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Summary of PhD thesis

The economic warfare

*Concept and manifestation
in International Relations*

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| | |
|--|-----|
| Introducere | 5 |
| Cadrul conceptual și metodologic | 6 |
| Lista abrevierilor | 12 |
| Partea I: Conceptul de război economic | |
| Capitolul 1: Studiile de securitate și relațiile internaționale | 13 |
| 1.1. Evoluția studiilor de securitate | 14 |
| 1.2. Abordări teoretice ale securității | 18 |
| Realismul | 18 |
| Liberalismul | 23 |
| 1.3. Evoluția conceptului de securitate | 27 |
| Extinderea conceptului de securitate | 30 |
| Constructivismul | 33 |
| 1.4. Securitatea economică | 41 |
| Securitatea economică în strategiile de securitate națională | 58 |
| Statele Unite | 59 |
| China | 63 |
| Marea Britanie | 67 |
| Franța | 70 |
| Canada | 72 |
| Rusia | 72 |
| 1.5. Relația economie – putere – securitate națională | 74 |
| Capitolul 2: Războiul economic | 82 |
| 2.1. Războiul – concept | 82 |
| 2.2. Războiul economic – concept | 93 |
| 2.3. Competiția economică versus războiul economic | 102 |
| 2.4. Războiul economic în paradigmele de securitate | 108 |
| 2.5. Actorii războiului economic | 114 |

| | |
|---|-----|
| Partea a II-a: Forme de manifestare a războiului economic | |
| Capitolul 3: Sancțiunile economice | 117 |
| 3.1. Definiția sancțiunilor | 117 |
| 3.2. Instituirea sancțiunilor economice | 119 |
| 3.3. Sancțiunile economice împotriva Iranului, Irakului, Rusiei, Coreei de Nord. | 130 |
| 3.4. Eficiența sancțiunilor economice | 138 |
| Capitolul 4: Lupta pentru controlul resurselor naturale | 142 |
| Studiu de caz: Rusia și războiul economic | 153 |
| Capitolul 5: Intelligence economic și războiul economic | 177 |
| 5.1. Activitatea de intelligence | 179 |
| 5.2. Tipuri de intelligence | 180 |
| 5.3. Rolul serviciilor de informații în domeniul economic | 187 |
| 5.4. Rolul contractorilor privați de servicii de business și competitive intelligence ... | 198 |
| 5.5. Sisteme de intelligence economic | 200 |
| Statele Unite ale Americii | 201 |
| Japonia | 209 |
| Marea Britanie | 211 |
| Franța | 214 |
| China | 221 |
| Concluzii | 225 |
| Bibliografie | 231 |

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Economic war is not a new concept, but so far it has not received a universally accepted definition, and its limits have not been clearly determined. Therefore none of its forms of manifestation has been clearly defined. After the Cold War, though maintaining the same potential for conflict but with the disappearance of the two parties involved in this conflict, as it has been clearly indicated above, the forms of conflictuality changed. Academic and non-academic debates cover not only the existence of this type of conflict, but mostly they regard the conceptual limits and its forms of manifestation.

Recent events in Ukraine have led to heated debates, considerable diplomatic efforts and straining international relations. Western governments' response to Russian aggression against Ukraine consists in forcing economic sanctions, though they are disputed or considered ineffective and insufficient, but their effects are felt both by the concerned country, Russia and by the countries which have introduced them and their citizens. The aforementioned economic sanctions are definitely a form of economic warfare against Russia; their purpose, with all the costs involved, is to determine a change in its attitude, or rather, Russia giving up its offensive and aggressive policy against the neighbouring state, a former soviet henchman.

But this policy is grafted on a political and economic context marked by episodes of economic tension, phases of a real economic warfare, where the energy resources are used as an instrument of pressure, together with economic sanctions or stimulus granted according to the political affiliation of the East European or Caucasus beneficiaries, episodes which represent the Russian response for its insecurity due to NATO and European Union expansion to East.

This is just one of the most recent conflicts that caused a careful analysis of the economic warfare, on how the economic instruments can serve political purposes. In the last decades, the economic sanctions have been used repeatedly in order to influence attitudes, decisions and behaviours of the concerned states, the most famous cases being those of the sanctions forced on Iraq, Iran, the communist regime in North Korea and Cuba, Libya.

However, since the end of the Cold War, alongside these cases, the increasingly exacerbated phenomenon of the economic competition had been assimilated to the economic warfare, as evidenced by the increasing use of this concept in the ordinary language, this representing an evidence which does not need to be explained. Whether we are talking about a competition aimed, as it is the case of the United States of America, to maintain its hegemonic position within the system, either in terms of its competitors, challenging its hegemonic position, the term of economic warfare refers to the competitive effort of various economic fields such as: high-tech, aviation, pharmaceuticals, as well as education and research.

Also, obviously, from this perspective, now one of the highly questionable forms of manifestation of the economic warfare is the data gathering, both by "classical" methods and means of intelligence activity and together with the technological leap within the communications industry, by systems of interception of voice and data communications. Echelon and Snowden cases specifically indicate the United States as a user and beneficiary of these

devices in order to create a competitive advantage for itself, but obviously, on this battlefield, the other economic powers are also present.

The paper is structured around four central questions. The first concerns the nature of the relationship between economy and power, namely the capacity of the economy to influence political decisions and actions. The second question is related to the conceptual limits of the economic warfare, namely whether the magnitude of the current global economic competition and the effects caused by this justify expanding the concept. Is the economic competition a form of economic warfare? The third refers to the frequency, the usefulness and efficiency of economic and financial sanctions as widely recognized manifestation forms of the economic warfare. Thus, one of the research questions is related to the role that the economic intelligence activity has in the economic war, especially because of redefining the objectives and priorities of special services after 1990, and whether the involvement of the states in the organization of national business and competitive intelligence systems is a manifestation of the conflictual state.

The central theme of the thesis concerns the economic war and its forms of manifestation in the decades following the end of the Cold War, by reference to the pressure of expanding this controversial concept, which until now does not have clearly defined limits. This makes the forms of economic warfare to be difficult to analyse. It is difficult to say whether, beyond the traditionally accepted forms of expression, economic competition is an expression of economic warfare if lobbying, forced takeovers, joint ventures between companies of different nationality, changing capital structure by participating at investment funds, activities of business intelligence, competitive intelligence, are manifestations of this phenomenon. It is also difficult to say whether the economic intelligence activities or the business or competitive intelligence are manifestations of the economic warfare or its instruments.

Methodologically the thesis is divided into two parts, the first having a general character, focused on the development of the security studies, the concept of security and its tendency to expand and also to cover non-military issues, and among them the economic ones, although so far the limits of the concept have not been clearly defined. This is an introduction that explains the steps of conceptual delimitation of war and economic difficulties arising in this context. The second part of the thesis focuses on the forms of manifestation of economic warfare. There are analysed the traditional forms of expression, and economic competition and the activity of intelligence in business, in multiple forms, the latter being difficult to accept as a manifestation of economic war.

The first chapter examines the evolution of security studies and the place that they have earned in relation to the academic discipline of International Relations. The contribution of the dominant paradigm is highlighted - the realist and liberal contribution - within the period before the ending of the Cold War for the development of the discipline and providing tools for security analysis. There are also pointed out the answer, the dominant schools of thought after the ending of the Cold War, event that neither of them foresaw, their adjustment to the new realities of the international environment.

It revealed the lack of concern for conceptual delimitation of security, which is determined by the complexity, by the apparent overlapping ratio between security and power, but also by mainly focusing

on issues of military policy. In the post-Cold War era, the debate on the expansion of the security agenda has been presented, and trends in this respect have been recorded since early 70s, by including in the field of the security studies conceptual issues related to the economic, social, environmental, etc., and in this case non-military aspects. The concept of security gradually becomes a social construct, and security is addressed as a specific form of social practice. In this paradigm, security is frame by frame analysed without that these frames to be closed entities, as their matters are intertwined.

The expanding of the Western capitalist system, market economy, economic liberalization, financial circuits, investments, and the determined effects of the economic crises of the last decades on the adjacent sectors had a major impact on the tendency of expanding security agenda. Conceptual demarcation of the economic security proves to be a difficult attempt, but the previous research on international political Economy and social studies supports it. Conceptual approaches of economic security and the relationship between economics and security are highlighted.

Understanding the latter is facilitated by the analysis of various national security strategy documents that articulate the main national security interests and suggest scales of approach and analysis, namely of managing vulnerabilities, risks and threats to them. Also, national security strategies provide to the authorities the perspective on the objectives and economic development trends in correlation with the identified national security interests. In the same chapter is discussed the relationship between economy, power and national security.

The second chapter introduces the concept of war and economic war in correlation to the first. As a form of the conflict with its permanent character, the war had multiple definitions, especially in the area of military discipline, an example in this case, is offered by the Prussian strategist Carl von Clausewitz. With the evolution of human society war "changed part of its nature" having a chameleonic character. Throughout history there are described different forms of war manifestation, total or limited forms, symmetrical, dissymetric or asymmetrical forms of manifestation or forms of manifestation belonging to different generations of conflict.

The wars of the last decades underline the expanding conflictuality, the war outside the military sphere, and that the traditional rules and principles are not necessarily respected or no longer valid today. In this context, the economic, alongside political and diplomatic means appear to be strong enough to replace the military ones, even if not completely.

The difficulties of conceptual demarcation of the economic war are highlighted by reference to the traditional concept of war, determined by the fact that the term is used to describe different situations or political and economic strategies. The attention is focused on sets of definitions which do not mutually exclude each other, and which because they aim to cover an extremely wide range of events are different enough to cause confusion. This is exacerbated by the debate on the need to include within this concept the notion of the economic competition between the great powers.

Next, the relationship between economic war and economic competition is examined, and up to a point their similarities are pointed out. Given the current economic interconnections and exacerbation of economic competition, the two are often assimilated. Competitive phenomenon is analysed at companies' and states level. Economic competition between the countries is closely related to geopolitical relationships, being determined by the competition for power. Economic competitiveness of the countries not only serves the welfare of its own people, but has political objectives both externally and internally. Moreover, it turns into a domestic political instrument, being used to justify less popular measures or to secure public support.

The players of the economic warfare are the states, international intergovernmental organizations, but a more active role is given to economic multinational companies and financial banking institutions whose interests may lead to political decisions of some states. Together with these, the public, non-governmental organizations, professional organizations, more involved in the economic life are also players in this war.

The second part of the thesis continues by describing the forms of manifestation of economic warfare being completed the "traditional" forms, namely the economic sanctions, including financial sanctions whose application is ruled by well-defined effects, unlike the diffuse effect of the first ones. There are analysed the effectiveness of these forms of manifestation of the economic warfare for accomplishing the political goals of its initiators and their side effects or the impact on the population of the concerned state, but also on that of its author. From this perspective the economic and financial sanctions imposed in recent decades on Iraq, Iran, North Korea and now Russia are analysed.

It is approached as a form of economic warfare including the control over resources, particularly on the energy. From this perspective, a special attention is given to Russia, which after a decade of mess after the disappearance of the Soviet Union, sought to use the advantage represented by the energy resources and it has to regain its position of power in the international system.

Then, the attention is focused on business intelligence, distinguishing the operators who may engage in such activities. A distinguish is made between economic activity intelligence, as part of the special services of each state, i.e. business and competitive intelligence activity which means gathering data from public sources and may be performed by any private economic operator in order to extend competitive advantage. From this perspective, the involvement of major economic powers in building national economic intelligence systems, their structure being influenced by the type of political regime, and the characteristics of national economic systems.

The methodology used for this thesis is mostly based on the comparative method, and analyses the similarities and differences between different cases of applying economic sanctions, between the national security strategies and addressing economic issues within their national systems of competitive intelligence or economic intelligence. The comparison highlights the differences, the contrast between the major economic powers of approaching economic issues, the United States of America clearly being the most consistent and well-articulated in this regard, closely followed by Russia in incorporating the energy resources as an instrument of national security. The comparative approach of the intelligence systems, although captures the differences, it clearly underlines the similar concerns of the great world powers, influenced by the political systems, for building a system of economic intelligence to ensure their competitive advantages. This comparison makes it possible to examine the initial working hypothesis and establish the means of action of the economic warfare players. Together with the comparative method for writing this thesis it is used the quantitative method throughout the statistics data provided by national or international institutions. Understanding the use of the various instruments available to a state engaged in an economic warfare is facilitated by studying the Russian methods as Russia is a player of the early twenty-first century economic war. The economic war fought by Russia emphasizes that it is determined not necessarily by the interest to conquer the market, but by the binomial economy - power, the economic power being put in direct relationship and supporting gaining a preeminent position of power in the international system.

In preparing this thesis, there have been used thesis, studies and articles, official documents - national security strategy, development strategies, parliamentary inquiries and press materials published on this topic in the recent years.