

POWER AND PROFIT – NEXUS BETWEEN THE STATE AND CORPORATE INTERESTS**

P.Sri Priya

“The corporations and government have an intimate relationship, as interconnected as light and shadow. One tells you to open your pocket while the other picks it” – John Major Jenkins in “The 2012 story”

I Introduction-

Business and politics represent two basic power networks in the society: one which generates wealth and the other which redistributes the wealth. In today’s world, a close nexus between the corporate sector and the state is a universal phenomena. The relationship between the state power and corporate interests is a defining feature of modern political economies. We are witnessing a new era which is overtaken by corporate giants. These giant commercial entities have entirely different face than their conventional version. Now along with controlling the economic circles of a country, they can easily devastate it too. Every country’s economy draw a major part of its income from the corporate sector which helps in its development. The corporate profits to GDP ratio rose to 15- year high in FY2024.¹ At times we come across different scandals in the corporate sector which make us realize, how unaware we are of the victimization of such scandals, that we have been a part of since ages. When so much of significance and obligation is laid upon the said sector why there is a scope for wrongdoing and so called scandals is a matter of concern.

When we try to analyze most of the scandals in the corporate sector, what do they all have in common is the intriguing question. They each have a surprising element lurking behind them: **The State**. The nexus between state and corporate sector has always been a subject of interests. This article tries to examine the complex relationship between the state and corporate interests, focusing on how this nexus influences the economic policies, market dynamics and other major regulatory decisions. It also tries to understand how the convergence of state power and corporate interests create a nexus that influences intricate interplay between states and corporate

**P.Sri Priya, PhD Scholar, ICFAI Law School, Hyderabad & Assistant Professor, Pendekanti Law College

¹ ‘Corporate profit to GDP hits 15 year high as input cost moderate’, BusinessLine, 11th June, 2024
(<https://www.thehindubusinessline.com/economy/corporate-profit-to-gdp-hits-15-year-high/article68277319.ece>)

sector². The state has dual roles – as a regulator of corporate activities and as a partner in economic endeavors³.

The nexus between the state and the corporate sector has evolved through different stages which are characterized by different forms of interactions and influence. The contemporary relationship between the state and the corporate sector is maintained through various mechanisms, including regulatory frameworks, lobbying and the convenience door between the state and corporate leadership⁴.

II The State-Corporate Crime Relationship

1. **Regulated by Government:** The corporate sector depend on the government to create an environment that supports its business operations and allows for market exploitation to generate profits. The laws established by the government outline what corporations can and cannot do in pursuit of capital gains. At the same time, governments depend on the economic success of these corporations for their own strength and security. When a corporation is discovered to be violating laws to maximize profits, some government officials may believe that prosecuting and penalizing the corporation is in society's best interest, while others may disagree. This clash of interests can lead to situations where justice is obstructed or where criminal activities are overlooked, fostering conditions for state-corporate crime.

2. **Concept of State – Corporate Crime:** Until the 19th century, criminological research on the crimes of the powerful was typically divided into two distinct sub-disciplines: corporate crime and state crime. Ronald Kramer and Ray Michalowski found this separation concerning. They argued that by categorizing research in this way, scholars overlooked the functional interdependence of states and corporations, making it uncommon for the deviant actions of one to happen without some form of support from the other (whether by commission or omission)⁵.

² Akamatsu.K,1962 “A Historical Pattern Of Economic Growth in Developing Countries.” The Developing Economies 1(1):3-25

³ <https://pmc.ncbi.nlm.nih.gov/articles/PMC10653499/>

⁴ Schneider,B.R 2004. Business Politics and the State in Twentieth-Century Latin America. Cambridge “: Cambridge University Press.

⁵ Kristian Lasslett, A Critical Introduction to State-Corporate Crime, Queen State Crime Research, Mary University of London,

The term "state-corporate crime" was first introduced in 1990 (Michalowski and Kramer 2006, p. 14) and is defined as "illegal or socially harmful actions that occur when one or more political governance institutions collaborate with one or more economic production and distribution institutions" (2006, p. 15). The authors emphasize two main aspects of this concept. First, it shifts the focus from viewing deviance as isolated actions by individuals to understanding it as a result of interactions among various social institutions. Second, by highlighting the "relational character of the state," it avoids treating business and government as closed systems, instead identifying the potential for crimes and harms in the "horizontal relationships between economic and political institutions" (2006, p. 21).

State-corporate crime has increasingly been recognized as occurring in two interrelated forms: state-facilitated and state-initiated crimes (Kramer, 1992; Kauzlarich and Kramer, 1993; Aulette and Michalowski, 1993). State-facilitated crimes occur when the state neglects to take necessary actions, thereby enabling illegal activities by corporations. In contrast, state-initiated crimes involve the state actively creating the conditions for or directly initiating illegal corporate actions.

The concept of "state-corporate crime," as articulated by C. Wright Mills, posits that major economic and political decision-makers often emerge from a small, interconnected group of influential individuals who share a unified vision for society. This notion suggests that power is concentrated among a select few, creating a cycle in which those in authority reinforce their own dominance. The theory examines the political and economic mechanisms that enable state and corporate leaders to implement plans and policies that often lead to death, injury, illness, financial loss, and, in the context of a globalized capitalist economy, cultural destruction. This occurs while they largely evade the consequences of criminalization for their actions. While the theory of state-corporate crime offers a novel perspective on the intersection of capital and state interests, it also positions the state as an equal partner rather than merely a regulatory body.

3. Doctrines Established in State Corporate Crime: State-corporate crime involves illegal or harmful activities that take place where government and corporate interests intersect. These theories provide a multifaceted understanding of state-corporate crime, highlighting the complex interactions between state policies, corporate behavior, and societal norms. By

examining specific cases and applying these theoretical frameworks, researchers can better understand the mechanisms that enable such crimes and explore potential avenues for reform and accountability. The theories on state-corporate crime are:

- a. **Criminal Law Perspective:** This perspective examines state-corporate crime through the lens of legality. It investigates how actions taken by state and corporate entities can breach laws, emphasizing the importance of legal accountability. Scholars analyze case studies to demonstrate instances where both state regulations and corporate practices have resulted in criminal behavior⁶.
- b. **Green Crime Theory:** Green criminology focuses on crimes against the environment, examining the harm caused by state-sanctioned corporate activities. It critiques the inadequacy of laws protecting ecological systems and highlights cases where environmental degradation results from collusion between state and corporate interests⁷.
- c. **Conflict Theory:** Rooted in Marxist thought, conflict theory posits that societal structures favor the interests of the ruling class typically corporations while marginalizing the working class. This perspective suggests that state-corporate crime is a product of the power imbalance that prioritizes profit over public welfare⁸.
- d. **Routine Activity Theory:** This theory suggests that crime occurs when three elements converge: a motivated offender, a suitable target, and a lack of capable guardianship. In the context of state-corporate crime, it examines how weak regulatory oversight allows corporate actors to exploit opportunities for illegal gain⁹.
- e. **Corporate Crime Theory:** Edwin Sutherland introduced the concept of "white-collar crime," highlighting crimes committed by individuals in their professional lives that can be sanctioned by the state. This theory examines the motivations behind corporate crime and how corporate culture can lead to unethical practices¹⁰.
- f. **State-Corporate Crime Theory:** Gary T. Marx and other scholars developed this theory to explore the collusion between state and corporate actors. This framework emphasizes how

⁶ "Criminal Law" by Wayne R. LaFave

⁷ "Green Criminology: Crime, Justice and the Environment" by Rob White

⁸ "The Communist Manifest" by Karl Marx and Friedrich Engels

⁹ "Crime Opportunity Theories" by Lawrence E. Cohen and Marcus Felson

¹⁰ "White Collar Crime: The Uncut Version" by Edwin Sutherland

regulatory failures, corruption, and complicity enable crimes that harm public welfare, such as environmental disasters and financial fraud¹¹.

g. **Labeling Theory:** Labeling theory examines how societal reactions influence perceptions of criminality. In state-corporate crime, it highlights how powerful corporations can evade labels of criminality, thus minimizing their accountability for harmful practices¹².

h. **Social Control Theory:** This theory posits that societal norms and values shape behavior, suggesting that strong social bonds and effective regulatory mechanisms can deter crime. In the context of state-corporate crime, it explores how weak oversight and societal complicity allow illegal actions to persist¹³.

III. Evolution Of State – Corporate Nexus

The relation between the state and corporate sector describes the interplay between these two powers, shaping economies, policy framing and international relations. During 16th to 18th century the policy of mercantilism reflected one of the first prominent nexus of state and corporate sectors. State through its instrumentalities sought to increase national wealth in the form of strictly regulating trade and often favoring specific corporate entities, such as the British East India Company, in exchange for the contributions to national power, which was granted monopolistic privileges, favorable trade policies and state protection. This era laid down the basis for the modern state-corporate linkage, where economic policies are designed to benefit the corporate giants in exchange for political and economic support.

a. Industrial Revolution And The Rise Of Corporate Power:

The industrial revolution marked a significant shift in the balance of power between state and corporate sector. As industrialization accelerated, corporate sector grew in size and influence, becoming key drivers of economic growth¹⁴. This period saw the rise of powerful corporate entities often backed up by the state in the form of subsidies, tariffs, and favorable economic policies and regulations. The role of the state was also expanded as government sought to manage the social and economic upheavals caused by industrialization. State started

¹¹ “Crimes without Conviction” by Gary T. Marx

¹² “Outsiders: Studies in the Sociology of Deviance” by Howard Becker

¹³ “Causes of Delinquency” by Travis Hirschi

¹⁴ Kapas.J, (2004), “ Mutant Firms in the New Economy”, *Economie et institutions*,5(2),pp.77-96.

implementing different policies to support industrial growth. However, this also led to major conflicts between corporate power and public interest, as monopolies and corporate abuses sparked labor unrest and demands for regulatory oversights.

b. The 20th Century: Corporate Influence In State Affairs:

The state and corporate sector indeed shared an accelerating relationship in the 20th century. This period witnessed institutionalization of the state-corporate nexus. The rise of neo-liberalism in the late 20th century characterized by privatization and free market policies further strengthened corporate power and its influence on state policies.

The state –corporate nexus sustained through various mechanisms that enable corporations to shape state policies and vice versa, through regulatory capture. Regulatory capture occurs when regulatory agencies, established to keep a check on the functioning of a specific sector are dominated by the same, resulting in formulation of such policies and regulations that favor corporate interests, often at the expense of public welfare.

The later half of the 20th century and the early 21st century have been characterized by the globalization of state-corporate nexus. The rise of multi-national corporations is an evident example of the alterations in the dynamics of their relationship as MNC's with their operations spanning multiple countries, have gained unprecedented economic power and had the ability to influence global trade policies and regulations leveraging their economic clout to secure favorable conditions from states eager to attract investment. Neo-liberalism in the late 20th century also played a crucial role as the governments around the world implemented the policies to attract foreign investment, including tax incentives, relaxed labor laws and reduced environmental regulations. This shift further entrenched the state-corporate nexus, as the states became completely dependent upon the corporate sector to drive economic growth and compete in the global market.

IV. The State Corporate Crime: State initiated, State Induced and State facilitated Corporate Crimes:

1. State Initiated Corporate Crime: Kramer's (1992) examination of the Challenger space shuttle explosion and Kauzlarich and Kramer's (1993) investigation of the connection between the U.S.A. Government and arms manufacturers in the nuclear weapons production process

both highlight the state's central and direct role in starting a business-government cooperative activity that resulted in an abnormal outcome.

In 1993, Kramer and Michalowski expanded on the findings of Auletta and Michalowski (1993) by stating that state-corporate crime can manifest itself in two different ways. A corporate crime that is state-initiated is distinguished from a corporate crime that is state-facilitated. When businesses that work for the government commit organizational transgressions under its direction or with its tacit approval, it is considered state-initiated corporate crime, as was the case with the Challenger explosion. Government regulatory agencies' inability to impose restrictions on abnormal business practices, either directly or indirectly—leads to state-facilitated corporate crime, as demonstrated by the Imperial Food Products fire in Hamlet. Between industry and the government, or because they share objectives that strict regulation would make it more difficult for them to achieve. The phrase "state-corporate crime" has three qualities that make it a useful sensitizing concept. Primarily, it draws focus to the manner in which deviant organizational outcomes stem from the interplay between various social institutions rather than being isolated incidents. Furthermore, the concept of state-corporate crime highlights the relational nature of the state (Wonders and Solop, 1993). This highlights the ways in which horizontal relationships between political and economic institutions can give rise to the production of actions that are detrimental to society. An enhanced comprehension of the leading processes is offered by this relational approach.

The major approach to study the corporate crime and each corresponding social action is based on differential association theory and States action due to criminogenic either due to emphasis on performance goals or as a result of defects in implementation of laws. This approach of state would eventually be merged with an anomie perspective on corporate crime.

2. State Induced : State-induced corporate crimes occur when government actions or policies create an environment that enables or encourages illegal or unethical behavior by corporations. State-induced corporate crimes result from a combination of regulatory failures, economic incentives, and the interplay of power between government and corporate entities. State induced corporate crimes include:

- i. **Regulatory Aspects:** When regulatory agencies become dominated by the corporate. Often regulatory aspects are floated due to close relationships between industry leaders and government officials. Corporations may exploit this situation to evade regulations, leading to unsafe practices or environmental harm¹⁵.
- ii. **Weak Enforcement of Regulations:** Governments may fail to enforce existing laws or regulations due to lack of resources, political pressure, or ideological beliefs. A lack of oversight can allow corporations to engage in harmful activities without fear of consequences, such as pollution or labor violations.
- iii. **Deregulation:** The removal or reduction of government regulations on industries can be a deliberate policy choice. Deregulation can lead to increased risk-taking and unethical practices, as companies may prioritize profit over safety and ethical considerations.
- iv. **Incentives and Subsidies:** Governments may provide financial incentives, such as tax breaks or subsidies, to encourage certain corporate behaviors. These incentives can motivate companies to cut corners on safety or environmental protections to maximize profits.
- v. **Lack of Transparency:** Insufficient transparency in government dealings with corporations can foster a culture of secrecy and corruption. This can lead to situations where corporate wrongdoing goes unchecked and unreported, facilitating unethical practices.
- vi. **Political Influence and Lobbying:** Corporations often engage in lobbying to influence government policies in their favor. This can result in the creation of laws that favor corporate interests at the expense of public health, safety, or the environment.
- vii. **Economic Pressures:** Governments may prioritize economic growth over regulatory oversight, leading to policies that encourage corporate expansion and profit maximization. In the race for economic development, corporations might engage in unethical practices, believing that profit motives outweigh regulatory compliance.
- viii. **Legal Ambiguities:** Vague or poorly defined laws can create loopholes that corporations

¹⁵ Sutherland, Edwin - "White Collar Crime: The Uncut Version"

exploit. This ambiguity allows for a range of unethical behaviors that may not technically violate the law but are nonetheless harmful.

3. State facilitated Corporate Crimes: State-facilitated corporate crimes refer to illegal or unethical actions taken by corporations that are enabled or supported by government policies, actions, or inactions. State-facilitated corporate crimes arise from the interplay between governmental actions and corporate interests. Addressing these issues requires stronger regulatory frameworks, increased transparency, and accountability measures to ensure that corporate practices align with public welfare. Here are some key aspects of how the state can facilitate corporate crimes:

- i. **Corruption and Collusion:** Collusion between state officials and corporate executives can create environments where illegal activities are condoned or ignored. Government officials may accept bribes in exchange for favorable treatment, such as overlooking safety violations or allowing illegal practices.
- ii. **Inadequate Enforcement:** Even when laws exist, a lack of enforcement by government agencies can lead to corporate misconduct. Underfunded regulatory agencies may be unable to effectively monitor and enforce compliance, allowing companies to engage in harmful practices without fear of repercussions.
- iii. **Lobbying and Political Influence:** Corporations often engage in lobbying to influence legislation and public policy, sometimes leading to laws that favor corporate interests over public welfare. Large corporations may lobby for tax breaks or subsidies that encourage unethical practices, such as environmental degradation.
- iv. **Economic Incentives:** State policies can create financial incentives that drive corporations to engage in harmful or illegal behavior. Subsidizing fossil fuel industries can lead companies to prioritize profit over environmental considerations, resulting in pollution or accidents.
- v. **Legal Loopholes:** Ambiguous or poorly crafted laws can provide opportunities for corporations to engage in unethical behavior without technically breaking the law. Companies might exploit vague regulations to avoid accountability for harmful practices.
- vi. **Privatization of Public Services:** When public services are privatized, there can be a shift

in accountability, leading to corporate practices that prioritize profit over public interest. Privatizing prisons can lead to cost-cutting measures that compromise inmate safety and rehabilitation.

vii. **Insufficient Transparency:** Lack of transparency in government dealings with corporations can facilitate corruption and unethical practices. When government contracts are awarded without competitive bidding or public scrutiny, it can lead to favoritism and corrupt practices.

V. Effect of the State Corporate crime on People, Society, and the Economy:

The effects of white collar crime on the economy are enormous. The FBI estimates that white collar crime costs the US economy more than \$300 billion a year. These crimes have the power to wipe out life savings, bankrupt companies, drive up consumer prices, and even start recessions.

Victims may face personal financial ruin, particularly in instances of Ponzi schemes or investment fraud. These crimes have the potential to raise prices of goods and services and cause job losses in society. Reductions in investment, resource misallocation, and unstable markets can all be detrimental to the overall economy.

The effects of white collar crime are profound. The FBI estimates that white collar crime costs the US economy more than \$300 billion a year. These crimes have the power to wipe out life savings, bankrupt companies, drive up consumer prices, and even start recessions. A Few Famous White Collar Crimes and Their Consequences

In the case of **Assistant Commissioner vs. Velliappa Textiles Ltd (2003) 46 SCI 808** the Apex Court held that the fact that a company cannot be imprisoned should never be used to conclude that it cannot be prosecuted in that case. The Hon'ble Judge observed that the court has responsibility to determine whether the accused is guilty of the offence on the basis of evidence presented in court and whether purpose is to impose a sentence for the crime for which the defendant has been found guilty.

However in the case of **Standard Chartered Bank vs. Directorate of Enforcement (2005) 60 SCL 217**, the Hon'ble Supreme Court overruled the decision passed in the case of **Velliappa**

Textiles Ltd(supra) and held that merely since corporates cannot be imprisoned, they can not escape the penalty of fine depending upon the severability of criminal offence under review.

In the case of **Aneeta Hada vs. Godfather Travels and Tours Pvt. Ltd. [2012 5 (SCC 661)]**, the disagreement concerned determining the corporate liability for check dishonor. The scope of vicarious liability in corporate cases was deliberated by the Supreme Court. As a legal entity, the company is accountable for the deeds of third parties. In the separate case of **Iridium India Telecom Ltd vs. Motorola Inc.,[(2011) 1 SCC 74]**, the Supreme Court ruled that corporations and companies cannot claim immunity from criminal prosecution in any jurisdiction under the rule of law, anywhere in the world, on the grounds that they are incapable of having mens rea.

VI. Some of the instances of Corporate Crime and their Repercussions are:

In India, the idea of corporate criminal liability has recently become more severable, especially when it comes to socially conscious issues like consumer protection, environmental law, and health, to mention a few. Furthermore, it is believed that there would be little chance of crime and that corporations would not need to be held criminally liable if they established and adhered to a strong corporate governance structure. However, seepage or gaps in a company's corporate governance structure are inevitable to some extent and affect all businesses. Establishing corporate criminal liability requires two key components, both of which must exist at the time of the corporate's conviction.

The Enron scandal, in which senior executives concealed debt and exaggerated profits by using accounting tricks and special purpose companies, is among the most notorious white collar crimes. Following the fraud's discovery in 2001, Enron declared bankruptcy, costing investors \$74 billion and thousands of jobs. Significant alterations in corporate governance and accounting regulations were brought about by the scandal, which also resulted in the collapse of Arthur Andersen, one of the leading accounting firms in the world.

In a similar vein, the Ponzi scheme run by Bernie Madoff serves as a sobering reminder of the devastating nature of white collar crime. Madoff used the money of new investors to pay off the debts of previous investors while promising steady profits over a period of decades that is estimated to have cost them \$65 billion. During the 2008 financial crisis, the scheme failed, leaving many investors penniless and undermining confidence in the financial system.

These incidents demonstrate the extensive and enduring effects of white collar crime. They emphasize the necessity of alertness, openness, and efficient regulation to identify and discourage such transgressions. Types of Corporate Crimes:

1. Corporate Fraud: Corporate fraud refers to actions taken by a person or organization that are dishonest, unlawful, and provide the person or organization an unfair advantage. Price-fixing cartels, insider trading, fraudulent loans, financial report fabrication, and other illicit actions that deceive stakeholders are examples of this. One well-known instance is the Enron scandal, in which debt was concealed and corporate profits were artificially exaggerated through dishonest accounting techniques. In the Volkswagen emissions scandal, for instance, the company falsified tests for diesel engines in order to comply with harmful emissions regulations in the United States.

Financial markets can become unstable, investor confidence can be damaged, and substantial financial losses can result from corporate fraud. In an effort to stop it from happening again, regulatory bodies frequently change their policies and scrutinize the situation more closely.

2. Embezzlement: Embezzlement is the misappropriation of money or property that has been entrusted to someone, frequently in a business environment. The violation of trust is the hallmark of this white collar crime.

Rita Crundwell, a former comptroller for Dixon, Illinois, is well-known for embezzling \$53 million from the city to support an opulent lifestyle. Her crime had grave consequences for Dixon, as well as personal ones like being found guilty and going to jail. As a result, Dixon experienced financial difficulties.

Workers may abuse their positions of trust by transferring money into personal accounts, fabricating invoices, inflating costs, or committing other crimes. Years may pass before this abuse of trust is discovered, resulting in serious financial harm.

3. Ponzi Schemes: An investment scam known as a "Ponzi scheme" is when money contributed by newer investors is used to pay returns to previous investors instead of money made through actual business operations. The program bears Charles Ponzi's name, who in the 1920s conned thousands of people in New England into participating in a postage stamp

speculation scheme. Investors are drawn in by ponzi schemes' promises of large returns at low risk. But in order for them to continue, they need a steady stream of new funding. These schemes usually fail when it becomes hard to find new investors or when a lot of them want to cash out.

4. Extortion: Extortion is the use of force or threats to obtain something, usually money. It's a white collar crime that people in positions of authority frequently commit. An official in the public sector who requests bribes in exchange for awarding contracts is an example of extortion. Extortion victims may experience mental anguish, monetary loss, and, in the case of businesses, harm to their reputation.

To obtain what they want, extortionists may threaten the victim with violence, reveal harmful information, or play on their fears. Extortion is illegal and is punished by law, with the severity of the act and the jurisdiction's laws determining the penalty.

5. Bankruptcy Fraud: False information, asset concealment, or bribery connected to a bankruptcy case are all examples of bankruptcy fraud. It's a type of white collar crime that both private citizens and businesses may commit. This can involve making an effort to avoid making debt payments, safeguarding assets from being liquidated to pay creditors, or trying to take advantage of bankruptcy laws in order to make money.

Fraud involving bankruptcy can cause creditors to suffer large losses because they might not get paid as much as they should. In addition, it compromises the integrity of the legal system and exposes offenders to harsh punishments like fines, jail time, or both.

Even though they don't involve violence, white collar crimes are nonetheless grave offenses with significant consequences. They have the power to destabilize economies, wreak havoc on market competition, erode public confidence in institutions, and result in enormous financial losses. Notable incidents like the Enron crisis and the Ponzi scheme run by Bernie Madoff serve as glaring reminders of the devastation that these crimes can cause.

VII. CORPORATE LOBBYING AND POLITICAL FUNDING

In general, corporate sectors exerts influence over the state policies in two modes: either through

lobbying or through donations to political parties or interested persons. By the very word lobbying can be understood as activities involving direct, explicit efforts in getting in touch or trying to communicate with the lawmakers in order to exercise influence on their decisions of policy making as well as certain activities aiming to create an environment to extend their support for, or to indirectly create a favorable environment for a desired legislative goal¹⁶. This often result in policies that prioritize the corporate profitability over public interests.

In the era of globalization, corporate sector shape the international trade agreements to secure access to markets, protect intellectual property, and minimize regulatory burdens. These agreements often prioritize corporate profits over public welfare.

VIII. Case Studies To Analyse The State Corporate Nexus In Action:

To illustrate the dynamics of state-corporate nexus, we can examine different case studies from different sectors in India and foreign countries.

1. Technology Corporations and US Government-

The relationship between the US government and major technology corporations exemplifies the power and influence of corporate interests in the digital age. Companies like Facebook, Google, Amazon and Apple have amassed unprecedented economic power, influencing everything from data privacy regulations to anti-trust policies. These corporate giants have been able to leverage their economic clout to shape legislation and avoid significant regulatory constraints.

- 1. NSA Surveillance (2011) :** In 2011, NSA surveillance programs were largely seen as legal and necessary by government officials, but concerns were growing regarding their scale and impact on privacy and civil liberties. While revelations about these programs became more public in the years following, the events of 2011 helped set the stage for the debates that would follow, especially with regard to the balance between national security and individual privacy rights. The NSA was collecting vast amounts of data both domestically and internationally under

¹⁶ Amy Skonieczny, "Corporate Lobbying in Foreign Policy" (2017), <https://doi.org/10.1093/acrefore/9780190228637.013.420>

programs like PRISM, Upstream, and Stellar Wind. The FISA Amendments Act and Patriot Act provided the legal basis for much of the surveillance. Whistle-blowers, legal challenges, and growing public awareness began to shine a light on the scope of these surveillance activities, but major revelations (e.g., Edward Snowden) wouldn't come until 2013. Public and legal scrutiny was increasing, but the full extent of NSA surveillance, particularly its domestic reach, remained largely hidden from the public until later leaks. Thus NSA surveillance constitutes a state-facilitated crime depends on the legal framework and perspective taken constitutional violations, human rights abuses, or national security imperatives.

2. **Theranos Scandal (2015):** The Theranos scandal serves as a cautionary tale about the dangers of unchecked ambition, the power of media hype, and the importance of corporate transparency. It highlighted the culture in Silicon Valley where disruption and disruptive innovation are often emphasized at the expense of rigorous scientific testing, accountability, and ethics. The scandal also demonstrated the need for stronger regulatory oversight in the healthcare and biotech industries, where false claims can have serious consequences for public health.

The Theranos scandal of 2015 (and beyond) revolves around the fraudulent claims made by Elizabeth Holmes and her company about its revolutionary blood-testing technology. The company's rapid rise, coupled with its fall from grace, serves as an example of corporate fraud, regulatory failure, and the potential harms of placing profit and reputation over the well-being of patients and investors. Holmes and other key figures at Theranos misled investors, doctors, and the public, resulting in legal consequences and irreparable damage to their reputations.

3. **Facebook Cambridge Analytica Scandal :** The Facebook-Cambridge Analytica scandal was a significant violation of data privacy and ethical standards, revealing weaknesses in Facebook's data-sharing practices and the risks of political manipulation through psychographic profiling. The incident sparked worldwide concern about the responsibility of tech companies to safeguard user data, the ethical implications of using data in political campaigns, and the potential dangers of targeted political ads. It prompted increased regulatory scrutiny and calls for reform in how personal data is collected, stored, and utilized by both social media platforms and political operatives. This scandal continues to be a defining moment in the broader debate surrounding digital privacy and the regulation of big tech companies.
4. In **Google LLC v. The State of Tamil Nadu (2023)**, this case focused on the obligations of

global tech companies to comply with local regulations and orders. The Supreme Court directed Google to comply with Indian laws regarding content regulation and data protection. The judgment highlighted the need for tech giants to respect local legal frameworks while operating in India.

2. Pharmaceutical industry and Public Health -

Public health and pharma sector provides another example of state-corporate nexus. Pharma companies often engage in intense lobbying efforts to shape drug pricing, patent laws and regulatory approvals. Purdue Pharma opioid case (2022): The Purdue Pharma opioid case (2022) marked a significant turning point in the fight against the opioid epidemic. The settlement and the company's bankruptcy restructuring were seen as a step toward accountability for Purdue Pharma's role in the opioid crisis, which has claimed hundreds of thousands of lives. However, questions remain about the accountability of the Sackler family and the pharmaceutical industry as a whole in preventing future harm. The settlement funds are expected to support addiction treatment, but much work remains in addressing the long-term effects of the epidemic on American communities.

Purdue Pharma, as a corporation, engaged in illegal activities (misleading marketing, negligence, and deception) that contributed to a public health disaster. State regulatory agencies (FDA, DEA, state governments) failed in their duty to adequately monitor, regulate, or intervene in Purdue Pharma's actions, even as the opioid crisis worsened. The State and corporate interests sometimes aligned, with both benefiting from the widespread use of opioids, Purdue through sales, and states through taxes and economic growth while ignoring or downplaying the risks of addiction. Therefore, the Purdue Pharma case is a classic example of state-corporate crime, where the collusion or involvement of both corporate and state entities allowed a public health crisis to escalate unchecked for years.

JUUL Vaping Scandal (2022): JUUL Labs, founded in 2015, quickly became a dominant player in the e-cigarette market, largely due to its sleek design, high nicotine content, and aggressive marketing. JUUL's marketing campaigns were widely criticized for targeting young people a demographic that was not traditionally associated with smoking. The company used social media and youth-centric imagery to market its products, making them appealing to teenagers and young adults. JUUL also used flavored pods, such as mango and mint, which were particularly attractive to minors. The role of the state (including federal agencies like the FDA, as well as state-level governments) in this scandal is a central aspect of the state-corporate crime. The state's failure to regulate the vaping industry effectively, coupled with inconsistent enforcement, allowed JUUL and other companies to proliferate their products in ways that contributed to significant public health risks.

3. **Environmental Policies and Social Consequences** –

The pursuit of profit, often supported by the state policies, has significant environmental and social consequences. Corporate activities, particularly in industries such as fossil fuels, agriculture and manufacturing, contribute to environmental degradation, climate change, and resource depletion. States reliant on corporate investment and economic growth, is reluctant to impose stringent environmental regulations or may actively support environmentally harmful practices. This dynamic exacerbates global environmental crisis and undermines efforts to achieve sustainable development.

Volkswagen Emission Scandal (2018): The Volkswagen Emission Scandal (also known as "Dieselgate") was one of the most significant corporate scandals of the 21st century, which erupted in 2015 and continued to have repercussions through 2018 and beyond. The scandal involved Volkswagen (VW), one of the world's largest automakers, being accused of installing illegal software in millions of diesel vehicles to cheat on emissions tests, allowing the cars to appear environmentally friendly when, in fact, they were emitting much higher levels of harmful pollutants than legally allowed. While the scandal was revealed in 2015, its legal and financial aftermath continued through 2018 and beyond.

The scandal centered around Volkswagen's use of a "defeat device" software installed in the engines of their diesel-powered vehicles that could detect when the car was undergoing emissions testing. When the vehicle was on a test cycle, the software would reduce emissions to meet regulatory standards. However, during normal driving conditions, the emissions would be far higher, producing nitrogen oxide (NOx) pollutants at up to 40 times the legal limit.

Initially, Volkswagen denied the use of the defeat device. However, as the evidence mounted, the company admitted that it had intentionally installed the software in vehicles to pass emissions tests, effectively circumventing environmental regulations.

Volkswagen's actions were deliberate and fraudulent, resulting in environmental harm, violations of laws, and threats to public health. The state, through its regulatory agencies (e.g., EPA, CARB) failed to detect the wrongdoing in a timely manner, thereby enabling Volkswagen's deceptive practices to continue for years. There were political and economic pressures that may have influenced the regulatory response, especially in Germany, where Volkswagen is a major employer and a key player in the economy.

The scandal serves as a prime example of how corporations and state actors can be complicit in criminal behavior that harms both the environment and the public, leading to a failure of governance and corporate accountability.

3M and PFAS contamination case (2023): The 3M PFAS contamination case of 2023 is a major environmental and public health issue that highlights the dangerous legacy of industrial chemicals. It also underscores the growing trend of corporate accountability for environmental harm, as well as the need for stronger regulations to protect public health and the environment. The \$10.3 billion settlement is a landmark resolution for the company, but it does not fully address the scale of the contamination, the long-term health effects on individuals exposed to PFAS, or the global nature of the problem.

The case highlights the role of corporations in polluting the environment for profit while failing to disclose the risks to the public, as well as the slow regulatory response of government agencies that only acted when the problem became too large to ignore.

As the world grapples with the widespread contamination caused by PFAS, the 3M case will likely remain a pivotal moment in the ongoing struggle for environmental justice and accountability for corporate actions that harm public health.

IX. Cases in India:

Lack of Regulatory Compliance: The Satyam Computer Services scandal exemplifies state-corporate crime in India, highlighting significant shortcomings in regulatory oversight and corporate governance. In January 2009, founder Ramalinga Raju confessed to inflating the company's financial statements by over \$1 billion, a fraud that persisted for years due to inadequate monitoring by regulatory bodies like the Securities and Exchange Board of India (SEBI). The board of directors' complicity or negligence further worsened the situation, as they failed to uphold their fiduciary responsibilities. Additionally, banks that extended loans based on misleading reports reflected broader accountability issues within financial institutions. Although the Indian government stepped in to stabilize the company by facilitating its acquisition by Tech Mahindra, the initial regulatory response was criticized as insufficient, eroding public trust. The scandal led to criminal charges against Raju and other executives and underscored the urgent need for enhanced regulatory frameworks and enforcement mechanisms to prevent future corporate misconduct¹⁷.

Oversight by Regulatory: The NSEL (National Spot Exchange Limited) scam, which surfaced in 2013, is one of India's most significant financial frauds, involving a default of ₹5,600 crore (approximately \$1 billion). NSEL was established as a commodity exchange for spot trading in various goods, but its business model lacked proper risk management and regulatory oversight. In July 2013, the exchange announced it could not fulfill its payment obligations to investors,

¹⁷ Gupta, A. 2009. "Satyam Scandal: An Analysis of Corporate Governance Failure." *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-009-0064-8>.

revealing that it had engaged in fraudulent practices such as allowing trades in non-existent commodities and manipulating trading volumes to create an illusion of liquidity. This lack of oversight by regulatory bodies like the Forward Markets Commission (FMC) contributed to the extent of the fraud, which ultimately impacted thousands of investors who lost significant amounts of money. The scandal led to widespread protests, legal action against NSEL's promoters, and regulatory reforms aimed at tightening oversight in the commodity trading sector. The NSEL scam highlighted the critical need for greater transparency and accountability in India's financial markets and served as a cautionary tale about the risks posed by inadequate regulatory frameworks¹⁸.

Further, the Kingfisher Airlines case, which gained prominence in 2012, centers around the financial collapse of the airline, owned by businessman Vijay Mallya. Launched in 2005, Kingfisher quickly became popular for its premium services but soon faced severe operational and financial challenges due to aggressive expansion and unsustainable financial practices, accumulating debts exceeding ₹9,000 crore (approximately \$1.3 billion). By 2012, the airline was unable to pay employees, fuel suppliers, and creditors, leading the Directorate General of Civil Aviation (DGCA) to ground its flights over safety concerns and regulatory violations. Investigations revealed allegations of financial misconduct, including the diversion of funds for personal use and misrepresentation of the airline's financial health. Mallya faced multiple legal challenges, including inquiries by the Enforcement Directorate (ED) and the Central Bureau of Investigation (CBI) for money laundering and loan defaults, ultimately fleeing to the UK in 2016 amid extradition requests from India. The case highlighted significant issues of corporate governance and accountability, raising concerns about regulatory oversight in the aviation sector and prompting calls for reforms in financial practices within the industry¹⁹.

The IL&FS (Infrastructure Leasing & Financial Services) financial crisis, which came to light in 2018, was a significant corporate scandal in India that exposed serious lapses in corporate governance and financial management. IL&FS, a major infrastructure development and finance

¹⁸ Jain, M. (2015). *NSEL and the implications for financial regulation in India*. Journal of Financial Regulation and Compliance, 23(1), 45-60. <https://doi.org/10.1108/JFRC-05-2014-0045>.

¹⁹ Gupta, A. (2012, October 1). "Kingfisher Airlines: The story of a failed airline." *The Times of India*. <https://timesofindia.indiatimes.com>.

company, faced a liquidity crisis when it defaulted on several loan repayments, totaling over ₹91,000 crore (approximately \$13 billion). Investigations revealed that the company had been engaging in risky financial practices, including mismanagement of funds and improper accounting, to conceal its deteriorating financial health. The crisis not only affected IL&FS but also had a ripple effect on the broader financial markets, leading to a liquidity crunch and impacting banks and investors. The Indian government intervened by superseding the board of IL&FS and initiating a resolution process to recover dues and stabilize the financial system. This scandal underscored the need for stronger regulatory oversight, greater transparency in corporate governance, and reforms in the financial sector to prevent similar crises in the future²⁰.

Corporate Interests And Political Processes: The Radia Tapes controversy, which emerged in 2010, centered around leaked conversations involving Nira Radia, a prominent corporate lobbyist, and various politicians, business leaders, and journalists in India. The transcripts revealed extensive lobbying efforts aimed at influencing government decisions, particularly in the telecommunications sector, including discussions about the allocation of licenses and appointments of key officials. The scandal highlighted the deep intertwining of corporate interests and political processes, raising serious ethical concerns about transparency and accountability in governance. It sparked significant media coverage and public outrage, leading to calls for stricter regulations on lobbying practices and political funding. The fallout tarnished the reputations of several companies and politicians involved, underscoring the urgent need for reforms to protect democratic integrity and ensure that public policy is shaped by the needs of the citizenry rather than by private agendas²¹.

Lack of transparency and accountability: Food adulteration scandals in India highlight significant issues related to food safety, public health, and regulatory enforcement. These scandals involve the deliberate mixing of inferior or harmful substances with food products, posing serious risks to consumers. Common examples include the adulteration of milk with

²⁰ Reserve Bank of India. (2019). *Report on the Financial Stability of the Indian Financial System*. Reserve Bank of India. <https://www.rbi.org.in>

²¹ Sen, S. (2010). *The Radia tapes: A window into corporate India's lobbying*.* The Economic Times*. <https://economictimes.indiatimes.com>

water and toxic substances like detergent and urea, as well as spices like turmeric and chili powder being mixed with artificial colors or sawdust. Edible oils have also been targeted, with cheaper oils or toxic argemone oil being used as adulterants. The prevalence of these practices raises concerns about health risks, including foodborne illnesses and long-term health issues. While the Food Safety and Standards Authority of India (FSSAI) has made efforts to regulate food safety, enforcement challenges remain due to the complexity of supply chains. Increased public awareness and advocacy have spurred greater scrutiny of food quality, emphasizing the need for stringent regulations and effective enforcement. Overall, these scandals underscore the urgent need for transparency and accountability in the food supply chain to protect consumer health and restore trust in food products²².

X. Conclusions & Suggestions:

Exploring the concept of state-corporate crime offers a rich field of inquiry that spans various dimensions of governance, corporate behavior, and societal impact. One effective approach is to conduct detailed case studies, such as the Satyam scandal, the IL&FS crisis, or the Radia Tapes controversy, which illustrate how these crimes manifest at the intersection of governmental interests and corporate misconduct. Analyzing the regulatory frameworks that govern corporate behavior can provide insights into their effectiveness in preventing such crimes; this includes evaluating existing laws and proposing reforms to enhance oversight and accountability. A comparative analysis of state-corporate crime across different countries can reveal how political systems, regulatory environments, and cultural contexts influence the prevalence and nature of these offenses. Understanding the societal impacts, such as economic consequences, erosion of public trust, and disproportionate effects on marginalized communities, is crucial for comprehending the broader implications of these crimes.

²² Sharma, R. (2018). *Food adulteration in India: A persistent challenge*. Journal of Food Safety, 38(3), 1-10. <https://doi.org/10.1111/jfs.12400>

Furthermore, investigating mechanisms for holding corporations accountable when they collude with state actors is essential, as this encompasses legal, ethical, and social accountability frameworks. The role of media in exposing state-corporate crime cannot be overlooked; investigative journalism often serves as a catalyst for public awareness and accountability, prompting reforms. Additionally, examining the influence of civil society and public activism highlights successful movements that have brought about transparency and accountability. Engaging with theoretical frameworks, such as criminological theories or theories of governance, can deepen the understanding of state-corporate crime and its dynamics. Ethical considerations also play a pivotal role; discussing the moral responsibilities of corporations, governments, and individuals can help in addressing the root causes of these crimes. Finally, speculating on future trends in state-corporate crime particularly in light of technological advancements, globalization, and shifting regulatory landscapes can provide valuable insights into the evolving challenges and opportunities for governance and corporate ethics. Overall, a comprehensive exploration of these facets will not only enhance understanding but also contribute to meaningful discussions on preventing and addressing state-corporate crime in contemporary society.