthermore, decentralization, particularly those under SAPs, serves the fiscal requirement of reducing government expenditure (World Bank, 1997, p. 120). This leads us to Kelsey's (2015) second neoliberal dimension, that of legitimizing ideology (p. 122).

Via the coupling of capitalization and political decentralization a link between markets and democracy is created thereby providing legitimacy for the neoliberal ideology (Kohl & Farthing, 2006, p. 26). Therefore decentralization is linked to good economic policy and like the broader processes of liberalization, privatization and market reform it is based upon the concept of minimal government and efficiency (World Bank, 1997, p. 120). This legitimization is also furthered via the types of SAPs implemented by the World Bank/ IMF who promulgate that free markets are essential for economic growth and development (World Bank, 1997, p. 157; Kohl & Farthing, 2006, p. 26). No

alternative therefore is given in regards to economic growth and dependency is therefore created between the state, IFIs and of course FDI.

The last neoliberal dimension concerns the implementation of a new regulatory regime that consolidates and safeguards the free market economy (Kelsey, 2015, p. 122). In order to lock in the gains of capitalization and the subsequent privatization of Bolivia's primary industries, the SIRESE Law was implemented. As Kelsey (2015) explicates, neoliberalism requires a regulatory institution and/ or constitutional reform to restrain both present and future governments from changing the game (p. 130). The SIRESE Law set the legal framework for regulatory agencies of the various primary industries designed so as to deter the potential development of monopolies (Assies, 2003, p. 15). These regulatory agencies were highly centralized and independent from government and their fiscal capability came via the payment of permit fees of private companies (Perreault, 2006, p. 156; Assies, 2003, p. 15). What resulted from these arrangements was the centralization of resource governance; by being independent from central government the public was excluded from resource decision-making and the regulators, via their fiscal dependence upon permit fees, became more accountable to the very people they were designed to regulate (Perreault, 2006, p. 156).

Private actors therefore had the space and ability to heavily influence regulatory controls as seen with the development of the Hydrocarbon Law. The Hydrocarbon Law was the product of the collaboration between the state, the various MNCs who had purchased YPFB and the new regulatory agency (Kaup, 2015, p. 459). Private actors therefore had a key role in determining the rules of extraction, exploitation, ownership and the commercialization of hydrocarbons (Kaup, 2015, p. 459). This culminated in unparalleled favourable conditions for foreign MNCs (Hindery & Hecht, 2013, p. 28). This is what Kelsey (2015) describes as 'co-regulation' where those who are being regulated have influence over the design and operation of regulation (p. 131).

In sum, the *Plan De Todos* was nothing short of the complete consolidation of neoliberalism and the economization of state and society. The promise of economic

growth however was not forthcoming and the measure in which neoliberalism permeated and transformed the social, economic and political environment began to take its toll on everyday people. Consequently, in 1997, there began a societal backlash to neoliberalization.

PART THREE

The Backlash to Neoliberalization

In 1997 Hugo Banzer (ADN Party) came to power with a weak coalition and a commitment to continue neoliberal economic reform; the former military dictator also took a hard line on coca eradication (Kohl & Farthing, 2006, p. 150). The U.S. financed 'Dignity Plan' to eradicate coca became militarized in 1997 (Chande, 2002, p. 1573). Human Rights Watch (1996) had already highlighted human rights abuses such as the excessive use of force, arbitrary arrests and detention and the suppression of peaceful protest. Originally the 'Dignity Plan' was to be a voluntary process that included compensation and aided substitution of coca for pineapple production, however increased pressure from the U.S. resulted in harsh repression and the period 1997-2002 resulted in 39 deaths (Chande, 2002, p. 1573; Barr, 2005, p. 72).

High unemployment due to the privatisation of SOEs and the consequent loss of oil and gas revenues once again saw Bolivia amidst an economic crisis (Kaup, 2010, p. 127). 1997 also marks the year that Bolivia entered into IMF's HIPC Initiative (Highly Indebted Poor Countries) to bring further relief to the country's burgeoning debt to bilateral and multilateral lending agencies; in 1997 Bolivia's debt stood at over \$3 billion (IMF, 1997, p. 15). This resulted in further structural adjustment, mainly a continuance and strengthening of previous reforms, however HIPC conditions also included the decentralization of teacher's wages, the introduction of a fee-based healthcare system for non-basic services and pension and income tax reform (IMF, 1998 b).

A wide array of oppositional organizations emerged across the country such as various urban social movements, indigenous and peasantry groups. Meanwhile the teachers' union became the backbone of a re-emerging COB and various ad hoc committees were

emerging defending citizen rights to natural resources (Kohl & Farthing, 2006, p. 149). Banzer's term was thus marred with strikes and protests and once again the government declared a 'state of siege'; by the time the siege had been lifted on April 20th five lives had been lost (Assies, 2003, p. 14).

The pluralistic nature of the Law of Popular Participation which generously extended indigenous rights and land rights managed, at first, to quell most popular opposition since its inception in 1994. However, by 1997, the on-the-ground-realities of the sweeping economic reforms of the *Plan De Todos* had begun to take effect. Part Three will begin by examining the process of water privatization in the La Paz/ El Alto and Cochabamba cities and will then proceed to the Water Wars, the Tax Wars and the Gas Wars. All social uprisings were a direct response to the reforms enacted by the *Plan De Todos*. These uprisings, furthermore, became the poster child for the global anti-neoliberal movement.

The Concessions of La Paz/ El Alto & Cochabamba

The first concession granted for the privatization of water and sewerage was in 1997 in the La Paz/ El Alto region to a subsidiary of French company Suez, Aguas del Illimani (Spronk & Webber, 2007, p. 39). There had been constant concerns over the feasibility of and profitability of water privatization from the beginning. The World Bank (1999 b) therefore made the suggestion to lower investment requirements through incentives so as to decrease per capita costs for the prospective corporation (p. 133). Capital will always seek the most favourable conditions in which to operate (Soros, 2002, p. 3). In the end Aguas del Illimani was the only bidder for the state service provider SAMAPA and as per the new SIRESE Law, negotiations with the company were the sole prerogative of the Superintendent of Water and Basic Sanitation (Laurie & Crespo, 2007, p. 850). From a business perspective Aguas del Illimani was a modest success as a rate increase of 35% the year before takeover doubled the utility's income and SAMAPA had managed to implement high rates of coverage already in the La Paz city (Spronk & Webber, 2007, p. 39). The government furthermore sweetened the deal by

assuming SAMAPA's US\$50 million debt and guaranteed the company an annual 13% rate of return; within the first 7 years of the concession Aguas del Illimani declared profits of US\$12 million (Spronk & Webber, 2007, p. 39). Although costs increased for users in the La Paz/ El Alto region and although the nature of the contractual agreement were of concern for citizens, a societal backlash to water privatization did not gain momentum there until 2003 and was inspired by the Cochabamba Water Wars of 2000 (Baer, 2015, p. 354). Ironically it was the initial success of Aguas del Illimani that convinced government officials to implement a second concession in Cochabamba in 1999 (Laurie & Crespo, 2007, p. 844).

Unlike the former concession there was a higher degree of risk in Cochabamba as water had long been a contentious issue. Plans had been in the works for the development of the MISICUNI catchment area for regional expansion with the building of tunnels, aqueducts and eventually a hydro electrical project since the 1960s, however it was long deemed too costly (Assies, 2003, p. 19). Since the 1970s the population had doubled and there were conflicts over the building of and access to wells in surrounding rural areas, and during the 1980s there was an intense drought; these events sparked the emergence of FEDECOR (Cochabamba Department of Irrigation Organization), a peasant movement whose primary objective was the defence of resource ownership (Perreault, 2006, p. 157).

The city's water supplier, SEMAPA, had long been running at a loss and was unable to expand services; in 1997 potable water coverage was only 57%, while sewerage coverage only stood at 48% (Assies, 2003, p. 19; Spronk & Webber, 2007, p. 39). The concession was granted again to a single bidder, Aguas del Turani, a subsidiary of U.S. based company Bechtel (Von Der Heydt-Coca, 2009, p. 361; Perreault, 2006, p. 158; Kohl, 2006, p. 317; Fabricant & Hicks, 2013, p. 133; Acre & Rice, 2009; 91). Development of the MISICUNI Project was included in the contract and was estimated to cost US\$300 million; this development was to aid in the company's other contractual commitment, the expansion of services (Spronk & Webber, 2007, p. 39). Due to the high risk therefore the government again sweetened the deal and contractually

guaranteed an annual return rate of 15-17% for the 40 year term of the contract (Spronk & Webber, 2007, p. 39; Schultz, 2000, p. 29; Assies, 2003, p. 23).

When Aguas del Turani took over the \$200 million water service in Cochabamba their initial investment back into the provider was only a little over \$15,000 (Kohl & Farthing, 2006, p. 164). FEDECOR and the College of Engineers compared the contract to the original MISICUNI Project and concluded that the concession had seriously reduced the aim of water resource expansion (Assies, 2003, p. 22). “The quantities of potable water, irrigation water, and electricity to be provided had been halved” so as to ensure profitability (Assies, 2003, p. 22). The assurance of profitability was of primary importance to the World Bank (1999 b) committed to creating a stable environment for private investment in Bolivia. They omitted that the increase in rates for the region would be considerable and subject to societal opposition and furthermore declared, that due to the high investment nature of MISICUNI Project that no public subsidies were to be used so as to ameliorate the increase of costs and that users will pay in full for the services (World Bank, 1999 b, p. 152).

When an early draft law on water emerged in 1998 it provoked an immediate backlash and local organizations and NGOs came together to develop a counter proposal based upon the ILO Convention 169 and Article 171 of the Bolivian Constitution (which was based on the former) which promulgated indigenous social, economic and cultural rights (Assies, 2003, p. 16). Article 15 of the ILO Convention 169 stipulates the right of indigenous communities to use, manage and conserve resources and demands state consultation with communities over the sale and/or extraction of resources (ILO, 1989). It thereby defines natural resources, especially that of water, as a social good first and foremost. This ad hoc committee argued that the price hike in water tariffs could drive 15-20,000 farmers into bankruptcy (Assies, 2003, p. 22). At the time the head of the local Cochabamba Civic Committee had argued that a price for water had yet to be fixed (Assies, 2003, p. 22), however the World Bank (1999 b) report confirmed their fears of price increases and furthermore omitted the possibility of the lack of affordability for farmers (p. 152). The World Bank (1999 b) report promulgated that in Cochabamba there was to be a 38% rate hike at the beginning of the project and a

further 20% increase once the MISICUNI Project had been fully realized so as to ensure the 16% annual rate of return for Aguas del Turani (p. 152).

On July 20th 1999 a forum was held by the newly formed Committee for the Defense of Water and the Popular Economy created by various groups to protest Law 2029, at the forum the head of the MISICUNI Project insisted that rates would only rise by 40%; a price hike was inconceivable to the Committee and a week later there was a small protest march (Assies, 2003, p. 22). With municipal elections coming up in December 1999 it was proposed that these tariffs could be reduced thereby quelling any further protest; however this proposal was thrown out by the Superintendent who had exclusionary powers and who argued that price hikes were contractually necessary to ensure the expansion of services and the profitability of Turani (Assies, 2003, p. 23).

On September 3rd the contract for Aguas del Turani was signed and on November 1st manager Geoffrey Thorpe and his team took over SEMAPA offices and declared that rate increases of 35% would ensue in December and would be due to be paid in January 2000 (Assies, 2003, p. 23). What resulted was the emergence of the Coordinadora (Coordination for the Defense of Water and Life) a culmination of the Committee for the Defense of Water and the Popular Economy, the FEDECOR and the FDTFC (Departmental Federation of Factory Workers of Cochabamba) led by Oscar Olivera (Kohl & Farthing, 2006, p. 164). This amalgamation produced a rural-urban movement to combat the privatization of water (Assies, 2003, p. 24). The Coordinadora was able to unite previously fragmented factions, to cut across rural/ urban/ class and ethnicity thereby shredding historic divides (Fabricant & Hicks, 2013, p. 135; Friedman-Rudovsky, 2008, p. 41-42; Kohl & Farthing, 2006, p. 164). The Coordinadora became the model for social movements across Bolivia.

The Cochabamba concession via Law 2029 gave Aguas del Turani control over all water-systems, including community wells, countryside irrigation networks, and even rain collection systems “leading to the famous expression that Bechtel even tried to own the raindrops” (Friedman-Rudovsky, 2008, p. 41; Acre & Rice, 2009; 91). Aguas Del

Turani furthermore were contracted to install meters on all wells in the region at the cost of the user (Assies, 2003, p. 23). Furthermore the monopoly rights granted to the company via Law 2029 even prevented residents from drilling new wells, long seen as a privileged practice for commercial users, wealthy residents and outlying peasant areas (Spronk & Webber, 2007, p. 40).

Water rates in Cochabamba increased in some cases by 200% on the claim that the company needed to cover costs of extensions and upgrades (Friedman-Rudovsky, 2008, p. 41; Perreault, 2006, p. 158; Assies, 2003, p. 24). When questioned on the massive increases in tariffs Bechtel argued that it was common international practice so as to increase accountability of scarcity and conservation onto the consumer (Otto & Bohm, 2006, p. 310; Bechtel, 2005). Meanwhile Aguas Del Illimani raised the cost of home and sewer connection to \$445 and given that the average monthly income of a Bolivian was \$55, this service was out of reach for most people (Baer, 2015, p. 355; Fabricant & Hicks, 2013, p. 133). Many people could not afford the price increase and there were many service cut-offs (Baer, 2015, p. 354). Illimani furthermore failed to expand services to the poorer neighbourhoods of El Alto as they had written into contracts specified areas that were deemed to be out of “service delivery” as there was little return on investment; furthermore they encouraged community members to perform labour each month to build and service pipes using low quality materials that were prone to breakage and leakage (Fabricant & Hicks, 2013, p. 133-134). In the case of El Alto the pro-poor framework used to justify water privatisation was a failure as Aguas Del Illimani manipulated representations of extended coverage by including service exclusion zones in their contracts (Laurie & Crespo, 2007, p. 853). The creation of favourable conditions so as to attract FDI and appease World Bank lending requirements took primacy over pro-poor policy; in the end it was profitability that won out.

1999: Guerra del Agua (Water Wars)

As the water bills began to flow in the people went en mass to the Coordinadora offices to complain; the Coordinadora promulgated that the people should protest by not paying their bills (Assies, 2003, p. 24). “In response Aguas del Turani manager Geoffrey Thorpe categorically stated that in the event of non-payment the water supply would be cut off” (Assies, 2003, p. 24). On January 11th the Coordinadora and the Civic Committee joined forces and declared a 24 hour strike; simultaneously however uncoordinated spontaneous actions by various groups, such as roadblocks, emerged throughout the city (Assies, 2003, p. 24-25; Perreault, 2006, p. 158).

On January 13th the Coordinadora demanded that the Civic Committee take their list of demands to the government; such as a commission into water privatization, for the contract to be revised along with water rates, for the development of a national water law and a declaration that wells and water collection units could not be privatized (Assies, 2003, p. 25-26). The government declared Coordinadora a radicalised group and refused to address their concerns (Kohl & Farthing, 2006, p. 165; Dwinell & Olivera, 2014, p. 47). On February 4th massive protests erupted and the state reacted with cruel repression sending in 1200 riot police from La Paz and the military to dispel protestors (Schultz, 2003, p. 35; Fabricant & Hicks, 2013, p. 135; Kohl & Farthing, 2006, p. 166; Assies, 2003, p. 26). The Banzer government made “it clear that Bechtel’s contract would be protected with tear gas and bullets” (Schultz, 2003, p. 35). 175 protestors were injured that day (Dwinell & Olivera, 2014, p. 47). On February 5th confrontations had ended with the government entering negotiations and stated that the original MISICUNI Project would be implemented, that rates would be revised, that for the time being rates would be frozen at October 1999 levels, and they furthermore proposed modifications to Law 2029 and the Aguas del Turani contract (Assies, 2003, p. 26-27).

April 2000: State of Siege

At the end of February 2000 negotiations in regards to a proposal for government reform on the issue of water privatization was in deadlock (Assies, 2003, p. 27). An ad hoc referendum was held by the Coordinadora in which they found that 99% of residents did not agree with rate increases, 96% thought the concessional contract should be annulled, and 97% disagreed overall with water privatization (Assies, 2003, p. 27; Kohl & Farthing, 2006, p. 166; Perreault, 2006, p. 158). Both the Civic Committee and the Coordinadora demanded that the government respond to their demands by the end of March, they didn't, and both groups independently called for general strikes to be held April 4th (Assies, 2003, p. 28). Meanwhile protests were emerging from various groups across the country with their own set of varied demands such as the CSUTCB a national peasant movement who were coordinating nation-wide roadblocks (Kohl & Farthing, 2006, p. 167) while FEDECOR was blocking roads into Cochabamba (Assies, 2003, p. 28). Water privatization therefore began to become an issue even for those people in Bolivia who were not immediately affected by it (Spronk & Webber, 2007, p. 40).

On April 5th tens of thousands of people filled Cochabamba streets in a general uncoordinated protest, rejecting Coordinadora's initial request for Aguas del Turani to leave the city in 24 hours; the people wanted them gone immediately and they attacked both the offices of the Civic Committee and Aguas del Turani (Assies, 2003, p. 28; Kohl & Farthing, 2006, p. 166). On April 7th authorities had agreed to meet with leaders of the Coordinadora, however it was a trap and they were arrested and detained (Assies, 2003, p. 29; Kohl & Farthing, 2006, p. 166). On April 8th President Banzer declared a 90 day state of siege in Cochabamba (Assies, 2003, p. 29; Perreault, 2006, p. 158; Schultz, 2003, p. 35). Protestors filled the streets again battling the police, military and teargas, by the end of the day two civilians had been killed (Kohl, 2006, p. 317) and dozens had been injured (Friedman-Rudovsky, 2008, p. 42; Perreault, 2006, p. 158).

The government seriously misjudged the situation by thinking it was merely one radical group, the Coordinadora, that was causing trouble; but as the local Prefect declared to the President, this is the whole of Cochabamba on the streets (Kohl & Farthing, 2006, p. 166). The government relented and on April 9th announced the annulment of the concession with Aguas del Turani (Assies, 2003, p. 30; Friedman-Rudovsky, 2008, p. 42; Perreault, 2006, p. 158). On April 10th a new agreement was signed with the Coordinadora in which it was agreed that SEMAPA would once again manage the water in Cochabamba, however roadblocks were to remain until modifications to Law 2029 were officially made (Assies, 2003, p. 30; Kohl & Farthing, 2006, p. 166). Finally on April 11th Law 2066 was announced as an amendment to Law 2029, promulgating indigenous rights to freely access water, the withdrawal of concessionaire monopoly rights, and future consultations with municipalities and local organizations of rate increases (Assies, 2003, p. 30). Ironically, once again, it was this amendment and the subsequent success of Cochabamba residents exiling a foreign MNC that led to similar uprising in El Alto again over water privatization.

Water Wars Come to La Paz/ El Alto

Unrest had been forming since 2000 in the La Paz/ El Alto region with complaints over poor quality of water, the increase in rates and the failure of Illimani to expand services to the poorer region of El Alto (Fabricant & Hicks, 2013, p. 136; Laurie & Crespo, 2007, p. 844). The call to rescind on Illimani's contract however was due to the amendment Law 2066, in which it was stipulated that the government had the right to cancel concessions if the corporation had not met its obligations (Fritz, 2006, p. 18). Although Aguas del Illimani claimed in 2003 that drinking water was supplied to 100% of the population in La Paz and El Alto more than 200,000 inhabitants of El Alto remained unconnected (Fritz, 2006, p. 14). A further complaint was that of the re-categorization of industrial users (such as schools and hospitals) who were no longer able to access a subsidization rate; in January 2000, 130 schools had been cut off from water due to an inability to pay bills (Laurie & Crespo, 2007, p. 847). Calls for the company to consult with the local municipality and grassroots organizations in regards to their complaints, thereby enacting another provision of Law 2066, were rebuffed with

Illimani declaring that their contract had been signed under different legislation and they were therefore not under the law's jurisdiction (Laurie & Crespo, 2007, p. 852). Protests continued over the 7 years of the Illimani contract largely orchestrated by FEJUVE who represented over 600 neighbourhood boards in El Alto (Baer, 2015, p. 355). The then interim President Carlos Mesa omitted that one needed to yield to the demands of the IFIs as they were the ones that paid the bills (Fabricant & Hicks, 2013, p. 136). Mesa however, fearing another water war, yielded to citizen demands and cancelled the Illimani's contract in 2005 (Baer, 2015, p. 355) and shortly after resigned in disgrace (Fabricant & Hicks, 2013, p. 137).

2003: Bolivian's Say Enough is Enough

The successful expulsion of a powerful foreign MNC inspired Bolivian's nation-wide to further explicate their dissatisfaction with economic shock treatment reforms and their inability to improve people's lives. 2003 marks the year that protests and counter measures from the government increased in intensity. In 2002 Sanchez de Lozada once again took office and set about finishing what the MNR had originally started with neoliberal economic reform. However, both the central government and the World Bank/ IMF were still reeling from the Water Wars and the latter went into damage control. One of the pinnacles of World Bank/ IMF economic programs is the facilitation of foreign private investment in developing countries as it is considered the primary ingredient to economic growth. The expulsion of Aguas del Turani had the potential to scare off future private investment in Bolivia and so as to instil confidence in private investors the World Bank, via its subsidiary the IFC (International Finance Corporation, whose job it is to promote and facilitate foreign private investment in developing countries) invested in the then remaining Aguas del Illimani resulting in an 8% share (Laurie & Crespo, 2007, p. 852; Fritz, 2006, p. 14). This raised questions about the World Bank's impartiality as they were also the architects of neoliberal water privatization (Laurie & Crespo, 2007, p. 853). Aguas del Turani in 2001 had filed a US\$25 million lawsuit against Bolivia with the ICSID (International Centre for Settlement of Investment Disputes) another subsidiary of the World Bank family again fuelling distrust within the Bolivian population; in 2006 Turani settled for a token

payment of US\$0.30 and did not pursue the suit any further (Labina & Hall, 2007, p. 29; ICSID).

2003 also marks the year that the IMF tightened the screws making future loans contingent upon Bolivia reducing their budget deficit from 8.5% to 5.5% (Webber, 2005, p. 38; Schultz, 2005, p. 18; Kohl & Farthing, 2006, p. 172; Amnesty, 2004, p. 6). This was to be difficult, it meant reducing government expenditure by more than \$250 million (Schultz, 2005, p. 18) and also meant that wage increases proposed by social and labour organizations were to be shelved (Amnesty, 2004, p. 6). So as to raise revenue the government had two options, the first was to tax the oil and gas sector and reclaim past revenue losses, however they, and the World Bank, feared producing an unfavourable investment environment; the second option was for the rise in income tax (Amnesty, 2004, p. 5; Shultz, 2005, p. 21; Kohl & Farthing, 2006, p. 172). Considering Bolivia had at the time the highest poverty level in the region that of 62%, further economic belt-tightening, under these conditions, meant social unrest was bound to kick off (Schultz, 2005, p. 21).

2003 Febrero Negro (Black February): The Tax Wars

On February 9th President Sanchez de Lozada announced in a television address the prospective income tax increase from 4.2% to 12.5% (Amnesty, 2004, p. 5; Webber, 2005, p. 39). The police were already engaged in a battle with the government over not receiving its January salaries and were further incensed by the President's rejection of a 40% wage increase (Schultz, 2005, p. 23). On February 12th further negotiations between the police and government were in deadlock and in La Paz police officers began to leave their posts and assemble at the city centre plaza (Schultz, 2005, p. 24-25). Student protestors and civilians began joining them and the COB had announced a general strike (Amnesty, 2004, p. 6). A widespread protest was now forming in the capital of La Paz as it would be teachers, police, nurses and other low-income earners that would be mostly affected by the increase in income tax (Schultz, 2005, p. 21). The protest quickly turned violent when the government brought in the military to disperse

the protestors (Kohl & Farthing, 2006, p. 172). The police and soldiers began exchanging gunfire with each other outside the Presidential Palace in La Paz (Webber, 2005, p. 39). On this day alone 15 people were killed and 76 were injured from both sides (Amnesty, 2004, p. 6). President Sanchez de Lozada by the end of the day rescinded on the income tax reform, however clashes continued the next day between the military and the civilian population; another 10 people were declared dead (Amnesty, 2004, p. 6-7).

Despite a retraction on tax reform, riots in La Paz continued because the government had so quickly militarized the streets with the aim of enforcing a widely unpopular economic policy (Schultz, 2005, p. 25). This particular confrontation is so significant because it represents a clear public resistance to IMF economic reform; while the use of the military clearly showed just who the government was willing to protect; it was a clear message of anti-IMF and anti-neoliberal sentiment throughout all Bolivia (Kohl & Farthing, 2005, p. 173). IMF officials were in La Paz during the riots and they quickly headed to the airport; the next day they issued a public statement expressing regret over the tragic events and an interest in continuing negotiations with the Bolivian government (Schultz, 2005, p. 27). However social movements across the country now began to focus on both the World Bank and IMF and their role in economic shock treatment: consequently social movements naturally began to turn their attention to the oil and gas industry.

2003: Guerra del Gas (Gas Wars)

In 2003 various social movements across Bolivia began to focus on the hold that the World Bank and IMF had over the country's economic policies. The people furthermore had long suspected that many favourable conditions had been granted to private oil and gas companies (Kohl & Farthing, 2006, p. 173). The people's suspicions were confirmed when a report from the Bolivian government in December 2003 revealed that British owned BP Amoco and Spanish owned Repsol YPF "enjoy the lowest operating costs for oil and gas production and exploration in the world" (Hylton & Thomson,

2004, p. 17). Many favourable conditions were bestowed on the various parties that bought YPFB, most obviously the decrease in government royalties from 50% to 18% as part of a risk-sharing enterprise (Kaup, 2010, p. 127). Hydrocarbon companies were also given favourable tax reductions on large portions of their spending on exploration, development, extraction and environmental protections (Kaup, 2010, p. 128). Decree 24806, that granted companies the right to hydrocarbons after extraction, gave companies the ability to set and seek out higher prices in more lucrative markets; “energy firms could sell the gas internally, export it to foreign markets, or sit on reserves until a more profitable market was found” (Kaup, 2010, p. 128). These favourable conditions resulted in a massive increase in production; oil reserves went from 200 million barrels in 1997 to 905 in 2003 (Kaup, 2010, p. 128). Capitalization therefore created a regulatory environment that strongly favoured MNCs (Perreault 2006, p. 160).

In response to Bolivia’s natural resource wealth once again benefiting the few, a new social movement emerged with the aim of returning oil and gas sectors back into the hands of the Bolivian people. Inspired by the success of the Coordinadora in Cochabamba a new group formed the NCDRG (National Coordinator for the Defence & Recovery of Gas) (Kohl & Farthing, 2006, p. 173). The NCDRG was a coalition of unlikely partners including military leaders, anti-globalization activists, pensioners and veterans, unions, peasantry and coca growers (Kohl & Farthing, 2006, p. 173-174). And like the Coordinadora the NCDRG’s strength emerged from its ability to unite previously fragmented factions within Bolivia and cut across rural/urban/class/ethnic lines.

The Gas Wars were more than just a localized protest movement, it became a nationalist uprising (Perreault, 2006, p. 165). This was due to a culmination of several factors; first was the formation of NCDRG led by Oscar Olivera, secondly it was the well-organized FEJUVE in El Alto, and thirdly was the resurgence of the COB due to the Tax War (Perreault, 2006, p. 161; Spronk & Webber, 2007, p. 36). Protests erupted due to the deal between the government and a newly formed consortium of oil and gas companies LNG that proposed a new gas distribution network to ship gas to Mexico and California

via a gas liquefaction plant in Chile (Perreault, 2006, p. 161; Kohl & Farthing, 2006, p. 174; Spronk & Webber, 2007, p. 36). Chile was considered the most cost effective option for the liquefaction plant due to low interest rates and higher political stability; however there were long standing claims against Chile from Bolivia due to the 1879 war that resulted in Bolivia losing access to the sea (Kohl & Farthing, 2006, p. 174; Perreault, 2006, p. 161). Therefore this deal was a further loss to Bolivia as it created local jobs elsewhere thereby adding to the already problematic issue of government losses in oil and gas revenue and the inability of neoliberal economic reform in generating wealth and employment for the people, not to mention the addition of an historical grievance.

In September 2003 protests against this deal erupted in the altiplano and Lake Titicaca region from indigenous groups who had set up major roadblocks; however they had inadvertently trapped a group of foreign tourists which resulted in heavy-handed military action that led to 6 deaths and 20 injured (Amnesty, 2004, p. 17; Hylton & Thomson, 2004, p. 18; Spronk & Webber, 2007, p. 35). The actions of the military sparked outrage in El Alto as many there had strong cultural ties to the Lake Titicaca region and the uprising resulted in harsh military repression once more on October 12th (Gilly, 2005, p. 42; Amnesty, 2004, p. 17). The uprising descended into La Paz and included miners and workers unions (Spronk & Webber, 2007). On the 15th October a group of 3000 miners were held up by the military on their way to La Paz and the media was reporting that there had been 68 deaths already during the uprising (Amnesty, 2004, p. 17). This sparked further outrage and on October 16th hundreds of thousands of people filled the streets of La Paz hunger striking and calling for the President's resignation (Amnesty, 2004, p. 17; Spronk & Webber, 2005, p. 36). The government had attempted to quell discontent by proposing a referendum on gas exports and a revision of the Hydrocarbons Law, but the people had had enough (Amnesty, 2004, p. 17). On October 17th President Sanchez de Lozada officially resigned and boarded a plane to Miami (Kohl & Farthing, 2006, p. 175). In all the Gas Wars cost the lives of 80 people and injured 400 more (Spronk & Webber, 2007, p. 36). "The events of October 2003 signalled the profound chasm between popular sentiments and neoliberal ideals within the Bolivian state" (Webber, 2005, p. 39).

The Backlash to Neoliberalism: Concluding Remarks

Despite the sweeping reforms of neoliberalization the promise of economic growth was not forthcoming. Due to the massive loss in government revenue from the oil and gas sector, Bolivia entered into the IMF's HIPC Initiative in 1997 with further conditions attached such as the decentralization of wages, a fee-based health care system and pension and tax reform. However, borrowing continued to increase from 3.3% of GDP in 1997 to 8.6% in 2002. As borrowing increased so too did the deficit, resulting in the IMF demanding a decrease from 8.5% to 5.5% in 2003 as a condition for future lending. Thus, the IMF tightened the financial screws, while the World Bank insisted on retaining a stable and favourable investment environment. What resulted was a government choosing to increase the income tax on an already suffering and impoverished people, instead of taxing the oil and gas industry that was doubling its output and enjoying the lowest operational costs in the world. Furthermore, favourable conditions granted to private water companies severely restricted people's access to a social good that of water. The World Bank's emphasis on retaining a favourable and friendly private investment environment for capital clearly placed profitability over the pro-poor policy they used to justify water privatization. Considering that unemployment had doubled during the period 1997-2002, and considering over 60% of Bolivians remained in poverty, a societal backlash was inevitable. This backlash however resulted in an over-zealous government too quick to dispel protesters with tear gas and bullets. These events clearly illuminate the symbiotic relationship between the global economy's primary actors and how their actions reinforce and reproduce the neoliberal ideology that results in mass social and economic harm. This thesis will now proceed to analyse this relationship via a lens of state crime studies grounded in international human rights law so as to examine how the neoliberal ideology has the potential to produce a criminogenic environment.

CHAPTER FIVE

An Examination of Human Rights Violations During Neoliberalization Via a Lens of State Crime

This thesis aims to examine the symbiotic relationship between the global economy's primary actors, which is underpinned by the neoliberal ideology, and its potential to produce a criminogenic environment conducive to human rights violations. As Chambliss (1989) stated, state criminality emerges from the political-economic interests of the state (p. 202). The political program of neoliberalism realigns state power so as to facilitate and protect private capital interests (Kelsey, 2015, p. 128-129). This however conflicts with the state's role as protector and enforcer of human rights, in particular SE rights, in which the state is charged with protecting the citizenry from volatile market forces (Hasenfeld & Garrow, 2012, p. 296). However, the state is not an atomistic entity its actions are influenced by global processes.

Global process such as the 1980s debt crisis in which Bolivia, like many other developing countries, became trapped in a cycle of economic dependency upon IFIs such as the World Bank and IMF. This period also coincides with the ascension of the neoliberal ideology globally and thus a paradigm shift within IFIs who adopted the minimal state theory and promulgated the necessity for FDI. This in turn aided in the ascension of private capital power and all of Bolivia's natural wealth and resources were sold to foreign multinationals. The symbiotic relationship, one in which the neoliberal ideology is reinforced and reproduced, is thus illuminated as the state is indebted to hegemonic international structures and via economic restructuring has locked in the power gains of capital. Radical 'shock treatment' economic restructuring however did not deliver the economic prosperity that it promised. As iterated in previous chapters these economic, social and political reforms brought about mass

economic and social harm and resulted in oppressive actions from state authorities thus human rights violations.

Bolivia had ratified both Covenants upon their return to democracy in 1982 (UN). The UDHR clearly includes both CP rights and SE rights as essential for one to live a life of dignity (UN, 2007). Therefore despite debates over the importance and/ or measure of justiciability of SE rights, the UDHR itself places them on equal footing, as violations of one set of rights can lead to violations of the other (UN, 2014, p. 4). This therefore gives weight to Sen's (1999) capability approach in which he affirms that social, political and economic freedoms are all interlinked and interdependent upon each other (p. 11). Thus, as Bolivia is a signatory to the UDHR and the ICESCR, and as it is the state that is charged with implementing and protecting human rights, the failure of the Bolivian government to fulfil and protect these rights is a violation of human rights. This chapter will thereby examine this claim and the state's conflict of interests via a lens of state crime studies under their respective headings as outlined in the earlier chapter on state crime.

State-Organized Crime

The global forces that kept the Bolivian state in perpetual dependency upon the World Bank and IMF and granted private capital monopolies of Bolivia's natural resources resulted in the state use of excessive force. State-organized crime concerns state actions that violates international public law and/or a state's own domestic law when these actions are committed by state officials in pursuit of political, economic or ideological interests (Mullins & Rothe, 2008, p. 83). As iterated above Bolivia became trapped in a cycle of economic dependency on the World Bank and the IMF which in turn required the state to adopt and further embed the neoliberal ideology. The Bolivian state radically restructured the economic, political and social spheres of society so as to facilitate and reinforce the neoliberal paradigm. This in turn resulted in the state favouring the special interests of private capital over the interests of the citizenry. Neoliberalism requires the state to depoliticize the economy, thereby reducing the state's ability to direct, control

and regulate economic forces. It furthermore requires the state to favour a flexible labour force, that is, to reduce the power of labour. It also requires the state to remove embedded social practices such as labour protections, social security and social goods and services, and to place them under the functional authority of free market logic. Lastly the neoliberal paradigm requires the state to use its monopoly of force to protect and enforce the economic system; “the hidden hand of the market will never work without a hidden fist” (Friedman, 1999). Thus, when faced with a societal backlash to the social and economic harms brought about by radical neoliberal ‘shock treatment’ economic reform, the strong and repressive hand of the state emerged.

Bolivia’s experience in neoliberalization has clearly resulted in human rights violations. Article 9 of the UDHR states that “No one shall be subjected to arbitrary arrest, detention or exile” (UN, 2007, p. 4). During the implementation of the NPE in 1985 the Bolivian government issued a ‘state of siege’ in response to union protests over the closing of the mines (Conaghan et al, 1990, p. 24-25). This led to the arrests and exile of 143 union leaders (Kohl & Farthing, 2006, p. 77). Arrests of union leaders as a result of protests (like in Cochabamba) is furthermore a violation of UDHR Article 20 and ICESCR Article 8 that proclaims the human right to freedom of association and peaceful assembly and the right to strike (UN, 2007, p. 7; UN, 2014 b, p. 33). Excessive force, arbitrary arrests and detentions were furthermore reported by Human Rights Watch (1996) during the U.S. financed ‘Dignity Plan’ aimed at coca eradication; it became heavily militarized in 1997 and resulted in 39 deaths (Chande, 2002, p. 1573). The strong hand of the state was consistently used so as to quell popular discontent with radical economic reforms.

Further, there were no fewer than five separate ‘state of siege’s’ declared during the process of neoliberalization (Grindle, 2003, 320-322). Protests over water in February 2000 and April 2000 resulted in the use of excessive force from both the police and the military resulting in 7 deaths and around 175 injured (Assies, 2003, p. 14; Schultz, 2003, p. 35; Dwinell & Olivera, 2014, p. 47; Perreault, 2006, p. 158; Kohl, 2006, p. 317). During the height of the Water War protests Coordinadora leaders were lured into a trap by government officials and arrested and detained (Assies, 2003, p. 29). And the

year of the Gas and Tax Wars, 2003, did not fare any better with military and police battling each other, military detentions of miner protestors, and a military suppression of indigenous protestors, which resulted in another 80 people dead and hundreds injured (Kohl & Farthing, 2006, p. 172; Amnesty, 2004, p. 17; Spronk & Webber, 2007, p. 36). Bullets and teargas were frequently used so as to quell discontent with neoliberalization.

The political dimension of the neoliberal ideology consists of a re-alignment of state power designed to serve the interests of capital (Kelsey, 2015, p. 122). This is the transformation of the state (Sorensen, 2004) or what Wettstein (2009) calls the economization of the state; that is a state in which economic liberty is both a prerequisite and essential for all other liberties. The role of the state in a neoliberal context is to provide the force and authority that facilitates and protects this economic liberty. As Kirk and Okazawa-Rey (2000) explicated in Chapter One, corporate and capital interests require political stability (p. 3). And the state, with its monopoly of force, is best positioned to secure this (ibid, p. 3). This is the strong hand of the state, which has been required since the inception of the free market. State-organized crime occurred therefore due to the conflicting interests of the state, that of protector and facilitator of human rights, and that of protector and facilitator of the neoliberal paradigm.

The state is furthermore complicit in state-corporate crime as it is still the authority (albeit under the direction of the World Bank and IMF and due to conditional lending practices) of regulations, policies and incentives that produce favourable conditions for private capital which in turn result in social and economic injustice.

State-Corporate Crime

State-corporate crime is defined as illegal or socially injurious actions that result from mutually reinforcing interactions between policies and/or practices in pursuit of the goals of political institutions and institutions of economic production and distribution

(Michalowski & Kramer, 2006, p. 20). State-corporate crime can be distinguished between state-initiated crime when corporations, employed by the government to provide a social service, engage in organizational deviance with the tacit approval of the government (Kramer et al, 2002, p. 271). And state-facilitated crime occurs when government regulatory institutions fail to restrain deviant business activities due to either direct collusion between business and government or due to shared goals which would be hampered by aggressive regulation (ibid, 271-272). In the case of Bolivia both types of state-corporate crime occurred; state-initiated crime occurred during water privatization, while state-facilitated crime can be attributed to the oil and gas sector.

Both the UDHR Article 25 and the ICESCR Article 11 proclaim a right to an adequate standard of living (the ability of subsistence) which includes access to services such as water (UN, 2007, p. 9; UN, 2014 b, p. 34; UN, 2014, p. 2). This right furthermore includes the right to security in times when one's lack of livelihood in circumstances beyond one's control prevents their ability to access basic needs (UN, 2007, p. 9). Water rate increases due to privatization were beyond the economic reach of many Bolivians and were made so as to ensure profitability (Friedman-Rudovsky, 2008, p. 41; Baer, 2015, p. 355). And as it is the state's responsibility to ensure affordable access to public goods and services both the Bolivian state and the private water companies are complicit in this human rights violation that prevented people from accessing a basic social good, that of water.

Article 23 of the UDHR and Article 7 of the ICESCR are also attached to the right to an adequate standard of living, that of the right for fair, equitable work and remuneration (UN, 2007, p. 9; UN, 2014 b, p. 32). From the NPE to the *Plan de Todos* a reduction in employment and wages was common practice. However it was the deregulation of employment and wages that emerged from the NPE (Jenkins, 1997, p. 113) that put people at the permanent mercy of employers. This and the disintegration of the unions thwarted people's right to fair and equitable work and remuneration. This is in line with the neoliberal requirement for a flexible labour force that is compliant and fragmented and can expand and retract in accordance to changing economic needs.

Then there is the human right to self-determination which in Article 1:1 of the ICESCR proclaims a people's right to "freely pursue their economic, social and cultural development" (UN, 2014 b, p. 30). Bolivia is a nation rich in natural resources, and yet is still one of the most impoverished states in the region; in 2002 after neoliberalization was virtually complete, the poverty rate stood at over 60% (Amnesty, 2004, p. 4). Bolivia's 1952 Revolution was sparked by the very same contradiction, that is, high levels of poverty and extreme levels of natural wealth (Dunkerley, 1984, p. 12). Once again the nation's wealth was in the hands of the few; in 1952 it was a few oligarchic families, at the turn of this century it was foreign multinationals.

The Bolivian people's ability to develop depends upon being able to benefit fiscally from the nation's vast resource wealth. However since the *Plan de Todos* the public have been excluded from resource decision-making via the SIRESE Law (Perreault, 2006, p. 156). And the Hydrocarbon Law, a law co-created by the very private interests it was meant to regulate, created extreme favourable conditions for foreign private hydrocarbon companies. These companies were able to gain various tax incentives plus a massive reduction in government royalties, and they furthermore enjoyed the lowest operating and extraction costs in the world (Kaup, 2010, p. 127; Hindery & Hecht, 2013, p. 28; Hylton & Thomson, 2004, p. 17). These very favourable conditions were matched only by the guarantees given to private water companies to secure annual profit margins, regardless of people's inability to pay, and who were granted such sweeping monopoly rights of water sources that they even privatised rain collection units (Friedman-Rudovsky, 2008, p. 41).

Furthermore, Article 1:2 of the ICESCR states;

"All peoples may, for their own ends, freely dispose of their natural wealth and resources without prejudice to any obligations arising out of international economic cooperation, based upon the principle of mutual benefit, and international law" (UN, 2014 b, p. 30).

This article thereby implies not only the freedom of people to keep and utilise natural wealth and resources, but also implies the freedom to do so disregarding any obligations

that arise from international economic co-operation. These obligations could be ones made between states and private capital interests under neoliberal economic restructuring. As Kunnemann (2001) explicates this could place extraterritorial human rights obligations upon external and private entities involved in FDI.

Applying human rights obligations onto a private entity, such as a corporation, is a hotly debated issue, one too large for this research to tackle coherently. As Wettstein (2012) points out the debate has been generally based upon existing legal and political conceptions of human rights rather than moral ones; again we can see the influence of the neoliberal ideology (p. 744). And while there has emerged soft law practices such as the UN Global Compact that is concerned with business practices and human rights, it is only a voluntary initiative (Ruggie, 2007, p. 819-820). However as Kunnemann (2001) highlights, Article 1:2 could have considerable relevance to questions pertaining to international debt and structural adjustment as these impact heavily upon the natural wealth and resources of indebted nations (p. 6). Moreover, under these conditions one could also include the deprivation of a people's subsistence in regards to the destruction of local business and agriculture due to the influx of FDI (Kunnemann, 2001, p. 6).

However, in relation to MNC practices and human rights violations I will apply the UN's (2014) argument that it is the state's responsibility, in regards to enforcing and protecting human rights, to regulate private entities within their jurisdiction (p. 23). As is stated by the UN (2014), and in direct reference to the issue of water privatization in Bolivia; "States have a responsibility to ensure that facilities, goods and services required for the enjoyment of economic, social and cultural rights are available at affordable prices" (p. 20). Furthermore, when one considers the poverty level of Bolivia it is natural and reasonable for the people to utilise and benefit from their territories vast resource wealth and thereby develop. International norms on this subject clearly iterate that "In no case may a people be deprived of its own means of subsistence" (UN, 2014 b, p. 30). This analysis will thus continue with an examination of state-initiated crime concerning water privatization and state-facilitated crime concerning the hydrocarbon industry.

Water Privatization: A Case of State-Initiated Corporate Crime

Water privatization in Bolivia resulted in state-initiated corporate crime as the private companies of Aguas del Turani and Aguas del Illimani were charged with providing a service and then, in pursuit of profit, committed organizational deviancy as they prevented people from accessing water as it became unaffordable. The state is complicit in state-initiated corporate crime due to the favourable contract conditions given, which placed emphasis upon profitability rather than accessibility and/or affordability. Both the state and the private water companies therefore are complicit in human rights violations as they prevented affordable and reasonable access to a basic social good, that of water.

The contracts granted to Turani and Illimani guaranteed an annual profit return of 13-17% and as mentioned before the Bolivian government assumed the previous debts of the state-service providers (Spronk & Webber, 2007, p. 39). The essence of capitalization was expansion and re-investment, yet due to the contractually guaranteed profit, rate increases still had to occur so as to cover operating and expansion costs. Price hikes therefore for a basic human right such as water increased in some cases by 200% (Perreault, 2006, p. 158; Baer, 2015, p. 355). These increases were out of reach for many people and were furthermore put in place before the expansion of services so as to cover costs and there was little re-investment from the private firms (Assies, 2003, p. 23; Kohl & Farthing, 2006, p. 164). Furthermore, both Illimani and Turani manipulated and thereby rescinded on contractual agreements originally justified via pro-poor policy so as to retain profit margins. Another idiom of neoliberalism thus emerges; that the only social responsibility of business is to increase its profits (Freidman, 1970, p. 33).

Cochabamba was the second city placed under a concessionaire however it was Cochabamba's uprising against a powerful foreign multinational that sparked a nationwide resistance to neoliberalization. The private water company Aguas del Turani was the only bidder involved and inherited the long planned MISICUNI expansion project

which was estimated to cost US\$300 million (Spronk & Webber, 2007, p. 39). However, Turani was also contractually promised an annual profit return of 15-17% (Assies, 2003, p. 23). Therefore so as to ensure profitability rate increases occurred before expansion and the original parameters of the MISICUNI project were halved (Assies, 2003, p. 22). Rate increases furthermore put many farmers on the brink of bankruptcy which was acknowledged by the architects of the contract (the state and the World Bank). The primacy placed upon profitability was further omitted by the Superintendent for Water and Basic Sanitation, who confirmed that rate increases had to occur so as to fulfil contractual agreements (Assies, 2003, p. 23).

When questioned on the level of rate increases and the inability of people to pay them, Turani's parent company Bechtel responded that it was common international practice so as to communicate scarcity and encourage conservation (Bechtel, 2005). When the Coordinadora suggested that people protest the rate increases by not paying, Turani firmly stated that any non-payment would result in cut-offs (Assies, 2003, p. 24). Furthermore, the monopoly rights granted to Turani were so extensive that they even included rain collection units; in a legal contractual context, this made unmetered water collection illegal. (Freidman-Rudovsky, 2008, p. 41). Now, considering that at the time Turani took over the public service approximately 50% of residents remained unconnected to water and sewerage, the privatisation of rain collection units is nothing short of being draconian (Spronk & Webber, 2007, p. 39).

In the case of Illimani, favourable conditions contracted to the private water company allowed them to rescind on obligations pertaining to pro-poor policy and the expansion of services. During the seven years of the company's contract they generated US\$12 million profit, while 200,000 residents in the El Alto region remained unconnected (Spronk & Webber, 2007, p. 39; Fritz, 2006, p. 14). The company was able to manipulate the level of coverage by including 'service exclusion zones' in their contracts (Laurie & Crespo, 2007, p. 853; Fabricant & Hicks, 2013, p. 133-134). Furthermore, they utilised, free of charge, community members to labour and maintain pipelines, often using poor quality materials, so as to again retain promised profit margins (Fabricant & Hicks, 2013, p. 133-134). And so as to ensure contractual

promises of profit margins were maintained the Bolivian state implemented further restructuring, such as the re-categorization of 'industrial water users' (Laurie & Crespo, 2007, p. 847). This resulted in 130 schools being cut off from water services in 2000 due to their inability to pay bills (ibid, p. 847).

The increase in user charges, lack of expansion and complaints of poor quality of water had long been issues for the people in the La Paz/ El Alto region and when an amendment law emerged, the people took swift advantage. Law 2066, created due to unrest in Cochabamba, created conditions in which the government could cancel a contract if the company did not meet its full contractual obligations. However Illimani refused to acknowledge the new legislation stating that they had signed their contract under different conditions and thereby did not come under the law's jurisdiction (Laurie & Crespo, 2007, p. 852). Profitability once again took primacy over accessibility and affordability.

In sum, the Bolivian state, due to neoliberal restructuring, ensured favourable conditions for private water companies that in turn prevented people from accessing a basic human right, that of water. The private companies of Turani and Illimani in turn took advantage of favourable conditions and placed primacy upon financial efficiency (the recovery of operational and expansion costs and profitability) (Assies, 2003, p. 180). This resulted in water becoming unaffordable for many people. Therefore the state failed in regulating private companies charged with delivering a social good. This failure therefore resulted in state-initiated corporate crime where corporations, employed by the government to deliver a public service, commit human rights violations with the tacit approval of governing institutions (Kramer et al, 2002, p. 278).

In regards to water privatization, state-initiated crime was applied as the private water companies were charged with delivering a direct public service to the Bolivian people. This therefore has been interpreted as a corporation being employed by the government. State-facilitated corporate crime on the other hand is when the state fails to restrain deviant business activity due to collusion between the state and corporation that results

from shared goals that would be hampered by regulation (Kramer et al, 2002, p. 271-272). State-facilitated crime will be applied to the hydrocarbon sector due to the shared goal of retaining favourable conditions for FDI; for the corporation this ensured profitability and for the state this ensured continued access to IFI loans. Regulation therefore would have hampered these goals.

Bolivia's Hydrocarbon Sector: A Case of State-Facilitated Corporate Crime.

State-facilitated crime can be attributed to the Hydrocarbon sector as the recreation of regulatory systems and laws, drafted in conjunction with and to the benefit of private oil and gas firms, failed to restrain deviant behaviour as aggressive regulation would have hampered the favourable investment environment. This favourable investment environment was naturally a goal of private hydrocarbon companies who wished to increase their profit margins. But, it was also imperative to the Bolivian state as maintaining a favourable investment environment was crucial to retaining access to IFI loans, as illuminated by the Tax Wars of 2003. The Tax Wars erupted due to the state, in conjunction with the IMF and World Bank, choosing to increase income tax rather than risk creating an unfavourable investment environment for capital by taxing the oil and gas sector (Amnesty, 2004, p. 5; Schultz, 2005, p. 21). The oil and gas sector, at the time, had the lowest operational costs in the world and was more than doubling its output (Kaup, 2010; Hylton & Thomson, 2004, p. 17). The deviant behaviour of the state and corporations therefore results from the state's failure to efficiently regulate and fiscally benefit from the sector thereby violating the human right to development.

The very favourable conditions granted to private hydrocarbon companies directly result from neoliberal economic restructuring generally and more specifically via the process of co-regulation. As iterated in Chapter One, Susan Strange (1996) perceives the retreat of the state to be one where markets have become masters of governments (p. 4). This is due to an increasing reliance upon technocrats with specific sector expertise thus handing over economic and/or regulatory deliberation to economic rationality (Ulrich, 2008, p. 341-342). This process is what Kelsey (2015) calls 'co-regulation' where those

who are to be regulated have considerable influence and/or input over the design and operation of regulation (p. 131). The private firms that invested in Bolivia's oil and gas sector were directly involved in the drafting of both the Law of Capitalization and the Hydrocarbon Law (Kaup, 2010, p. 459; Hindery, 2004, p. 291). This resulted in unparalleled favourable conditions being granted to the private hydrocarbon companies (Hindery & Hecht, 2013, p. 28). As Kelsey (2015) explicates neoliberalism embeds itself within the political system via constitutional and/or regulatory law so as to lock in the power gains of capital (p. 130).

This co-regulation prevented the Bolivian state from adequately addressing the impacts of the oil and gas sector, such as oil spills, gas leaks and detrimental effects to local livelihoods (Hinder, 2004, p. 294). Private firms furthermore gained complete control of hydrocarbons after extraction (Kaup, 2015, p. 460). And due to various tax incentives reaped 82% of the value of gas (Hindery & Hecht, 2013, p. 28). Complete control of hydrocarbons furthermore allowed companies to sell hydrocarbons for the best international price or sit on reserves until a better price came along (Kaup, 2010, p. 128). Thus giving companies control over pricing even within the domestic market. And although the process of capitalization only granted private firms a 50% stake in the sector they were able to gain complete operational control due to contractual management clauses (World Bank, 1994, p.1). These management clauses were implemented by the World Bank under the justification that expert managerial practices will create efficiency.

Furthermore the Law of Capitalization was supposed to be privatization with 'social content' with the remaining 50% shares of companies to contribute to Bolivia's pension funds (Kohl, 2004, p. 894). Before the implementation of the Law of Capitalization the oil and gas sector produced 80% of government revenue (Kohl, 2004, p. 898). However, private firms were under no obligation to pay out dividends and due to the risk-sharing enterprise reduced government royalties from 50-18% (Kaup, 2010, p. 127). In addition, the SIRESE Law effectively closed off public deliberation on natural resource operations, and coupled with the loss of revenue resulted in Bolivia's vast resource wealth was once again benefitting the few.

Article 1 of the ICESCR promulgates a people's human right to self-determination (UN, 2014 b, p. 30). This article directly refers to a people's right to economically develop, to be free to keep and utilise natural wealth and resources (UN, 2014 b, p. 30). But most importantly it refers to a people's freedom to do so disregarding obligations that may arise from international cooperation (Kunnemann, 2001). Thus this human right directly addresses a people's right to benefit from their nation's vast resource wealth so as to develop and prosper. It furthermore charges the state with the responsibility to ensure self-determination and thereby a people's development. In the case of Bolivia, a nation vast in resources and with high levels of poverty, the effective utilisation of that wealth is imperative to the people's development. As Kunnemann (2001) explicated this human right could furthermore place extraterritorial obligations upon external and private entities (p. 6). That is, the right to self-determination is a right for a people's to prosper from the natural wealth of the land and thus translates into a people's access to subsistence. And as Shue (1996) rightly concluded the right to subsistence is a basic right as without this right no other rights can be effectively enjoyed.

State-facilitated corporate crime occurs when the state fails to restrain deviant business activities as aggressive regulation would hamper the shared goals of the state and the private firm. In regards to goals, private firms had a vested interest in gaining the maximum profitability from their investment. While the Bolivian state had a vested interest in maintaining an hospitable investment environment so as to retain access to IFI loans. Deviant business activities in turn relate to the unparalleled favourable conditions and incentives granted to private hydrocarbon companies that resulted in a dramatic loss in government revenue and thus the people's wealth. The Bolivian state in collusion with private hydrocarbon companies therefore committed state-facilitated corporate crime that resulted in violations of the human right to development and by extension a people's right to subsistence.

Neither state-organized crime nor state-corporate crime could have occurred without facilitation from the World Bank and IMF. Both institutions, via the practice of conditional lending, had complete oversight over the radical 'shock treatment' neoliberalization of Bolivia. And due to the global dimension of these institutions and

due to the global processes that influenced the adoption of SAPs and conditional lending practices these acts are thus crimes of globalization.

Crimes of Globalization

The state crime subfield of crimes of globalization is concerned with the economic policies of international financial institutions (IFIs) such as the World Bank and IMF that often result in social and economic harms and thereby violate human rights. Crimes of globalization are described as harmful policies and practices that are specifically a product of the forces of globalization and are ones that occur in a global context (Rothe & Friedrichs, 2015, p. 26). In regards to the World Bank and the IMF these institutions are not only global but are also integral to the global economy and therefore have considerable power and influence. “The crimes of international financial institutions (IFIs) have a generic relationship to state-corporate crime insofar as they are cooperative (p. 30) ventures involving public sector and private sector entities, and in some respects are hybrid public/private sector entities” (Rothe & Friedrichs, 2015, p. 31). Moreover the policies of both the World Bank and the IMF greatly influence the development and expansion of global capital via the restructuring of state’s economies; they therefore can also facilitate state-organized crime (Friedrichs & Friedrichs, 2002, p. 18). The policies of these IFIs furthermore are influenced by and in turn greatly influence global processes.

The 1980s debt crisis coincided with IFIs adopting the ‘minimal state’ ideology of neoliberalism and this in turn caused a paradigm shift within the institutions. This paradigm shift was one from implementing project-lending development policies and a focus on fiscal management and advice, to one that valued liberalization, privatization and placed foreign direct investment (FDI) as imperative to economic growth (Joshi & O’Dell, 2013, p. 252). This paradigm shift in turn coincided with the adoption of conditional lending practices by both the IMF and the World Bank which were attached to structural adjustment policies (SAPs). These SAPs restructured debtor countries economies in line with the neoliberal ideology. The 1980s debt crisis resulted in

developing countries, like Bolivia, unable to sustain their debts and thus turn to the IFIs for further loans.

This global phenomenon therefore aided in neoliberalism colonizing the globe as the World Bank and IMF exported and often enforced the neoliberal ideology from above (via SAPs) and thus became globalizers (Friedrichs & Friedrichs, 2002, p. 15). As crimes of globalization are connected to state-organized and state-corporate crime the World Bank and IMF are complicit in the human rights violations explicated in the previous sections as they were the architects of economic reform. Furthermore, due to conditional lending practices, both the IMF and World Bank had complete control over Bolivia's economy as Bolivia became more and more reliant upon IFI loans to stay afloat. However, when addressing the harmful policies enacted by these institutions one must also refer to Pogge's argument of 'freedom from poverty' as a human right and the human right to just social and international institutions.

Pogge (2008) consistently refers to Article 25 of the UDHR referring to the right to an adequate standard of living, but also to Article 28 that states;

“Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized” (UN, 2007, p. 11; Pogge, 2008, p. 1).

Pogge (2008) charges IFIs, and the wealthy countries and private entities that support and benefit from them, of being the cause for the continuation of global poverty. He states that “any institutional design is unjust if it foreseeably produces an avoidable massive human rights deficit, and that the existing global institutional order is severely unjust by this standard” (Pogge, 2008, p. 263). Thus, IFIs are charged with serving western private capital interests (the creditor countries of IFIs) via SAPs which are further enforced via conditional lending practices. This process is underpinned by the neoliberal ideology and the promise of global prosperity via free trade. According to Pogge's (2008) formulation therefore, the World Bank and IMF are unjust institutions that exacerbate global poverty. As Stiglitz (2015) explicated, the 'trickle-down' effect

has been largely discredited by the facts of the last several decades (p. 14). However, the measure of which these global institutions export and enforce the neoliberal ideology can only be achieved via the symbiotic relationship forged with private capital interests and the subjects of SAPs, nation-states.

The international financial institutions of the World Bank and IMF are complicit in state-organized crime and state-corporate crime as they are the architects of Bolivia's economic restructuring. Although the New Economic Policy (NPE) of 1985 was not implemented by these institutions themselves, the aim of this policy was to regain access to IFI loans (Kohl & Farthing, 2006, p. 60). The NPE was modelled on neoliberalism and thus reflects the global ascension of the ideology. The NPE furthermore set the foundations for the 1993 *Plan De Todos* as it consolidated central political power, economically marginalized the working class and fragmented labour power, and removed the state as a social provider of welfare (Kohl, 2006, p. 311).

Both the IMF and the World Bank began relending in 1986 due to Bolivia's adoption of neoliberalism and radical economic restructuring. The World Bank (1987) applauded Bolivia's economic reform however acknowledged that people had become economically and socially vulnerable (p. 1). Thus emerged the Social Emergency Fund (SEF) in which Bolivia's social welfare provisions became dependent upon international donors and thereby future conditional lending obligations (Arellano-Lopez & Petras, 1994, p. 567). The World Bank's implementation of the SEF reflects the acknowledgment of the economic and social harms brought about by radical economic 'shock treatment'. The SEF furthermore became a model for future SAPs around the world. This illuminates IFIs knowledge of the harsh realities of neoliberal economic restructuring and thus gives weight to Pogge's (2008) claim that these global institutions are unjust as they produce a foreseeable and avoidable human rights deficit.

It was the *Plan de Todos* 1993 that was implemented by the institutions via the practice of conditional lending. It was a set of sweeping economic and legal reforms aimed to facilitate privatization, liberalization and thereby foreign direct investment (FDI). Two

laws underpinned the *Plan de Todos*, the Law of Capitalization and the Law of Popular Participation. The first set the parameters for privatization and regulatory reform while the latter decentralized Bolivia's political system. The combination of these laws embedded the neoliberal ideology by locking in the power gains of capital (Kelsey, 2015, p. 128-129). The aim of decentralization was to create a stable, yet minimal political environment and to quell discontent (Kohl, 2002, p. 465). The Law of Capitalization, as set out by the World Bank (1991 b) SAP requirements were designed to privatize Bolivia's primary industries. These state-owned enterprises had long been perceived as a restraint upon free market ideals and thus antithetical to economic growth. Since the 1980s the World Bank (1997) had argued that decentralization increased democracy and furthermore equated this to economic growth (p. 120). This thereby illuminates the World Bank's commitment to the neoliberal ideology. That is a commitment to providing a stable political environment within a minimal state construct that facilitates and promotes FDI. It thereby legitimizes the neoliberal ideology by linking free markets and economic growth with democracy (World Bank, 1997, p. 120).

The *Plan De Todos* did not produce the economic prosperity promised. As iterated in previous chapters, unemployment doubled 1997-2002 (Barja et al , 2005, p. 14-16); goods and services required by capitalized firms were sourced offshore (Kohl, 2004, p. 900-902); and borrowing increased from 3.3% GDP in 1997 to 8.6% in 2002 (Webber, 2005, p. 38). Private capital interests and companies were granted very favourable conditions and via the practice of co-regulation influenced and designed regulatory reform to benefit their own interests (Kaup, 2015, p. 459). When Bolivia entered into the IMF's HIPC Initiative in 1997 wages were decentralized, healthcare became user pays and demands were made for pension and tax reform (IMF, 1997). These demands were made, ironically, due to Bolivia's burgeoning deficit. Thus these radical 'shock treatment' reforms brought massive social and economic harms onto everyday people. This again gives weight to Pogge's (2008) argument that these institutions are unjust and thereby violate human rights. These policies, implemented by the World Bank and IMF, set the conditions that resulted in human rights violations, thus they are directly complicit in state-organized crime and state-corporate crime.

The Water Wars erupted due to the privatization of water and the monopoly rights and profitability assurances granted to private companies. The World Bank (1999 b) justified water privatization via pro-poor policy that sought the expansion of services, the model of efficiency as premised by neoliberalism's market logic and neoliberalism's ideal of a minimal state (the reduction of government expenditure) (p. 140). The increase of rates was designed so as to attract investors (World Bank 1999 b, p. 14). It was therefore economic efficiency and financial efficiency that ultimately took primacy over pro-poor policy (Assies, 2003, p. 18). The World Bank (1999 b) furthermore was well aware of the possibility that the rate increases in Cochabamba could potentially bankrupt farmers (p. 152; Assies, 2003, p. 22). And so as to ensure the continuation of reducing government expenditure insisted that under no circumstances should public funds be used so as to ameliorate the pressures of affordability (World Bank, 1999 b, p. 152). The conditions created by the institutions thus created an environment in which corporations in the pursuit of profit prevented people from accessing a basic social good.

As iterated in the previous section on state-corporate crime, the Tax Wars erupted due to IMF demands to dramatically cut government expenditure. The Bolivian government chose to increase income tax on an already impoverished people over taxing the oil and gas sector which was doubling in output and profit (Amnesty, 2004, p. 5). This was due to the World Bank's demand to retain favourable conditions for FDI as capital will always seek the most favourable conditions in which to operate (Soros, 2002; p. 3). The World Bank and the IMF thus knowingly forced the hand of the Bolivian state to place the interests of capital over the interests of the citizenry by choosing to tax an already impoverished people over an increasingly profitable oil and gas industry.

The Gas Wars of 2003 emerged due to the nation's vast resource wealth benefitting a few foreign multinationals and reflected the same conditions that had led to the 1952 Revolution. As iterated before, these policies that created favourable conditions are based upon the neoliberal premise of economic liberty and thus the benefit of the freedom of global capital. However, as Kunnemann (2001) explicated Article 1:1 and 1:2 of the ICESCR could give considerable weight to arguments concerning the policies

of IFIs and how they impact upon a people's ability to utilise, prosper and thus develop from their territories vast resource wealth (p. 6). Therefore it could be argued, as Pogge (2008) and Kunnemann (2001) rightly do, that the economic restructuring policies of these IFIs can result in a violation of the right to development.

Structural adjustment policies clearly favoured private capital interests over societal interests which resulted in very favourable conditions for foreign multinationals, thus resulting in state-corporate crime. Both the World Bank and the IMF are therefore complicit in both state and corporate human rights violations. It is within this context that the symbiotic relationship between the global economy's primary actors can be illuminated and thus gives weight to the claim that neoliberalism can produce a criminogenic environment.

In sum, the economic policies of the World Bank and the IMF resulted in human rights violations that caused massive social and economic harm for the people of Bolivia. Crimes of globalization are those that are specifically the product of the forces of globalization and occur within a global context (Rothe & Friedrichs, 2015, p. 26). It is within this global context that the symbiotic relationship between the global economy's primary actors is thus illuminated. The Bolivian state due to burgeoning debt sought IFI loans so as to stay afloat. These loans however had conditions attached, conditions such as economic restructuring in line with neoliberal ideology and the facilitation of a favourable investment environment for private capital interests. The result being that the state realigned so as to favour private capital interests. In turn, private capital interests took advantage of favourable conditions in the pursuit of profit. And when the people rose up against economic restructuring, the state in turn protected those private capital interests with teargas and bullets. Underpinned by the neoliberal ideology the symbiotic relationship between the primary actors produced a criminogenic environment in which state-organized crime, state-corporate crime and crimes of globalization occurred during Bolivia's neoliberalization 1985-2003.

CHAPTER SIX: Conclusion

Bolivia's experience in neoliberalization during the period 1985-2003 clearly resulted in social and economic harms and human rights violations. This thesis therefore argues that the state could be charged with state-organized crime as it repeatedly used excessive force to quell social unrest and placed private capital interests above the social and economic needs of the people. The state is in conflict due to its contrary roles; that of protector and facilitator of human rights, and that of protector and facilitator of neoliberal economic structures. Neoliberalism requires a minimal state structure that places economic liberty prior to all other liberties. Within the neoliberal ideology the only legitimate function of the state is to provide internal (police), external (military) and legal protections for the free market. This in turn requires the state to reduce expenditure, eradicate embedded social practices and advocate labour flexibility. Thus, neoliberalism places all areas of political, economic and societal life under the functional authority of the market mechanism. The neoliberal ideology therefore conflicts with SE rights that promulgate labour protections, social welfare and affordable and accessible social goods and services.

This is the transformation of the state that Sorensen (2004) was referring to. This is what a post-modern capitalist state looks like (Barrow, 2005). As Kelsey (2015) argues, this represents the realignment of state power so as to serve private capital interests. So as to lock in the power gains of capital, the neoliberal ideology embeds itself in political, economic and societal structures via legal, constitutional and regulatory reform. This therefore results in what Wettstein (2009) calls the 'neoliberal paradox' where the depoliticization of the economy results in the economization of the state and thus the politicization and power of private capital interests.

The state is furthermore complicit in state-corporate crime as it facilitated, enforced and protected harmful business practices. The state's role in facilitating favourable conditions for capital is due to the ability of capital to freely transcend political

boundaries. Thus, states are in competition with each other so as to attract capital, as capital is the essential ingredient of production and thereby economic growth. This therefore results in private capital interests wielding political power as states provide various incentives to attract the capital, incentives that are often to the detriment of the particular society. Furthermore, private capital interests are able to influence and often design the rules and regulations that govern their operations. This process of co-regulation (Kelsey, 2015) thus results in ethical-political questions regarding business practices being reduced to economic rationality thereby devoid of moral and normative reasoning (Ulrich, 2008). Private capital interests in Bolivia, in pursuit of profit, obstructed access to a basic human right (water) and siphoned the nations' vast resource wealth thereby violating the human right to development. The emphasis placed upon profitability is a reflection of Friedman's argument that 'the only responsibility of business is to increase its profits' (Friedman, 1970). The emphasis on profitability over the social and economic needs of society is thus also in conflict with human rights.

The international financial institutions of the World Bank and IMF were the architects of Bolivia's economic restructuring however and thus are also arguably complicit in both state-organized crime and state corporate crime. The World Bank and IMF could be charged with being complicit in state-organized crime due to the practice of conditional lending which trapped Bolivia in a cycle of international economic dependency. IFIs had considerable power over the economic and legal restructuring of Bolivia which resulted in the government using excessive force in order to continue economic reform as dictated by the IFIs so as to retain access to loans. These institutions could furthermore be potentially found to be complicit in state-corporate crime; as the architects of the economic restructuring they created the favourable conditions granted to private companies who in turn violated human rights. Therefore, as Pogge (2008) correctly asserted these international institutions are unjust as they knowingly and forcefully implement policies that violate human rights and cause social and economic harm. The World Bank and IMF could arguably be charged with crimes of globalization.

Most interestingly it is within this context of crimes of globalization that the symbiotic relationship between the global economy's primary actors is best illuminated. States, in competition for private capital or under the direction of IFI SAPs, place private capital interests over the social and economic interests of the people. In turn, and more commonly within developing countries, private capital interests are facilitated by the economic restructuring programs of the World Bank and IMF as they open up previously closed state-centric economies to FDI. And due to the practice of conditional lending, and due to the embedded indebtedness of states like Bolivia, the state, so as to retain access to now necessary IFI loans, are compliant and create favourable conditions for FDI. The policies of the World Bank and the IMF are rooted in the neoliberal ideology thus making the institutions exporters of neoliberalism. And due to the symbiotic relationship between the global economy's primary actors the neoliberal ideology is reinforced and reproduced thereby aiding in the hegemonic status of neoliberalism.

In sum, in regards to the case of Bolivia's neoliberalization for the period 1985-2003, the neoliberal ideology did produce a criminogenic environment in which state-organized crime, state-corporate crime and crimes of globalization occurred thus violating human rights. Neoliberalism can therefore create a criminogenic environment due to its demand that economic liberty is a precondition for all other liberties. Placing economic liberty as essential to and prior to all other liberties is thus in conflict with human rights demands as it places all aspects of society within the economic rationale of market logic thereby subjugating moral normative reasoning. By subjugating normative moral reasoning and by promulgating human beings as pure rational economic actors with no moral concern for the other is to dehumanize human beings (Wettstein, 2009). As Sen (1999) rightly argued, the social, the political and the economic spheres are all interlinked and reinforce the other. And it is only by ensuring the protection of all spheres that one can live a life of dignity.

Neoliberalism, via global processes, has been able to colonize and economize all aspects of life globally. The ideology has thus become hegemonic and is reinforced and reproduced via the symbiotic relationship between the global economy's primary actors

thus placing private capital interests above the social and economic needs of ordinary people. As Robert Cox (1981) explicated “theory is always for someone and for some purpose”. Neoliberalism is an ideology that serves special interests first and foremost, those of private capital, it is an ideology that places political, economic and social spheres within the context of economic rationality and free market logic. And as neoliberalism places all aspects of societal life under the guidance of economic rationality it is fair to suggest that it is not only the economic sphere that is no longer subject to normative moral reasoning, but also the political and the social spheres that are no longer the subjects of normative moral reasoning. As Stiglitz (2012) proclaims however, it’s not that global markets or economic globalization is good or bad, it’s that we are managing them so poorly and in the benefit of special interests. “[T]he power of the markets is enormous, but they have no inherent moral character. We have to decide how to manage them” (Stiglitz, 2012, p. xiii).

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