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Table of contents

RESEARCH ARTICLE

- GIORGIA GENTILI
The debate around the evolution of Boko Haram's connections
to al Qa'ida in the Islamic Maghreb..... 7
- BARBARA LUCINI
Security, resilience and migration: a sociological analysis.
Lessons learned from the Federal Republic of Germany 41

ANALYSES AND COMMENTARIES

- ALESSANDRO BURATO
SOCial Media INTelligence: l'impiego per l'ordine
e la sicurezza pubblica 61
- SIMONE FERRARI
L'arte dell'Intelligence per anticipare le mosse della 'ndrangheta 79
- LARIS GAISER
Economic intelligence for a new world order..... 123

FOCUS: ASPETTI LEGALI

- GIUSEPPE CARLINO
Dalla normativa penale antiterrorismo alcune deduzioni
democratico-costituzionali 145
- SIMONE FERRARI
Ancora sul caso Abu Omar: la Cassazione "conferma"
la condanna a sei anni di reclusione per associazione
con finalità di terrorismo internazionale..... 165

FOCUS: GRANDI EVENTI

- GIOVANNI PISAPIA
Planning Security Measures for Major Sport Events'
Transport System: a Practical Risk-Based Methodology 175

Economic intelligence for a new world order

LARIS GAISER

Executive

In a historical period characterized by the economic hyper-competition and the globalization process in which information is becoming increasingly important, the States are transforming their functions. They become Strategic States whose purpose is to promote their own economic power through the use of economic intelligence. The economic intelligence is the discipline studying information cycle needed by companies and States to make the right development decisions with the aim of fine-tuning their cognitive and decision-making capacities in the complex context of global competition. Because of that it ensures the prosperity and this in turn guarantees the state to influence skills internationally.

At the global level in recent decades we have witnessed the collapse of the system of governance established after World War II in Bretton Woods. The armed war has been largely replaced by the economic one and relations between international actors are increasingly based on economic assumptions. Different degrees of economic cooperation in different regions of the planet support the formation of a *differentiated multipolarity*, but at the same time also favor the use of economic intelligence. It becomes the States' method of well-being and power maximization as well as the lowest common denominator of their relationships. For this reason, the economic intelligence could become the basis on which to build the new world order without passing once again through an armed conflict of devastating proportions.

In un periodo storico caratterizzato dall'ipercompetizione economica e dal processo della globalizzazione in cui il bene informazione diviene sempre più importante, lo Stato vede trasformate le proprie funzioni. Esso diviene uno Stato strategico il cui scopo è quello di favorire il proprio tessuto economico attraverso l'uso dell'*intelligence* economica. L'*intelligence* economica, ovvero la disciplina che, studiando il ciclo dell'informazione necessario alle imprese e agli Stati per effettuare scelte corrette di sviluppo, si prefigge di affinare le abilità cognitive e decisionali applicate alle complessità del contesto competitivo globale, garantisce benessere economico e questo a sua volta garantisce allo Stato capacità di influenza a livello internazionale. A livello globale negli ultimi decenni si è assistito al crollo del sistema di *governance* definito in seguito alla seconda guerra mondiale a Bretton Woods. La guerra armata è stata in buona parte sostituita da quella economica e le relazioni tra soggetti internazionali si basano sempre più su postulati economici. Differenti gradi di collaborazione economica in diverse regioni del pianeta favoriscono il formarsi di una *multipolarità differenziata*, ma al contempo sostengono anche l'utilizzo dell'*intelligence* economica. Essa diventa così il metodo di massimizzazione del benessere e del potere degli Stati oltre che il minimo comun denominatore dei loro rapporti. Per tale ragione l'*intelligence* economica potrebbe divenire la base sulla quale costruire il nuovo ordine mondiale senza passare ancora una volta attraverso un conflitto armato di proporzioni devastanti.

Key words

Geopolity – Geoeconomy – Economic intelligence – Differentiated multipolarity – Governance

1. Contemporary global anarchy and the rise of the Strategic State

In the wake of political upheavals at the end of the 20th century, national communities began living in an international setting that was considerably different from the traditional world order of the Cold War period characterized by geopolitical stability and clear military alliances with countries having rather limited space of political manoeuvre or economic freedom. In the 1990s, Edward Luttwak announced the rise of a new global order where the economic leverage would have taken the place of military weaponry. He launched the idea that military wars would soon become a memory of the past, substituted by economic wars. In one of his main works, *The Endangered American Dream*, he underlines that military threats and alliances have lost their importance with the pacification of international exchanges. The economic priorities are no longer concealed, and move into the foreground. In the future it will be the fear of economic consequences that will regulate commercial contestations and certainly political interventions will be motivated by strategic reasons. According to Luttwak's geo-economic thought, the time has passed of wars waged for conquest of territories and diplomatic influence. The central objective must be to "increase very qualified work in the leading industry and in services of high added value" with the goal to "conquer or preserve an envied position in the heart of the world economy. Invested capitals of the country are the equivalent to the power of fire. Subsidies for the development of products correspond to progressions in artillery, the penetration of markets with the help of the state substitute the bases and military garrisons displayed abroad and even diplomatic influence (Luttwak 1993).

In fact, the economy has become for all countries the mean to increase their power and try to influence power balances. Military alliances and threats of war have lost part of their importance. The geo-economical confrontation has become during the last twenty-five years the basis of current international relations and the world is facing today a new type of anarchy. The ending of the bipolar confrontation between the U.S. and the USSR facilitated the reconstruction of alliances on the basis of commercial ties that are far more complex and malleable than military or political bonds. The solidarity principles were weakened in the Western world and the economy has become an

actual information war. Economic confrontations, undermining the stability of old political alliances, forced countries to tackle global competition in such a way as to achieve the best possible outcome in terms of profits, development and wealth. As predicted by Hayek and Mises, information became the most wanted strategic asset (Hayek 1944; Mises 1949).

The war for information is a deeply liberalistic concept, nevertheless in the 1990s, when deregulation and liberalism seemed to be the main reference philosophy for political elites, information was getting the main stake of the economical confrontation. Being more and more aggressive, competition needed a new action culture and became pure economic war.

Marxists have been the first to speak of economic war, already in 19th century, but they conceptualized it as confrontation between capitalistic states whose intensity, because of the limits of the market to be conquered, would have increased until the rise of conflicts that could change the shape of society.

Neither Marx nor Engels have ever clarified a theory of international relations. Capitalism was the evil model that would have destroyed itself. That has not been the case. Adam Smith and then Schumpeter and Solow have clarified that the technological processes along with production organization allows the market to spread and production to grow over time (Gaiser 2015). If we add to the theory of endogenous growth the considerations about the importance of human capital formulated by Gary Backer (1964) and developed later by Lucas (1988), making explicit the role of human capital accumulation in leading the country's growth, we find ourselves facing the foundation of economic intelligence. The main weakness of (neo) liberalism is represented by the intrinsic contradiction of demanding the acceptance of rules from the state but preventing it from doing business. Economic intelligence represents a collective strategy, a complex approach, the research of an adequate synergy to manage the challenges of the last phase of globalization. It is the source of economic power consisting of gathering and processing information relevant to the economic sector with the aim of making operational choices. It consists of activities aimed at obtaining information, surveillance of competitors, protection of strategic information and capitalising on this knowledge in order to influence, determine and control the global economic environment. According to Jean and Savona economic intelligence is the discipline studying the information cycle needed by companies and states to make the right development decisions with the aim of fine-tuning their cognitive and decision-making capacities in the complex context of global competition (Jean, and Savona 2011). In this sense, economic intelligence becomes a fundamental part of economic geopolitics, a power tool in which the private and the public sphere are intertwined and communicating. It is a

discipline that relies on the theoretical and practical knowledge of a series of branches of political economy, economic policy and international relations studying their impact on determining factors of global development.

Market imperfections and a hypercompetitive international environment force states to actively intervene in the economy in order to optimise the use of human capital, technological developments and resources of a country. Economic intelligence pretends cooperation between public and private sectors. In this way, states achieve three vitally important objectives: they increase their nation's growth and wealth, achieve stability by having legitimised itself and the accrument of power. Economic intelligence goes beyond the definition of the state as simply an economic actor. In an international environment characterized by a continuous struggle for information where no friend-countries exist, the primary role for state structures is to create a competitive and favourable environment for national enterprises supporting them in their development, growth and ability to compete globally. Economic intelligence is the gathering and transformation of information, apt to carry out operative choices that determine both active and passive goals. This is represented by the activities directed toward the obtaining of information by surveillance of competitors, the protection of strategic information, and the capitalization of knowledge with the goal being to influence, delineate and control the global economic environment.

If in the past economic power was sometimes instrumental to the political power, nowadays the two aspects are deeply interconnected.

The fluidity of international relations demands countries capable of facing global competition, by organizing themselves in order to guarantee the best results for themselves in terms of earnings, development and wellbeing.

Currently territorial conquests and direct control of parts of the globe are, in addition to being politically difficult to accept on the part of democratic public opinions, economically expensive. Financial and commercial ties substitute the armed forces of the tutor-country. To be in possession of a good "machine of economic war", both in its active form (penetration of other markets and competitive advantage), and passive form (defence of one's own national interest), sustained by a credible state structure, is an absolute priority. The continual intensification of the flux of information, together with the growing technological independence, heavily influences international relations as well as economic systems. States returned to be active economic players whose role it was to act as catalysts and push through reform strategies that would enable countries to maintain their competitiveness.

The state, in order to win economic wars, must adapt, but also must be able to anticipate needs, creating the most favourable conditions for itself and its companies. In order to change the rules of the game and tame technology,

economic intelligence is so important that it is a field of global competition because it is a managerial instrument for the information-good, necessary to change the environment to its own advantage. The state's duty is to support the synergy among all social sectors and among all territorial levels functional to economic development. Because of the geo-economic war, governments are required to become guarantors of social stability. This role needs to be based on a strategic vision which fosters economic growth and development through economic intelligence.

The classical economic theories on international exchanges do not reflect all of the aspects of economic international relations in which decisions one can often find the echo of the tactics and of the strategies of Sun Tzu and Macchiavelli and such decisions often depend in an important way on factors not of the market. Certain factors such as these are, to point out, strategies of information: a state's influence, indirect state support of the private sector, control of hidden currency and forms of protectionism. In order to survive, the country sees itself as constricted to compete in a highly sophisticated environment; and because of this transforms itself, according to the definition of Gyula Csurgai (2011), into a *strategic state* whose task it is to persevere or increase its own privileged position in the economic and international political world through the creation of a geo-economic framework of success. The concepts of protection of territory, armed forces, and control of boundaries must necessarily adapt to opening up to abroad, reorganizing itself in such a way as to attract investments, qualified energy of work, transfers of technology, and to incorporate strategies of amalgamation between private and public sectors, that allows for the conquest of privileged positions in the geo-political and geo-economic world. All of this does not mean that we must return to the reasoning of a collectivist type that history has already archived as failures, but it means that the strategic state is one of the keys to contemporary economics and has the vital task of adequately developing the concept of economic intelligence so as to maximize the capacities of every actor to acquire market sums. In turn, the development of the strategic state will always necessarily be influenced by the culture, the history and the anthropological perceptions of the various actors – public and private – involved in the decisional geo-economic processes, that is, in the development and security of the economy. The structures of economic intelligence are nothing other than the means by which the public and private intelligence sectors can collaborate efficiently for the common wellbeing, in an historical period in which, separate, they would be destined to perish. In this way, the entrepreneurial sector maintains its vitality while the state rediscovers a new legitimizing mission.

Economic intelligence represents the merging of different subjects and knowledge areas whose scope is to increase the international competitiveness

of companies and states and it is not selective *a priori*. Every government can implement a cooperative public-private system in the field of information exchange, technological development and creation of adequate conditions to increase the country-system's competitiveness once the government takes into account its own idiosyncrasies.

Every company – even if global – does not lose its own nationality. “Despite the extension of its action field it remains tied to one state. The company takes advantage of the relations with its origin state because this is an essential leverage point for its international strategies and the firm often takes from the state its fundamental elements for success” (Gagliano 2013, 263).

The state must guarantee an economic system of continuous and specialized support within a flexible administrative system and be able to provide adequate answers at the international level. All of this is not a state subsidy, nor is it a method of unfair competition from an economic point of view. First of all, economic intelligence is a historical process. Second, it is only a system that aims for better management of information to facilitate efficient choices on the global market, characterized by a higher and higher degree of competition and, as Porter (1990) has highlighted, it is the only available method to establish once again the equality of conditions on the playground, destabilized by involvement from foreign intelligence services.

Economic intelligence categorized nations into three groups: those who hold a system of economic intelligence, those willing to adopt one and those that, for several reasons, will never adopt the system. If the first group is today in a position of absolute advantage, the second will not succumb completely. Both of them will take advantage of the weaknesses inherit of all unprepared nations, which are destined to perish in the global competition (Gaiser 2015).

Despite several differences in defining economic intelligence around the world the preconditions are: permanence of practices, continuity of techniques usage and stability of applied strategies. Accepting that we can say that United States of America, United Kingdom, Germany, Japan, Russia, China and France have a longstanding tradition in this field and all has been able to shape a global geoeconomic strategy based on their own cultural, historical and political experiences (Gaiser 2015).

If geoeconomy represents the global struggle between commercially advanced nations than economic intelligence could be defined as the fundamental unit of the new global balance of power or even more precisely the lowest common denominator of the future world governance.

The outlined struggle among countries is nothing more than global strategic competition played with by the means of economic war in which countries compete for markets and influence in order to increase their power. If they organize this competition on the basis of economic intelligence, than

economy intelligence is the system that could offer the framework for a new, internationally accepted, governance.

2. The differentiated multipolarity

Knowing the current dialectics is fundamental to comprehending possible solutions that will redefine the new world order. Economic intelligence clarifies the fact that adequate governing capacities are requested by big wealth dimensions produced in recent decades by market development, the removal of gold standard, consequent financial wealth and an increase in the wellbeing of the middle class.

Since the end of the Cold War, geo-politics has been characterized by an absolute predominance of the USA, the inadequacy of the European communities, the strategic involvement of China and the Russian isolation carried out by Western countries. Nevertheless all of the situations, not yet triggering a direct, armed, conflict have an economic basis that can channel the current tensions towards a new era of collaboration as well as, if badly oriented, an era of strong instability. The end of the old order has generated a historical rupture so far lacking in adequate solutions.

Since 1990, American administrations has behaved as if strongly inspired by Francis Fukuyama's thesis in his famous book *The End of History and the Last Man* in which the author maintained that the Hegelian logic of thesis, anti-thesis and synthesis no longer had reason to exist because of the final prevalence of liberal democracy and market economy (Fukuyama 1992). Therefore the future development of history would only need minimal management interventions and obviously the United States was the country called to action, destined to rule the new global order for their representativeness of the inner winner values. If during the bipolar confrontation era the *status quo* maintenance strategy was greatly prevalent, being an approach compatible with the international structure of the time, after the dissolution of the USSR problems should have been faced in a different manner. This did not happen.

George Bush demonstrated his preference for the maintenance of the status quo during the liberation war of Kuwait – when he stopped his troops at Baghdad's doors without completely attacking Saddam Hussein's power – and his successor Bill Clinton was no lesser when he imposed a unipolar model which has proved impossible to be maintained because the global order, whatever it may be, needs consent.

Clinton, the first president of the United States to build the foundation of contemporary economic intelligence (Gaiser 2015), had a less than cooperative and talkative approach towards the former Soviet Union led by Boris

Yeltsin. He aimed to progressively weaken Russia, renouncing to consider Moscow as a possible partner. On the Asian side, Clinton facilitated the economic growth of China as a super-power without asking for countermeasures. He was the one who negotiated the Chinese entry into the WTO without demanding reforms, convinced of the miraculous effects of liberal democracy.

The impressive economic development of China is the product of America's decision to allow entry of the People's Republic into the World Trade Organization with exacting any reforms that could have guaranteed compatibility with other market economies and, at the very least, future internal stability. It is impossible to have stability while two uneven systems like the liberal market and communism coexist. The USA, as former Italian foreign minister Gianni de Michelis has highlighted, has evaluated it as convenient not to negotiate an overall global order related to all the existent dossiers, but a sort of *de facto* bi-lateral deal with China, resulted actually in being advantageous for a long time, that at a certain point triggered, on one side, the crisis to blow up, and on the other side, is now against the interests of the superpower.

Americans acted in order to negotiate the entry of China into the WTO (whereas Russia, for instance, was admitted only a short time ago), the premise of the Chinese boom, without gaining a series of necessary game rules for the world government in exchange. Beijing practically got access to the globalized world trade network with the possibility to manage outside of the financial economy logics its currency value, keeping it artificially low in order to support exportation (de Michelis 2013).

This has permitted the accumulation of big reserves that were largely invested in American treasury bonds and facilitated the start of a commercial debt cycle with Washington, supporting the logics of financial growth, whose instability we are today in charge of. In particular, this not facilitated a healthy development of the Asian economy which must urgently face the theme of possible implosion of its system. The Chinese economy, after years of growth driven by exportations, must review its own growth paradigm promoting a greater development of the internal market. This gets even more necessary when big market economies struggle to restart after the financial crisis of 2008.

Problems arise when we understand that the authoritarian political model does not support the spread of capitalism. A national market means an increase in the middle class. This increase places an inescapable demand for greater political liberties as a consequence of the middle class's rising power. The communist party that chose the market address could no longer manage the growth of the most populated country in the world without a democratic process and institutional structures able to solve social conflicts. The ruling

class could not easily escape such a tough moment. China's vulnerability, defined as *acrobatic equilibrium* by Pelanda (2013), makes China itself precarious but especially the global market that could suffer a ruining crisis if a solution for the past mistakes is not found soon.

Waiting for Beijing's elites alone to find a solution on the basis of the survival principle could be enough. As Edward Luttwak (2012) tried to demonstrate in his book, *The Rise of China vs. the Logic of Strategy*, the history of China, a big country isolated for long periods of history, has often produced ruling classes with little inclination for international relationships. This could be caused by an ancient culture inclined to authoritarianism, exceptionally provincial, unfit for the pursuit of happiness in a world of independent States – China historically being the empire *par excellence* – and saturated by a *great state autism* in which it is incapable of assimilating information from the external world into their own complexity because of the excessive importance and quantity of internal policy choices their ruling classes are in charge of everyday.

Luttwak outlines that because of this reason external policy choices are almost always taken on the basis of schematic and very simplified representations of complex realities that are difficult to control. These end up being distorted in order to fit them into categories, expectations and perspectives that are internally produced. Such a condition is a common feature of all of the large nations; this kind of *autism* is not even outside of the behaviour of the United States or Russia. Though, unlike Washington or Moscow, Beijing leads a state that did not have contacts with States comparable to itself during the period of its formation. It therefore did not know the implicit assumption of the Western world about the international structure of formal equity among States with different powers.

China has thousands of years of history of relationships oriented around the bias of cultural and political superiority that necessarily caused conflicting relations from which the Chinese ruling elites have almost never emerged as winners. The Chinese attitude, so glorified nowadays from a philosophical point of view because of its alleged adaptation skills and millenarian perspective, is actually based on implicit inequality of international actors. If the Western world has developed around the supreme principle of international law of formal equality among States – *superiorem non recognoscens* – the Celestial Empire recognized in the Emperor the fulcrum of the taxation system and the centre of the civilization's values.

The biggest benefit that the empire could grant to its tributary-subjected neighbours was their inclusion into the ethical and moral area that is the inside of the concentric circles of *Tianxia*. These are some of the reasons that make doubtful the foreseen destiny of China as a main global economic

power and its ability to manage conflicting situations. It is therefore the duty of the international community to try to actively administer the possible Chinese issue. This is because the international community is the one in charge of finding the way to outline a world order, a governance, that can maintain the stability of relationships and above all the equilibrated growth of wellbeing.

In this way, Luttwak and Pelanda agree in stating that a scheme of geo-economic containment of China could be the best method to manage *ad interim* the structural insecurity of Chinese leadership whose power is not democratically, and even less ideologically, legitimated unlike that of their predecessors.

Thus the Asiatic giant's neighbours would not be brought to decide by anxiety, whose logics can trigger disproportionate reactions and the *Chinese issue* could be positively influenced by creating a *conditioning block*. "The external Chinese issue is related to the lack of an international actor bigger than China who is thus able to influence it in order to fairly behave. For this reason the solution should be bigger than the problem" (Pelanda 2013, 48). Necessarily excluding some kind of sharp strategies – because of the deep connection of the Chinese market to the global one – there is the hope to regulate it, by avoiding possible instabilities thanks to soft regulation, and not aggressive subsidies.

What we want to theorize here is the importance of virtuous examples from someone in order to make other parties converge toward the same goal, avoiding armed conflicts. Sensitive politics of economic intelligence should have as their main scope not only the national interest of single nations but an even bigger scenario of stability. If we ascertain the short life and not so brilliant consequences of the unipolar world with American leadership, because of the renounce of cooperation rules creating a non-governance system that prefers a unilateral approach, we cannot do anything else but agree with the fact that the world of international relations points towards a new phase of multi-polarity (Kissinger 1994), but characterized by different levels of power concentrations and different institutional forms: *a differentiated multipolarity*.

The differentiated multi-polarity, unlike what happened in the past, must not necessarily be a balance of power among States, but instead can be shaped as a balance of power among economic areas characterized by major homogeneities. Considering the aggregating trends of processes like customs and economic unions such as ASEAN, European Union, NAFTA, and Mercusur – all organically formed within WTO guidelines – it is possible to suppose that they could be the forerunner of a large-scale single market due to the continuous quest for reciprocal benefits. These unions could be used as instruments to overcome the stalemate created years ago by Doha Round

– WTO negotiations. The negotiations between the USA and the EU for the Transatlantic Trade and Investment Partnership (TTIP) or the agreement reached between the USA and several Asian trade partners known as Trans Pacific Partnership (TPP) are certainly going in this direction.

The phenomena of donation of sums of sovereignty versus a regional or supranational entity (regionalization) are nothing else than concessions on the part of the Hobbesian *Sovereign*, for reasons that it holds appropriate with the goal to guarantee its own survival. The *Sovereign*, that is the country, is constricted to articulating itself in a vertical and horizontal sense, by donating quantities of its power in favour of the periphery, which, however, remains respectful of the original sovereignty. This remains qualitatively central but, contemporaneously, spreads out by acquiring further legitimization by the fact of being trained by other recipients, to whom, however, in the case of necessity, can be removed. Acting in this way, the countries are able to automatically protect themselves from crumbling pressures and to more effectively defend their powers – *superiorem non recognoscens* – that judicially pertains to it as subject of right and law.

3. Economic Intelligence as the basis for a new world order

Inside such scenario is unavoidable to highlight the presence of two realities that can deeply influence the economic stability and correct politic development of future world order: European Union and Russia. The unification of the two Germans and the Maastricht Treaty represent the only moments during which different countries have tried – even before the fall of the Soviet Union – to actively influence a new global order on the basis of a growing political collaboration. Unfortunately the following steps, despite their preparation during the negotiations for the Maastricht agreement, have not achieved the predetermined objectives.

The European Union has preferred to enlarge its borders instead of moving on the process of the necessary institutional transformation building a political structure that is able to support a monetary union. It has preferred the *widening* rather than the *deepening*. A choice that lately has showed the unsuitableness of a monetary and financial system in managing crisis with a lack of political unity. De Michelis (2012) defines this period as the *two lost decades*, when European elites have not been able to take advantage of the right insight they had at the end of the bipolar confrontation. Thus the unionist paradigm resulted in a bind, at least for the moment, according to Pelanda (2013).

The present phase of Euro-paralysis exacerbated in the years after the financial crisis of 2008 shows the inadequacy of the of European common house's rules. The rigidity of Stability and Growth Pact, along with the lack of rebalancing measures among European economies, triggers economic barrenness and impoverishing effects, causing instability. As a paradox, the French strategy to Europeanize Germany, by exchanging its union with the acceptance of a single currency had the effect to Germanize Europe, which is no longer able to manage the political integration since the Treaty of Nice. The destiny of Europe is now in the hands of politicians who administered the Euro currency as if it were the old German currency, the Deutch Mark.

The European Union showed all its weaknesses during the debt crisis of Greece. Athens was the capital city, which most suffered the speculative attacks on the sovereign debt in 2010. Instead of quick common reaction, the European Union hesitated in giving appropriate answers to financial markets, thus deeply compromising its own credibility. This is the reason why several thinkers now suggest abandoning the unionist method for a while and going back to the functionalist one based on consensus: actual projects accepted by everybody that are able to make the European people as one, around common and widely accepted denominators.

The present European structure is not even able to coordinate an adequate neighbourhood policy to facilitate dialogue and relationships with the biggest country of the old continent, Russia. Its current leadership is none other than the product of the politics of isolation, or better non-partnership, pursued by the USA after the Cold War. It has excluded Russia from a sincere and open economic collaboration. One of the problems linked to the new global order building is still represented by the firm decision by Russia not to accept the subaltern role the American administration tried to assign to it. Russia tries to survive as a major county using all the opportunities it still has: a veto right at UN, conspicuous nuclear military equipment and, obviously, a strong position in the energy sector. Vladimir Putin decided to rely on the richness in raw materials to finance the internal development of the country (Putin 2006). The natural partner for him could be none other than the Old Continent with whom the relationship built in the last decades has been lying on a reciprocal diffidence and a *divide et impera* strategy because of the lack of unity of the Union and the continuous enlargement of the Transatlantic area towards Russia – erasing the American promises given by George Bush to Gorbachev not to extend NATO borders towards the former influence area of USSR.

The European Union is not coordinated in its relation with Moscow. Different approaches are based on the agenda different capitals pursues. Europeans are divided essentially into three categories: countries with a minimal

relationship with Russia, those with excellent economic and political relationships and those that are wary of the Euro-Asian giant a priori because of its communist, hegemonic, past. For these reasons, Putin has always preferred to adopt a strategy based on bilateral relationships instead of an approach towards a theoretical unified EU. The Russian way of thinking sees the EU as a giant with feet of clay and ascertains that the American influence – guilty not of being willing to consider Russia an equal partner despite the goodwill openings set by Putin in the past – so that, based on the *realpolitik*, it pursues approaches typical of the past: bilateralism and the rebuilding of its own influence zone that is able to guarantee internal stability and control of vital space.

Thus their energy policy has been directed, since the realization of the North Stream gas pipeline, towards a selective approach based on concrete interests. These are able to trigger favourable economic results, strategically compatible political approaches, but are mainly able to hurdle the structure of a unified entity at its western borders and especially to that of an entity under the indirect control of the United States. It is certainly not surprising that since the era of the British Empire, a divided European continent is preferable to a single subject controlling the most important continent of the world in terms of trade and financial exchanges. In this sense USA and Russian Federation share the same interest.

This is the reason why US actively support the expansion policy of the European Union. The more EU enlarges, the less EU unifies. The less EU unifies, the better Great Powers control the regional equilibrium. Nevertheless, the main worry of contemporary Russia comes from its exclusion from integrative politics, from not being treated as a partner and therefore not being hooked up again to the European circuit to which it had always been proud to belong to until the October Revolution (Minuto Rizzo 2014). This empowers mistrust that is typical of the Russian people and pushes them towards power politics based on typically realistic schemes of balance of powers that are not really the preferred political approach of Western democracies.

The only attempt of equal cooperation between the countries that belong to the North Atlantic Pact and Russia was the creation of the Nato-Russia Council which, looking forward, could have generated a more enlarged collaboration and reciprocal trust. Unfortunately it is ineffective due to the choices taken in connection with the Ukrainian crisis in 2014. Ukraine is a highly specific reality, as it has been since the fall of USSR at the border between two influential spheres, the North Atlantic and the Russian. Geo-politics is the holistic fusion of two categories; one a fixed concept, geography, and the other a fluid one, policy. Because of the impossibility to manipulate the moment of fixity represented by geography that means the nation's position on the map, the malleability of political approach must be taken into account

instead. Tito's Yugoslavia, bordering two worlds, was able to do it excellently during the Cold War and took great advantage of its position. Yugoslavia was able to manage its position between Russia and USA. It never represented itself as the burden of one world in which it would be subsequently subjected to confrontation. It succeeded in obtaining the best from the two influential spheres always in competition for its friendship.

A situation that may today be compared to that of Kazakhstan: a state surrounded by two geopolitical giants as Russia and China are, but having good relations with both of them.

Ukrainian, European, American and even Russian politicians have exacerbated the negative connotations and triggered a conflict that could have been easily avoided if they had considered Kiev as a possible bridge for future processes of rapprochement, taking advantage of the buffer zone when Moscow was committed to building its own Euro-Asiatic free trade agreement whose access door towards the Western world should have been Ukraine. The Lithuanian EU presidency closed the possibility of collaboration with a vital part of Asiatic economy demanding from Kiev the signature of an exclusive trade treaty with Brussels.

In strategy nothing is worse than direct confrontation because it escalates resistance.

The people of the European Union share history, cultural, economic and religious development with the United States and Russia (Pelanda 2007). In a scenario characterized by the potential future instability of China, it should not be absurd to think of a wider coordination among these three spheres as a useful tool for the common wellbeing and looking forward for a new, global, order. National interests have a high level of fixity and geo-political trends have long-lasting existence because of the geographical position of a country. Nevertheless politics has the capacity, if well directed, to change the course of history. Thus in an epoch characterized by the constant presence of nuclear power when an open conflict cannot be allowed, unlike the two world wars, thinking of managing a new global order on the ashes of a general conflict as with the Congress of Vienna in 1815, the League of Nations in 1919 and the UN in 1945, should be considered absurd. If a general war is not an option to reshuffle then only compromise and cooperation based on geo-economy and economic intelligence remain.

Nowadays, pushing Russia – by political confrontations and sanctions – towards a fatal embrace with China means misunderstanding history and, above all, creating the essential premises for a wide, strategic, failure. Russia and China do not have common roots, do not have really compatible national interests and least of all they have a past of friendly relationships. Making two incompatible countries forcedly convey, creating a relation of necessity,

is simply foolish. The European Union should promote solutions of dialogue and compromise between Washington and Moscow, recalling the historical continuity and leveraging the existence of compatible objectives. This is because it is the only one that has everything to lose from a struggle between geo-political giants and especially because it is the junction through which the distrusting attitude can be softened. Europeans could build a growing trade flow with Russia ruled by a reciprocally advantageous treaty of free exchange instead of risking a future destabilization of Turkey, a frozen conflict in Ukraine, a crisis in Belarus and one in the Balkans. The strategy of privileged agreements would have the advantage of a gradual approach with the possibility to establish from the beginning the possibility of a future tie with the Transatlantic Trade and Investment Partnership, because despite the fact that Russia is a geographical and military giant it is too small from a demographical point of view to survive alone.

TTIP, whose negotiations started in 2013 can be considered the product of the Multicultural Agreement on Investment. This is a negotiation that was tried among 23 different countries between 1994 and 1995 in an OECD context. The new agreement is aimed to build the most powerful free trade agreement in the world, representing 50% of global GDP and 75% of all the foreign investments as well as a third of the world's trade exchange. The idea for TTIP as well as Trans Pacific Partnership (TPP) arose at the beginning of 2000s and has been revived only after Barack Obama understood the impossibility of managing the growing Chinese power.

The effect of the cooperation generated among these different areas of free exchange would be to overcome the hurdles of the Doha Round negotiations and build a wide area of international collaboration with the creation of new standards and trade rules. The coordination between TTIP and TPP can shape a big geo-economic conglomeration of power that would embrace the entire world and would necessarily lay the foundation of a new, future, governance with very strong capacities of persuasion and attraction.

A new zone of stability and wellbeing based on reciprocal advantages should be the policy makers' target.

Economic intelligence is not only in charge of maximizing the interest of a specific country, but it is as well a methodology, a methodology by which one can find the correct measure in order to redefine international economic collaborations (the geo-economic balance of power). It can be the instrument simulating realistic scenarios for building a new global order based on the real global market and a real global market implies broadly accepted governance. The knowledge of another's potentiality and the comprehension of our own limits are really important in order to not transform the economic intelligence into a reason for further armed conflicts. It does not eliminate

the armed war, but it reduces the available space for an armed war. The wise use of economic intelligences should boost a new equilibrium in international relations.

Renouncing the idea of negotiation or support rules of the game based on minimum common denominators is an unsustainable idea after the Cold War era. The continuation of confrontation between China and the USA based on reciprocal blackmail and between Russia and the Transatlantic area is the expression of a destructive global system. We live in a period of geo-politic recession. Understanding that the negotiation must precede the conflict, unlike in the past, is urgent because otherwise we risk living in an epoch of low intensity continuous war, characterized by several frozen conflicts and hybrid confrontations that will make it hard to find a political solution.

Within this vision the European Union, the biggest market in the world, should revive its own processes and try again to find a new project to reinforce reciprocal trust beginning with a functionalist solution that means *ad hoc* projects agreed by all the members (Pelanda 2013).

One step backwards for the European Union would be worthy in order to move two steps forward in the medium term, instead of collapsing now under the weight of its own contradictions. Respecting the Union, Brussels could support the formation of new political entities of the intermediate level between member states and the Union, especially in Central Europe, following the example of those existing in Scandinavia or, more specifically, in Benelux. The need for such a regional coordination, based mainly on the logics of economic intelligence, should be considered a priority in those areas most vulnerable to outside manipulation. Central European countries are historically able to create disorder because of their unclear ethnic borders as well as because of their position between west and east geopolitical spheres of influences.

The addition of a regional level of coordination between member states and the Union could seem contradictory with the spirit of the EU Treaties at first sight. But actually its functionality should be interpreted as the realization of regional politics sponsored by the European Commission in the last decades and of the subsidiary principle lately forgotten. The Czech Republic, Slovakia, Austria, Hungary, Slovenia and Croatia are nations characterized by a common history, culture and political inheritance that come from centuries of common life within the Habsburg Empire. Therefore it should not be so difficult to build a new regional system of political and economic coordination in order to facilitate reciprocal dialogue, stability and development.

This experience has been working for decades in another part of Europe with similar features: the region including Belgium, the Netherlands and Luxembourg. A *Mittel-European* Union would have the advantage of being

built in quite a short amount of time on the basis of the common historical inheritance and on an approach based on the already existent founding of macro-regional strategies. Most importantly, it would show its efficacy in protecting Brussels from being a constant scapegoat for the failure of national political choices (Gaiser 2014). Too often it occurs that politicians attribute their own mistakes to the choices made by the EU. Such behaviour makes new nationalism arise easily, triggering a big risk for the project of the Common European Home. The existence of local coordination systems, where it is possible, would support the compensation of tensions and above all it would make local elites responsible for their choices.

The simplification of complexity without falling into the a-polar disorder must be the new ordering mission of the ruling classes in order to create a new global macro-economic scenario that can bring compromises and development: a system of coherent governance. Alliances and multilateral systems are always multipliers of national force for small-medium countries. Nowadays “especially from an economic point of view they should be considered de-multipliers of national efforts” (Pelanda 2013, 56). More than military factors, the human, economic and technological capacities States can obtain by their people and even by allies represent the political consensus of the future world order.

If world leaders renounce to negotiate *the rules of the game* they will be responsible of creating a fragile global order characterized by inadequacy and unsustainability. Being the geo-economic confrontation in the agenda, economic intelligence becomes the way to consciously manage reality.

4. Conclusions

The *post*-Cold War world, having passed through the unipolar phase of USA superpower, is today in a phase of research for new equilibriums that appear to be destined to generate themselves by the competition of nations on the world market. The Bretton Woods system, created on the ashes of the Second World War, cannot cope anymore with the ongoing economic transformations. Market based challenges have minimised the room of manoeuvrability of military warfare, although the final objective of accumulating power and wealth, has remained unchanged. Information is the ultimate commodity needed in order to comprehend situations and make future decisions. Economic intelligence is the complex approach that includes geopolitical strategy, finance, informative war, psychological war, production and commerce, market and cyber-reality control: the concept of participative safety in support of the general well-being. Within a scenario characterized

by differentiated multy-polarity it could become the basis of the new balance of power and accepted global governance.

According to Carl von Clausewitz, author of the *De Bello*, war was the extension of politics by other means and even an act that forces the competitor to bend to one's own will. Bringing all of this to the current situation and referring to the categories listed in *De Bello*, we can conclude that economic wars respect the Prussian general's theory. The troops are companies, the lands to conquer or defend are the markets, tactical expedients are substituted by influence or disinformation actions – that is the *infowar* – and the final scope is always the will of domain, power enlargement and research of new balance.

However, strong commercial ties have never insured *a priori* against conflict. Two highly integrated economies like the English and German ones between the 19th and 20th centuries did not impede the great tragedy of the First World War despite Angell theory of globalization bringer of peace (Angell 1910). In a world where countries are creating a new form of equilibrium, it is necessary for political leaders to be aware of their role and responsibility. They must be able to understand the complexity of geoeconomic relations and economic geopolity. They must be able to take advantage *cum grano salis* of resources that economic intelligence provides them. The world can be stable on the basis of geo-economy only if the policy makers will understand the creative and destructive force of economic conflict. The difference between competition, “run together” (*cum petere*), and conflict, “crash” (*cum fligere*), is small and should never be forgotten.

Even agreeing with Luttwak about the fact that states prefer the power that comes from maximizing their economic influence (much more rational from a cost-benefit point of view) rather than territorial ambitions, the war still remains the last Sovereign's argument, *ultima ratio regis*, on the international stage. The economic war has only broadened the space available to states for an unarmed conflict and has partially overturned a relationship dependant between the economy and war. In the 20th century the former was instrumental to the latter. Because of this all states need a structure of economic intelligence. Properly understood and used it becomes a powerful stabilizing and developing tool within a global scenario characterized by differentiated multipolarity. In this sense economic intelligence is a public good.

If, as Jean (2004) says, recalling Tucidide and Aristotele, relations among states respond to *Nomos*, *Ethos* and *Pathos*, that is rational, a-rational and irrational criteria, then economic intelligence, in its structural nature, is *Nomos*

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