Intelligence and IR Theory: Economic Espionage and the Levels of Analysis

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Introduction: Intelligence and IR Theory

From an academic point of view the topic of the proposed paper is placed within the domain of Intelligence Studies which is a sub-field of International Relations and Strategic Studies. If intelligence has been characterized in the 1980s as “the missing dimension of both international affairs and diplomatic history”, then economic espionage is the missing dimension of intelligence. Martin Alexander puts it eloquently: “Economic and industrial intelligence and spying upon friends really does remain another “missing dimension to the missing dimension””. Economic espionage refers to “clandestine or illicit attempts by foreign interests to assist their economic interests by acquiring economic intelligence which could be used to sabotage or otherwise interfere with the economic security of another country” and has three main dimensions: a) macroeconomic espionage, b) microeconomic espionage, and c) economic counterintelligence.

Nowadays, the study of intelligence has been tremendously developed not only in the Anglo-Saxon world, but also in Europe. However,

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distinguished academics have recognized several times the gap that exists between IR Theory and Intelligence. Len Scott and Peter Jackson are crystal clear on this issue: “Intelligence has attracted limited interest from scholars of political philosophy and International Relations […] (IR) theory. But interest in intelligence within the political science community has been confined mainly to those scholars working on theories of decision making. Intelligence is all but absent, conversely, in the work of most international relations theorists, and does not figure in key IR theory debates between realist, liberal, institutionalist, constructivist and post modernist approaches. It is interesting to note that, while there exists an implicit (and sometimes explicit) assumption that the study of intelligence falls within the realist camp, contemporary neo-realist writers have largely ignored intelligence in their reflections.”

The goal of this paper is to try and bridge this gap by examining the case of economic espionage under the light of the levels of analysis (namely, the individual, the state and the state system) in international relations generally and the Waltzian tradition in particular. Moreover, this paper tries to illustrate the inextricable relationship between IR theory and Intelligence, contrary to the approach of Philip Davies, who claims that IR theory is basically irrelevant to intelligence: “For its part, international relations theory is mostly about an attitude towards international relations rather than any real knowledge of it. So, it is not much help”.

The questions which we will try to answer are the following: firstly, what can the levels of analysis tell us about economic espionage and what can economic espionage tell us about the levels of analysis? Secondly how each level of analysis can explain economic espionage? And thirdly, which level explains more effectively this phenomenon? We will try to
answer those questions by drawing examples from the cases of U.S.A., U.S.S.R./Russia, France, Japan and China.

**Theory: The First Image (Individual)**

The first image approaches international relations at the microscopic level and detects the causes of economic espionage in the inherent selfishness, sinfulness and avariciousness of man, his personality traits, his ways of reaching decisions and his beliefs. If the view that “without an understanding of man’s nature, there can be no theory of politics”, is correct then how can we understand and explain economic espionage by ignoring the individual level of analysis? According to this image, as long as man cannot change, the phenomenon of economic espionage is inevitable. By paraphrasing Waltz’s two main schools of thought on human nature, the pessimists and the optimists, we can further explore the first image. Pessimists like Reinhold Niebuhr, Benedict de Spinoza and Hans Morgenthau attribute political ills (like economic espionage) to a specific, given and unchanged nature of man: evilness. According to Reinhold Niebuhr “man is a finite being with infinite aspirations, a pigmy who thinks himself a giant. Out of his self-interest, he develops economic and political theories and attempts to pass them off as universal systems; he is born and reared in insecurity and seeks to make himself absolutely secure; he is a man but thinks himself a god. The seat of evil is the self, and the quality of evil can be defined in terms of pride”. His important observation that “The greed of collective man must be taken for granted in the political order” explains in great part the phenomenon of economic espionage, as far as the first level of analysis is concerned. Furthermore, Morgenthau refers to the “animus dominandi”, the man’s desire and lust
for power for the individual’s sake. Men are born seekers of power. If we define power broadly, economic espionage offers man economic and technological power as well as pride and status. On the other hand, optimists (like Alexander Leighton, Clyde Kluckhohn, Margaret Mead, Gordon Allport, James Miller, Lawrence Frank, Otto Klineberg, Hadley Cantril, T. H. Pear, H. V. Dicks, and George Kisker, Fred Cottrell and L. L. Bernard) support the view that a reform of individuals is possible and can solve social and political ills (like economic espionage).

**Economic Espionage under the prism of the First Image**

In this part of the essay we will delve into the specialized literature of economic espionage in order to find empirical data which support or falsify the validity of the first level explanation of the phenomenon of economic espionage.

**Theory: The Second Image (State)**

The second image tries to explain economic espionage by examining the internal characteristics of states, mainly their political regime (whether they are democratic or autocratic), their political institutions and their bureaucracy. This level gives emphasis on governments, decision-making groups, or agencies that determine the foreign policies of states and other actors, as well as on the societies on whose behalf those groups or agencies work. The explanation of economic espionage by this level of analysis has several dimensions. Firstly, the intelligence bureaucracies conduct economic espionage in order to justify their role in the post-Cold
War era, after the collapse of the U.S.S.R. (especially before 9/11 when their budget was decreased in many countries, especially the U.S.A.). Secondly, economic espionage is conducted because intelligence agencies have a structural advantage comparing with other governmental and private entities: they have access to special clandestine sources and methods which are unavailable to the latter. Thirdly, intelligence agencies make a fortune from economic espionage and can finance their other activities. Fourthly, economic espionage is a natural behavior of states because some specific decision-making groups or agencies decided so, contrary to the will of some others. Economic espionage is the result of a bureaucratic turf battle. However, this level has an important weakness. Economic espionage is not the creation of a bureaucracy in order to justify its role and presence in the interior of a state, because this activity has not been invented after the end of the Cold War but its roots can be found deep in history (from the era of the Bible, Ancient Greece and China). Moreover, we prove that the shape of political regime (whether democratic or authoritarian) is irrelevant, as far as the conduct of economic espionage is concerned. Both democratic and authoritarian regimes use economic espionage in their daily conduct of international politics.

**Economic Espionage under the prism of the Second Image**

In this part of the essay we will delve into the specialized literature of economic espionage in order to find empirical data which support or falsify the validity of the second level explanation of the phenomenon of economic espionage.
Theory: The Third Image (International System)

At the global level of analysis (international system), we focus mainly on the structure and the distribution of power, between states, as well as state and non-state actors. Economic espionage is explained by the anarchical nature of the state-centric international system. In the domestic sphere of a state, which is characterized by hierarchy and not anarchy, if a company or a person conducts an act of industrial espionage against another company, the state would intervene by its instruments (police, judiciary) arrest and punish the perpetrator, as well as strengthen its legislation. But, in the anarchical international system there is not any higher authority above the states which will regulate the issue of economic espionage. One of anarchy’s consequences is that the main principle of action for states is self-help principle which is also verified since international institutions cannot protect states or companies from economic espionage and every state must protect itself by its own means (economic counterintelligence). States act in international relations based on their interests (survival, maintenance and improvement of its relative position in the system) and not on law and ethics. In a world characterized by rapid economic and technological advancement (dual technology), it is vital for the security (mainly military and economic) of a state to conduct economic espionage in order not to fall behind economically and technologically, something which will affect negatively its power vis-a-vis other powers. Moreover, the fact that states has not concluded a special treaty in order to confront economic espionage (there are some treaty provisions’ that are not effective and failed to decrease the extent of this phenomenon), denote the limitations of international organizations as well as international law. Since states (mainly the great
powers) do not want to regulate this issue, international organizations/institutions cannot do it alone. They are dependent and not independent variables. Actually, since states use the forum of an international economic organization in order to conduct economic espionage, we can reach the conclusion that competition is found under the veil of cooperation. Moreover, the fact that in the domestic realm this type of behavior might be unethical, in the arena of world politics this can be only a philosophical issue.

According to this level of analysis, the structure of the international system constitutes the decisive factor of states’ behavior: This is obvious from the fact that during the Cold War US’s allies (Japan and France) were conducting economic espionage against her, without any reaction from the latter, because they needed them militarily, politically and diplomatically in order to confront the common threat of the USSR. After the end of the Cold War, the systemic limitations of the bipolar international system disappeared and the Clinton administration passed in 1996 the Economic Espionage Act.

In an anarchical international system the achievement of cooperation is difficult because of the fear of cheating and the problem of relative gains. By analyzing economic espionage (and especially its motives) we conclude that this activity is a form of cheating and is directly linked with relative gains since the aim of states which conduct it is not to augment their absolute gains but to earn more than their competitors or allies (relative gains) and gain a strategic advantage.
Economic Espionage under the prism of the Third Image

In this part of the essay we will delve into the specialized literature of economic espionage in order to find empirical data which support or falsify the validity of the third level explanation of the phenomenon of economic espionage.

Conclusions

The analysis of economic espionage under the prism of the three basic levels of analysis in international relations gives as a crystal clear, holistic picture of the phenomenon. As we analyzed, every level explains from its part this state activity. However, the main question is “which level explains it more efficiently?”. Based on the literature of economic espionage, we prove in this paper that the third image is the strongest, as far as explanatory power is concerned, because it gives us the big picture where real international politics is evolved. The rest two levels, simply add two perspectives to the third, the most important. While their usefulness cannot be doubted, they don’t tell us the whole story about economic espionage because they don’t account for the so-called emergent properties, the attributes of global politics that emerge because of the interaction of all actors on the global stage, under the limitations posed by the anarchical international system. Not only is economic espionage better and effectively explained by the third level of analysis, but also once more it is proved that the global level is the ultimate “whole” of which actors and individuals are “parts.”
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