

A Sense of Trust: Restoring Public Faith in Southern European and Balkan Intelligence Agencies in an Age of Austerity

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Abstract

The prevailing view of the relationship between intelligence agencies and media outlets is one of antagonism and antipathy. Although there is nothing intrinsically wrong with this orthodox interpretation, it often overlooks the extraordinary degree to which these indispensable public institutions rely on each other in democratic political systems. The media depend on formal and informal intelligence channels in order to execute their social function, while intelligence agencies routinely resort to the media as vehicles of political approval and legitimacy within the wider milieu of civil society. The significance of a comprehensive media outreach strategy is even greater today for southern European and Balkan intelligence agencies, whose public image has—often deservedly—been stigmatized following decades of politicization and partisanship in the context of the Cold War. The current threatening economic climate in Europe offers a unique opportunity for those agencies to recover their institutional legitimacy. They should do so by joining the fight against the worrying phenomenon of financial corruption and tax evasion, which threatens to demolish the very foundations of European political institutions. By consciously incorporating rogue economic targets into their Financial Intelligence (FININT) mission, not only will southern European and Balkan intelligence agencies safeguard vital aspects of national security, they will also have the opportunity to connect with their respective lay audiences in a fundamental way. As southern Europe's austerity-struck populations turn their attention to the two-pronged anathema of financial corruption and tax evasion, the region's intelligence agencies should develop wide-

ranging and far-reaching media strategies to effectively broadcast their operational successes against rogue financial actors. In doing so, they will present themselves as operationally relevant to the lives of millions of law-abiding citizens, while at the same time strengthening their institutional links with the media and the wider civil society. More broadly, this tactic can help restore the social integrity of intelligence agencies and demystify their mission and goals in the eyes of a public that is all too often alienated by the obscurity of intelligence work and its objectives.

Practicing Intelligence in a Democracy

Why do nation-states exist? Since ancient times, political philosophy has explained the phenomenon of organized state entities as a product of a complex set of human impulses, most predominantly virtue, logic, and fear. Political philosophers from Aristotle to Thomas Hobbes have placed these forces, in varying degrees, at the basis of their account—and, ultimately, vindication—of the nation-state.¹ Although seemingly conflicting, these impulses are usually viewed as existing in a constant state of interrelation. In the work of Hobbes, organized states are explained partially as outcomes of the human “campaign against irrationalism”² and barbarism. It is in fact the state of barbarism, with its inherent unpredictability and disorder, that propels humans to embark in the establishment of organized political structures. These structures emerge essentially “under compulsion, that is, when man is subject to extreme fear”³ of the atavistic chaos associated with barbarism.

Given that intelligence institutions serve as core constituents of the modern nation-state, it stands to logic that, on a deeper level, their creation—indeed, their very existence—is meant to satisfy these three forces, identified in political theory as primary human impulses. These are: the desire to prevent perceived virtues from weakening; the use of logic to insulate human societies against unpredictability; and the urge to confront fears of living in a natural, animalistic, state of existence. Descriptions of the mission and scope of intelligence institutions in the relevant scholarship reinforce this deeper connection. Mark Lowenthal, for instance, identifies several reasons for the existence of intelligence organizations: to shield their clients against unpredictability by averting strategic surprises; to support decision makers by infusing data-driven logic and expertise into the policy process; and to uphold the stability of a political system deemed virtuous by safeguarding its secrets from its perceived adversaries.⁴

In examining intelligence institutions within the broader theoretical context of the nation-state, the inference that they—like government itself—are political constructs seems inescapable. Every intelligence institution emerges within an identifiable social framework, and is therefore shaped by a multitude of political, cultural, economic and other pressures that precede its creation. Indisputably, a degree of overlap exists between intelligence agencies—even those of rival nations—regardless of the political or historical context in which they exist. For instance, Rhodri Jeffreys-

Jones notes in his seminal Cold-War-era book, *The CIA and American Democracy*, that “[w]hether an intelligence organization is located in Washington or Moscow, in the twentieth century or the second, its success depends on its ability to separate analysis from policy advocacy and from action”.⁵ History is replete with instances of mirroring, which tend to bring politically adversary agencies uncomfortably close, at least on the operational level. To take just one example, one has to search intensely to discover significant differences in the operational rationale behind Operation NEPTUNE SPEAR—the 2011 killing of al-Qaeda founder Osama bin Laden by United States Special Forces—and Operation STORM-333—the 1979 assassination of Afghan President Hafizullah Amin by Soviet elite military units.⁶ There is little political coloration to be observed in covert action on the operational level, especially of the kind involving extrajudicial killing.

On the other hand, it is understandable that citizens, in whose name intelligence operations are ostensibly conducted, wish to be assured that the political character of their state institutions is qualitatively different to those of adversary nations. This phenomenon is particularly notable in Western liberal-democratic states, which have historically tended to project themselves as politically and morally superior to despotic regimes elsewhere. It is critical, for example, that any similarities between an agency like France’s General Directorate for External Security and China’s Ministry of State Security are strictly contained on the operational level, and do not spill over into the political domain. In the words of Lowenthal, in democratic societies, intelligence institutions are supposed to exist “solely to support policy makers [...]. Any other activity is either wasteful or illegal”.⁷ Nevertheless, even a cursory examination of the history of intelligence in the liberal-democratic setting reveals longstanding tensions between democratic norms and the practice of intelligence. Politicization, the conscious or unconscious contagion of intelligence output with political prejudices, has plagued Western intelligence institutions for decades, and has led to some of the worst excesses of intelligence in recent memory—among them the 2003 Iraq War weapons-of-mass-destruction debacle.⁸ Arguably, the politicization of intelligence is difficult to eliminate, considering that the primary clients of intelligence institutions—namely elected politicians and appointed state administrators—are themselves politically conscious. As has been observed in the case of the Iraq War, among other instances, the personal ambitions of executive leaders can subvert the long-term responsibilities of intelligence agencies in the interest of pursuing short-term political objectives.⁹

The Stigmatizing Experience of the Cold War

Although there is value in such criticisms, it would be unwarranted to place primary responsibility for the operational misconduct of Western intelligence agencies on executive or legislative state structures alone. Intelligence excesses

are frequently rooted in the ignorance, political narrow-mindedness, or even operational shortsightedness of intelligence functionaries themselves. These insiders, who are more often than not equipped with bureaucratic dexterity, are usually able to conceal illegitimate operations from the prying eyes of their legislative or even executive supervisors. The latter have often tried to curtail perceived intelligence excesses with mixed success, a phenomenon that points to enduring problems in intelligence oversight in democracies. In nearly every Western country, intelligence organizations have displayed strong tendencies of operating in the shadows of democratic accountability.

To some extent, this is inevitable, given that intelligence is inherently “different from other government functions [because] much of what goes on is secret”.¹⁰ However, the history of the Cold War shows that Western European and American intelligence agencies have habitually resorted to operational misconduct or even downright illegality that far exceeds occasional evasions of constitutional checks and balances¹¹. It would be, of course, a stretch to equate the constitutional trespasses observed in Western liberal-democratic states with those of their communist rivals during the Cold War. The latter engaged in the sort of wholesale abuse of human and civil rights and liberties that is rightly associated with deeply totalitarian systems. However, it is not necessary—or even advisable—to compare the Cold-War conduct of Western intelligence services to that of their Soviet Bloc rivals. Western agencies, which incessantly projected themselves throughout the Cold War as representatives of a superior set of political beliefs, were bound to themselves and to their democratic constituents to compete, not just against their Soviet-Bloc rivals, but primarily against their own elevated moral standards.

In nearly every Western state, the Cold War served as an impetus for dismantling age-old operational barriers between the three traditionally distinct areas of national intelligence, namely foreign, domestic and homeland security. In the US, the period of excesses by the Intelligence Community culminated first in the Federal Bureau of Investigation’s war against Dr. Martin Luther King, Jr., and the Southern Christian Leadership Conference, and later in the Watergate scandal, which has been perceptively described as “the invasion of domestic politics by the techniques of the Cold War”.¹² In both Western Europe and America, the Cold War setting imposed severe limits on political freedoms, and in some cases subverted the very nature of liberal democracy. The US Senate committee tasked with investigating the extent of illegality in the US Intelligence Community following the Watergate scandal, noted in its final report:

“too many people have been spied upon by too many Government agencies and [too] much information has been collected. The Government has often undertaken the secret surveillance of citizens on the basis of their political beliefs, even when those beliefs posed no threat of violence or illegal acts on the behalf of a foreign power [...]. The surveillance which we investigated was not only vastly excessive in breadth [...], but was also often conducted by illegal or

improper means [... These are] domestic intelligence activities [that] threaten to undermine or democratic society and fundamentally alter its nature”.¹³

Writing fifteen years later, with reference to Western European politics immediately after the Cold War, Peter Gill noted that the “inadequate democratic control of state structures [...], particularly of security intelligence agencies [...], poses such a threat to democratic forms that it requires fundamental change”.¹⁴

The Cold War Legacy for Southern and Eastern European Intelligence Agencies

Gill’s quote above attests to the fact that no intelligence agency, whether in the Eastern or Western Bloc, emerged unscathed from the experience of the Cold War. This is particularly true for Europe, a major center of postwar geopolitical confrontation between the superpowers, where the opening blows of the Cold War were exchanged during the Greek Civil War of 1946-1949. Eastern European intelligence agencies entered the post-communist political landscape stigmatized by their association with the bloody and brutal regimes that birthed them in the 1940s and 1950s. In Western Europe, the close operational interface between native intelligence agencies and their American counterparts was perceived as suspect by large segments of the population who were worn out by the stifling political atmosphere of the decades-old Cold War.¹⁵ The perceived subordination of Western European intelligence agencies to Washington’s Cold-War directives continues to alienate many in Southern Europe, where bitter memories of destructive civil wars in Spain and Greece, heated political standoffs in Italy, France and Cyprus, and dictatorships in Portugal, Greece and Spain, continue to divide the electoral landscape. In all these European countries, intelligence institutions have tried to shed their Cold-War image and reinvent their role by presenting themselves in a depoliticized contemporary light. Their success, however, has been limited.

In Italy, the long history of involvement of the Italian intelligence services in the heated political battles of the country arguably culminated in 1970, with the co-called Borghese Coup. Led by Junio Valeior Borghese, commander of the Italian Royal Navy’s 10th Assault Vehicle Flotilla during World War II, the coup was an attempt by neo-fascist elements associated with the Italian military to seize power in the country. The plan allegedly included the kidnapping of the country’s President at the time, Giuseppe Saragat, as well as the takeover of several government buildings, including the headquarters of the police force, the Ministries of Defense and Interior, as well as the premises of RAI, the country’s state-owned broadcaster. The coup was aborted and a lengthy government investigation into the affair led to the issuance of arrest warrants for Borghese himself—who had by then fled to Francoist Spain—and several coup plotters. Eventually, General Vito Miceli, the head of Italy’s Military Intelligence and

Security Service (SID) was fired for “conspiracy against the state”, and SID itself was reorganized into several different agencies.¹⁶ Popular suspicion of the SID’s successor agencies, mainly the Intelligence and Democratic Security Service (SISDE) and the new SISMI military intelligence agency, intensified in 1990, when Prime Minister Giulio Andreotti publicly revealed the existence of Operation GLADIO. The project was part of a wider stay-behind anti-communist paramilitary network, which was managed by the Italian Ministry of Defense without the consent of Italy’s elected political leadership. The members of the network, which was originally set up to conduct covert operations during a hypothetical Soviet land invasion of Western Europe, gradually distorted its operational mission to include covert campaigns to prevent the electoral rise of leftwing parties in Italy. Eventually, the North Atlantic Treaty Organization (NATO), which initially supervised GLADIO, lost control of the operation, which ended up in the hands of neo-fascist elements.¹⁷

In Spain, the Central Service of Documentation (SECED), which controlled the domestic security domain during the dictatorship of *Generalísimo* Francisco Franco, was dissolved in 1977 and replaced with the Superior Center of Defense Information (CESID). Purging Francoist sympathizers from the intelligence community proved difficult, however, and CESID continued to be widely perceived as a beehive of pro-Francoist and other far-right activity during the early years of its existence.¹⁸ In 1991, such popular perceptions were reinforced when the head of CESID’s Department of Operations, Colonel Juan Alberto Perote, was found to have stolen from CESID’s archives several documents pertaining to the activities of the Antiterrorist Liberation Group (GAL), a far-right paramilitary organization that conducted extrajudicial reprisals against the Basque separatist group Euskadi Ta Askatasuna.¹⁹ According to the BBC, a subsequent trial at Spain’s Supreme Court “established what ha[d] long been suspected: that GAL was financed by secret funds from the Interior Ministry”.²⁰ The findings have caused the intensification of widespread rumors that CESID officers are involved in GAL.²¹

The case of Greece’s National Intelligence Service (EYP) is particularly interesting in highlighting the struggle to depoliticize intelligence operations in the post-Cold-War era. The agency was founded as the Central Intelligence Service of Greece (KYPE, later renamed to KYP) in 1953, shortly after the Greek Civil War, with the direct involvement of the US Central Intelligence Agency (CIA). The latter appointed as supervisors several Greek-American intelligence officers, including Thomas Karamessines, who later became CIA Deputy Director for Plans. Until 1964, when the leftist Center Union was elected in government, the KYP’s budget was supplied directly by Washington. When Andreas Papandreou, who later became Prime Minister of Greece, was appointed as the Center Union’s Minister to the First Ministry of State, he complained that “all the equipment [used by the KYP] was American, controlled by the CIA or Greeks under CIA supervision. There was no kind of distinction between the two services. They duplicated functions in a

counterpart relationship. In effect, they were a single agency”.²² The agency was directly linked to the 1967 rightwing military coup, not least because one of the coup leaders, Colonel George Papadopoulos, had served as personal aide to the KYP’s Director. The agency’s less-than-honorable constitutional record began to improve in 1974, when Greece entered a period of democratic rule. In the 1980s, under a socialist government, the EYP underwent substantial purges of personnel and was turned into a civilian agency.²³ But its chronic subservience to Washington during most of the Cold War has stained its image among large segments of the Greek public and has given rise to doubts about its operational independence from the US and NATO. This wedge between the EYP and the public-at-large was augmented in 2010, when private comments made by Greece’s Minister for Citizen Protection at the time, Michalis Chrysohoidis, to US Ambassador to Greece, Daniel V. Speckhard, were leaked. According to a diplomatic cable penned by Speckhard, and disclosed by the international whistleblower organization WikiLeaks, Chrysohoidis told the Ambassador that the “EYP is nothing [as it] does not serve its mission of protecting Greece and in fact is dangerous to national security because of its many shortcomings, not the least of which is a unionized labor force”.²⁴ When Chrysohoidis’ comments became public, he simply admitted that the EYP was in a “sad state of affairs” and that the Service “did not serve its [stated] function of protecting the country”.²⁵

The situation is not much better in Eastern Europe. One illustrative case in point is Bulgaria, where the communist-era Committee for State Security (CSS) was among the most notorious Eastern Bloc intelligence services during the Cold War. In the context of the political reforms initiated in 1989, the CSS was disbanded and replaced with a number of different organizations, which were accountable to the President and the Prime Minister. Among them is the National Intelligence Service (NIS), considered the country’s foremost external intelligence organization. By most accounts, however, the operational work of the NIS continues to be “severely disrupted by strong political interference”,²⁶ and the organization remains susceptible to “high-level corruption”.²⁷ Despite constant efforts to reform, democratize and depoliticize the Bulgarian intelligence community²⁸, observers insist that the power in the country “remain[s] where it ha[s] always been, in the hands of a small, high-ranking ex-communist intelligence and security elite that pulled the strings both from within and outside the services”.²⁹ One indication of this is the resistance posed by intelligence insiders to efforts aimed at declassifying communist-era intelligence archives. In 1992, a former Director of CSS was given a sixteen-month prison sentence for deliberately destroying ten volumes of archived material describing CSS Cold-War-era activities, while two intelligence apparatchiks have so far committed suicide when faced with the prospect of having to declassify communist-era CSS documents.³⁰ In one such case, in November of 2006, NIS Head Archivist Bozhidar Doychev was found shot dead in the head at his desk, in an apparent

suicide, just as the Bulgarian parliament was deliberating a draft law on the declassification of communist-era intelligence files.³¹ Although leading politicians have played down such incidents, public perceptions of intelligence institutions in Bulgaria remain exceedingly negative, thus having changed little since communist times.

The Romanian Department of State Security (DSS), also known as the *Securitate*, was one of the largest communist-era intelligence agencies operating behind the Iron Curtain. Founded in 1948 with the direct intervention of the Soviet Peoples Commissariat for Internal Affairs (NKVD), the DSS grew to employ over 10,000 officers and nearly half a million agents and informers by the mid-1980s.³² The popular pressure that facilitated the ousting of the murderous regime of Romanian dictator Nicolae Ceausescu in 1989 also led to the arrest of the leadership of the DSS, including its Director, Iulian Vlad. Shortly afterwards, the new, democratically elected government, reorganized the DSS into a multitude of agencies, including the Romanian Intelligence Service (SRI), which inherited most of the DSS' personnel, infrastructure, and much of its mission. Along with the Foreign Intelligence Service (SIE), the SRI is considered Romania's foremost intelligence organization. Unfortunately, however, the SRI has also inherited the DSS' unsavory reputation among the Romanian people. Having served as the focal point of constant bureaucratic infighting between ruling factions since its establishment, the agency has been severely criticized for falling under the political control of individual political figures³³. Repeated incidents of illegal wiretapping of journalists and opposition figures have given rise to accusations that some elements within the Romanian intelligence community are operating "as a sort of political police under their mandate".³⁴ Not surprisingly, observers describe a persisting "public sentiment that more reform is needed".³⁵

Repairing the Image of the Intelligence Services in Post-Cold-War Europe

The information provided in the previous section points to a pattern that is notable across Balkan and southern European nations. In nearly every one of these countries, post-Cold-War popular perceptions of intelligence agencies, formed largely through media reporting, are suffering in at least three critical areas:

(a) *Operational secrecy* is deemed excessive, not as a bureaucratic phenomenon in itself, but because it appears to be disconnected from the goal of protecting national security; instead, it is routinely used as a weapon in political turf wars among ruling elites, as well as to protect intelligence insiders from the legal consequences of past excesses.

(b) *Political prejudice* and *ideological predisposition* toward conservative

causes—in southwestern Europe—or communist views—in Eastern Europe—continue to mar popular views of intelligence institutions. The latter are too often perceived as politically biased and untrustworthy in a host of European countries; the latter seem unable to eliminate the persisting deficit in trust between the governing structures and civil society as a whole.

(c) *Operational irrelevance* to the everyday lives and concerns of the citizenry, which these intelligence agencies ostensibly exist to protect. Media portrayals of intelligence agencies reveal a collection of self-absorbed and introverted bureaucratic apparatuses, whose primary operational goal is their own political validation and survival, rather than the defense of national security.

The significance and implications of these critical deficiencies have grown in recent years, as Balkan and southern European populations from Cyprus to Spain, and from Romania to Italy, are faced with the very real prospect of near-unprecedented economic annihilation. In short, Balkan and southern European intelligence agencies, whose popular reputations are already suffering, risk sinking into ever-lower depths of political irrelevance, should they fail to elevate the protection of the financial wellbeing of their respective nations into a primary element in their national security mission.

The Significance of Financial Intelligence (FININT)

That the nature of national and global security threats has fundamentally changed in recent decades due to the unprecedented rate of technological advancement, is considered axiomatic in intelligence circles. Information sharing has become more rapid and far-reaching, causing the speed of communication to increase. Consequently, the world has become exponentially interconnected and globalized, which has deeply affected economic processes. Globalization, understood here as the "intensification of economic, political, social, and cultural relations across borders"³⁶ is characterized by the "increasingly free movement of people, products, and money around the world".³⁷ Inevitably, the shifting sands of the international environment have brought about novel security challenges set within uncharted contexts.

Globalization has exacerbated certain threats to international security, particularly in the context of the Eurozone. The growing eminence of transnational threats calls for a shift in the intelligence paradigm from traditional techniques to "nontraditional methods"³⁸ of collection, in order to confront the new threats emerging from the hostile milieu of non-state adversaries. The implementation of a financial intelligence (FININT) collection mission is imperative in combatting some of the most pressing security issues of the 21st century, which take root in the globalized economy.

Broadly speaking, the interconnection of markets on a global scale has resulted in more choices for consumers. In addition, multinational corporations, moving

manufacturing plants to developing nations with significantly reduced labor costs, offer the people there new employment options. However, these new jobs are usually taken as a last resort, for work conditions are almost always very poor and wages extremely low, especially when compared to equivalent positions in less impoverished countries. Furthermore, transnational investment tends to concentrate wealth among a small, elite group of individuals, and therefore deepens the “divide between rich and poor, both within countries and between countries”.³⁹ To illustrate this point, the 15 richest people in the world in 2002 had a combined income greater than that of all of Sub-Saharan Africa.⁴⁰ A well-regulated globalized economy has the enormous potential to function as “an instrument for improving politics [and] for enhancing people’s welfare [...]. However, any departure from this paradigm transforms it into a rogue force”.⁴¹ Ultimately, the combination of the globalized economic system, on the one hand, with the phenomenon of weakening state structures and deregulation, on the other, is critical in examining the driving forces of both criminal and terrorist activity in our century.

Transnational economics are not contained by a nation’s borders, and are therefore ripe for exploitation by malicious non-state actors. The global finance structure is now networked through electronic information systems; it “has become possible for individual terrorists, terrorist organizations, and their support networks to operate in a relative unregulated environment”.⁴² Observers note that “the growing interconnectivity of organized crime, with its vast resources and its ability to move money, share information, exploit and manipulate modern technology [...], has forever changed the way that terrorists do business”.⁴³

The globalization of financial, commercial, transportation and communications networks has “enabled buyers and sellers to locate each other, identify points of common interest, and establish terms of cooperation”.⁴⁴ This applies to legitimate international corporations, terrorist organizations and criminal syndicates alike. Indeed, many criminal non-state actors are utilizing the increased interconnectivity of the global financial system to facilitate their illicit activities. The very nature of these malevolent non-state groups creates many obstacles for intelligence collection: increased communication and the integration of the world’s economies have assisted terrorists in recruitment, organization, and in locating sources of funding for weapons, training, travel, etc. Globalization similarly facilitates the movement of illicit materials —weapons, money and people— across state lines, particularly within the European Union (EU). According to a 2007 CIA report, the “easy movement of people, weapons, toxins, drugs, knowledge and ideas [has] transformed the way threats emerge”.⁴⁵

For instance, the dissolution of Yugoslavia following the collapse of the Soviet Union, instigated a number of civil wars that disrupted smuggling networks across the Balkan region, effectively diverting them to other, less volatile places. Sicily’s Mafia, the *n’drangheta*, utilized the violent instability in the Balkan region as a business tool. The syndicate “convinced Albanian, Bulgarian, Turkish,

and Islamic smugglers to make a detour in Calabria, across the Adriatic Sea, in order to expand their businesses”.⁴⁶ The changing structure of underground smuggling networks caused the “metamorphosis of Calabrian organized crime”⁴⁷, and it was in this manner that Calabria became a major entry point for global organized crime into the European continent. *N’drangheta* expanded globally to include Latin American drug cartels, thus demonstrating the changing nature of criminal organizing. These groups benefit immensely from the interaction of local and foreign crime, and are partnering with increasing frequency with terrorist organizations.⁴⁸ According to Gunaratna and Acharaya, in the context of “asymmetric conflicts [...], the distinction between terrorism, organized crime, and warfare” tends to disappear. Indeed, it is “in the realm of financial logistics that terrorism and organized crime converge”.⁴⁹

If a terrorist group is to be successful it “must necessarily be able to build and maintain an effective financial infrastructure for generating funds”.⁵⁰ In addition to securing funds, terrorist groups must have “the means to launder those funds, and ways to make [them] available for committing terrorist operations”.⁵¹ Other than state-sponsorship, which has become less frequent after the terrorist attacks of September 11, 2001, methods for securing funds include, as mentioned above, forming profitable connections with international criminal syndicates, but also funneling money away from legitimate charities, as well as establishing illegitimate businesses —commonly known as front companies. These methods, when combined with traditional criminal self-financing techniques, such as kidnapping, narcotics smuggling and trade, trafficking of weapons and people, bank robberies, and extortion, account for the bulk of terrorist financing.

The symbiotic relationship between terrorists and criminal networks does not simply exploit the physical and economic mobility of the globalized world; it also threatens the very viability of the global economic order, and in doing so constitutes a clear and present national security danger to state economies. Logically, the economic sphere is indicated to be of great importance to the national security of any country. However, in the context of the globalized society, as stated by former US Director of Central Intelligence, Stansfield Turner, “we must [...] redefine ‘national security’ by assigning economic strength greater prominence”.⁵² The general counsel in the Office of the US Trade Representative similarly states that FININT “is as central to [...] national security interests now as arms control negotiations were during the last forty years [of the Cold war]”.⁵³

In a 2010 article published by the Research Institute for European and American Studies, author Ioannis Konstantopoulos cites Canadian Intelligence Services security analyst Samuel L. Porteous, in drawing an important distinction between the closely related terms of economic espionage and economic intelligence. According to Porteous, 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”.⁵⁴ In contrast, Porteous defines economic intelligence as a “policy of commercially-relevant economic information, including technical data, financial, commercial, and government information, the acquisition of which by foreign interests could, either directly or indirectly, assist the relative productivity or competitive position of the economy of collecting organization’s country”.⁵⁵ Furthermore, a perceptive article in *Cato Policy Analysis* identifies several critical applications of economic intelligence in regards to national security, including: “high inflation, high unemployment, capital flight, a marked decline in national income, and growing income inequality”.⁵⁶ In today’s globalized international environment, this application needs to be expanded to include illicit offshore banking and tax evasion, whether by individuals or groups.

In light of the current financial status of the European Union, there is a critical need for the collection of economic intelligence. All of the indicators of political instability outlined above as threats to national security exist in the Eurozone today. The next section will identify how the Eurozone exemplifies these economic security threats, which will demonstrate the need for the collection of financial intelligence.

The Importance of FININT in the Context of European Austerity

In response to the terrorist attacks of September 11, 2001, the US Congress approved the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act. The stated purpose of the USA PATRIOT Act is to “deter and punish terrorist acts in the United States and around the world”; several sections of the Act directly affect financial institutions in an effort to combat money laundering and the financing of terrorism.⁵⁷ Through stricter monitoring of financial transactions conducted in US currency around the world, and by prohibiting US banks from doing business with disreputable offshore ventures, the USA PATRIOT Act significantly reduced the frequency and degree of “money laundering inside the United States and in dollars” worldwide.⁵⁸ Shell banks, which often play a crucial intermediary role in the money-laundering process, by concealing and protecting the sources of funding, were no longer able to engage in commercial arrangements with US banks. Furthermore, it became “a criminal offense for a US bank or a US-registered foreign bank to not alert [US monetary] authorities of suspicious transactions in dollars anywhere in the world”.⁵⁹ However, because the Act applied strictly to the United States and to transactions in American currency, its enactment shifted the center of money laundering activity from the West Indies, traditionally a hub for such illegal activities, to Europe—a move that was expedited by the increasingly globalized nature of the international economic environment.

Criminal activity, including money laundering and terrorist financing, was facilitated in Europe by the introduction of the euro in 2002. Although European legislation has been implemented to protect legitimate business activity in the new economy

of the Eurozone, the euro was not accompanied by continent-wide anti-money-laundering legislation. Thus, the single market inevitably provides opportunities for both large-scale tax evasion and money-laundering networks to flourish, and for illegitimate business transactions to take place undetected. In the past, moving large amounts of money between European countries obscured the origins of the funds, but the operation took considerable effort and was costly. According to an anonymous Europol source cited by money-laundering and terrorism-financing expert Loretta Napoleoni, “the entering into force of the euro facilitated the transport and exchange of cash within the EU, preventing law enforcement authorities from establishing the geographical origin of these illegal proceeds”.⁶⁰ Criminal syndicates, tax evaders and terrorists capitalize on the ability to move large sums of money between European nations at “rock-bottom” prices.⁶¹

The Italian *n’drangheta*, in particular, has monopolized “money-laundering schemes in Europe” and expanded money-laundering, smuggling, and investment opportunities to drug cartels in South America, which would not have otherwise had the opportunity to capitalize on the lack of regulation in the EU.⁶² The source of the *n’drangheta*’s success, and the global expansion of dangerous drug cartels into Europe, is a result of business opportunities in the context of an increasingly globalized market in an under-regulated Eurozone. The effective collection of financial intelligence is necessary to track these illegal activities in order to combat the dangerous overlap of interests between terrorists and organized criminals in the EU.

In addition to money laundering, large-scale and seemingly out-of-control tax evasion significantly threatens European economic security and is one of the most pressing issues threatening the survival of the Eurozone and the EU as a whole. By taking advantage of loopholes, tax evaders avoid contributing to public services while still benefiting from those services; in essence, these individuals and corporations are stealing *en masse* from citizens who adhere to tax laws. Herman Van Rompuy, the President of the European Council, stated in 2013 that the amount of money lost annually across the EU to tax evasion is around one trillion euros. This is roughly equivalent to “the entire GDP or total income of Spain, the fifth biggest economy of the European Union”, a sum that is “more than [all of] Europe spends on healthcare each year and more than four times what is spent on education”.⁶³ In an understating fashion, Van Rompuy went on to note that “tax evasion is a serious problem for countries that need resources to restore sound public finances”.⁶⁴

A recent exposé in the popular press provides an example of a very common method of tax evasion. Namely, tax evaders are able to half their “tax bill by putting his earnings into an offshore trust and then lending the money back to [themselves] to avoid being taxed for salaries”.⁶⁵ In 2013, Greece’s former finance minister, George Papaconstantinou, was accused of tampering with a list containing the names of several Greek tax evaders holding secret accounts in Swiss banks. By removing three of his relatives from the so-called ‘*Lagarde*

List', which was given to Greek officials by the French Finance Minister at the time, Christine Lagarde, Papaconstantinou seems to embody the type of financial corruption that has left law-abiding, tax-paying citizens livid, particularly in the context of the economic crisis sweeping through Southern Europe.⁶⁶

Communicating FININT Successes to the Public

The prevailing view of the relationship between intelligence agencies and media outlets is one of antagonism and antipathy. Although there is nothing intrinsically wrong with this orthodox interpretation, it overlooks the extraordinary degree to which these indispensable public institutions rely on each other in democratic political systems. In the Western political context, the relationship—both formal and informal—between intelligence agencies and media outlets is, to a significant degree, a collaborative process. According to Robert Dover and Michael Goodman, the relationship between intelligence agencies and the media tends to be “fluid, contradictory and occasionally supportive”.⁶⁷

On the one hand, the media depend on formal and informal intelligence channels in order to execute their social mission to “constantly update their stories and to find new angles on what they are reporting”.⁶⁸ On the other hand, intelligence agencies routinely resort to the media as vehicles of political approval and legitimacy within the wider milieu of civil society. Recent literature points to the function of media outlets as “legitimizing institutions”, which can help dispel the popular mystique of intelligence work while highlighting in the public arena the operational successes of intelligence agencies.⁶⁹ This function is deemed crucial, not only in helping elevate the status of intelligence agencies in the eyes of the public, but also in ensuring a degree of popular oversight over the workings of the intelligence community. Essentially, by satisfying the media’s ongoing interest in matters of national security, intelligence agencies can “provide instant responses to emerging stories”⁷⁰ while at the same time “bridg[ing] the gap between the unknown and the known” in the eyes of the general public.⁷¹

In 2009, Sir David Omand, former director of the United Kingdom’s Government Communications Headquarters (GCHQ), and the country’s first Security and Intelligence Coordinator, stressed that, in the age of social networking and WikiLeaks, “journalists and spooks have more in common [...] than they may like to admit”.⁷² In an attempt to treat media outlets tactically⁷³, the UK government has established the Defence, Press and Broadcasting Advisory Committee (DPBAC). The Committee, which is made up of representatives of national media organizations and senior civil servants, supervises the voluntary provision of “advice to the media and to officials in the United Kingdom about the publication of national security matters”.⁷⁴

The UK’s DPBAC model exemplifies precisely the sort of collaborative structure that is required in the southern European and Balkan context, if native intelligence agencies are to make concrete steps toward restoring their public image. In an age

of extreme economic austerity, where the financial stability of most Balkan and southern European states hangs literally in the balance, European populations have long stopped distinguishing between terrorist adversaries, corrupt elites and financial outlaws when it comes to national security. Intelligence agencies should follow suit and communicate this to the general citizenry through national and international media outlets, which are in themselves interested in exposing financial corruption in the public arena. This process of *financial lustration* must be at the heart of a genuine attempt on the part of Balkan and southern European intelligence institutions to mend their public image in the post-Cold-War era.

Conclusion

Intelligence agencies and media outlets are both institutions that are indispensable to public life in democratic political systems. Their mutual reliance on each other has historically been far more extensive than is customarily assumed. In austerity-hit Balkan and southern European countries, this relationship must be deepened in the interest of both the general public and the intelligence institutions that exist to protect it. There is no doubt that public perceptions of southern European and Balkan intelligence agencies have been stigmatized following decades of politicization and partisanship in the context of the Cold War. The current threatening economic climate in Europe offers a unique opportunity for these agencies to recover their institutional legitimacy. They should do so by joining the fight against the worrying phenomenon of financial corruption and tax evasion, which threatens to demolish the very foundations of European political institutions. By consciously incorporating rogue economic targets into their FININT mission, not only will southern European and Balkan intelligence agencies safeguard vital aspects of national security, they will also have the opportunity to connect with their respective lay audiences in a fundamental and desperately needed way. As Europe’s austerity-struck populations turn their attention to the two-pronged anathema of financial corruption and tax evasion, the region’s intelligence agencies should develop wide-ranging and far-reaching media strategies to effectively broadcast their operational successes against rogue financial actors. In doing so, they will present themselves as operationally relevant to the lives of millions of law-abiding citizens, while at the same time strengthening their institutional links with the media and the wider civil society. More broadly, this tactic can help restore the social integrity of intelligence agencies and demystify their mission and goals in the eyes of a public that is all too often alienated by the obscurity of intelligence work and its objectives.

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