The Retreat of the State?
The Retreat of the State: The Diffusion of Power in the World Economy by Susan Strange Review by: Robert W. Cox
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The retreat of the state?  


In April 1970, Susan Strange published an article in the Chatham House review which challenged the mutual exclusivity of international economics and international politics. The consequence was a rebirth of the concept of political economy in international studies. She has continued consistently her liberation struggle from academic self-enclosure, disciplinary defensiveness, and turf wars. She insisted that the new international political economy be a broad church open to historians, geographers, sociologists, anthropologists, and the whole range of humanistic studies, as well as economists and political scientists. In this, she echoed Fernand Braudel’s appeal in 1958 for the integration of the human sciences in his famous essay on the longue durée.

Her work never stood still. She moves forward in responding to her critics and, above all, by her acute perceptions of change in reality. She is not alone in perceiving that the field of international relations study (IR) is beset by an identity crisis. The problem now is not just the need for a more ecumenical use of methods and approaches but also for a new ontology – an updated view

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1 Susan Strange, 'International economics and international relations: a case of mutual neglect,' International Affairs 46(April 1970), 304-15.
2 See, for instance, Fred Halliday, Rethinking International Relations (London: Macmillan 1994).
of the basic entities and relationships that constitute reality. This is what *The Retreat of the State* is all about. Susan Strange is a realist in the literal sense that she asks: Where does the power lie? What is the nature of the power? Who benefits? Who suffers? Conventional IR has said a priori that power lies with states. Susan Strange challenges the exclusivity of that assumption. Her enquiry into power and its workings contributes to a 'new realism' quite different from the 'neorealism' of established IR. It has, she writes, led her to a 'final parting of the ways from the discipline of international relations' (p xv).

As a realist, Strange cuts through such currently fashionable euphemisms as 'regimes,' 'interdependence,' 'globalization,' and 'global governance,' to demonstrate that these terms can act as ideological screens to obscure relations of dominance and sub-ordination. Although she has been associated with the proposition that power is shifting from political authorities to markets, in this book the classical notion of 'market' is also implicitly questioned. A market is no longer that abstractly defined infinity of buyers and sellers whose interactions are guided to a beneficent outcome by a providential unseen hand. There are many different markets, and they all need to be analysed as power systems. She illustrates with a few cases: telecoms, insurance, the big accountancy firms, and cartels. In all of these cases, the power systems work to strengthen big corporate translational business. On cartels, she asks why the subject of private protectionism seems to be taboo among liberal economists and concludes that while the rhetoric of free enterprise and open competition is necessary to a full integration of a world economy operating on a market principle, the rhetoric is often, in reality, empty of meaning' (p 60).

The ontology of Strange's new realism includes a decline in the authority of states, an increase in the authority of big translational firms, a parcelling of authority downwards from states to

3 See her *'Cave! hic dragones: a critique of regime analysis,' International Organization 36(spring 1982), 479-96.
smaller territorial entities, along with a general erosion of power based on territory and a rise in non-territorial power in economy, technology, and communications. Others have noted these tendencies; they give substance to Hedley Bull's vision of a new medievalism of overlapping authorities and loyalties. While accepting this vision as foreshadowing present reality, Strange takes the next step and asks who governs in such circumstances. This must be the first question in reflecting upon the condition of the world and its future; and, of course, there is no clear answer to it. A conspiracy theory will not do. There is no effective conclave of big corporations with United States government power, though these forces do seem to be the predominate actors.

A key word in this book is 'symbiosis.' Many things happen because actions from different sources are mutually reinforcing without being necessarily planned and directed as parts of an organized system. This is an important cue for political analysis. Strange gives penetrating analysis to the power of actors. The notion of symbiosis suggests that perhaps a further development of her approach could give more stress to the milieux in which interactions take place and which see the development of both conflict and co-operation among seemingly very different actors. The excellent chapter on mafias (written in collaboration with Letizia Paoli) could be an incentive to move in this direction. Mafias are one element of a wider milieu, the world of covert action.

Strange attributes the decline of state power in part to the widespread erosion of the confidence of the public in its political leadership which people are inclined to see as both corrupt and impotent to deal with the problems they face – insecurity, unemployment, and declining public services. Some initiatives toward a resurgence of civil society attempt to move in where established political structures fail; but there is a gap between declining polit-

ical authority and an insufficiently developed civil society. That gap is filled by the covert world which includes not only organized crime but also intelligence services, money-laundering banks, the arms trade, drug cartels, and terrorist organizations. This covert world penetrates government and big business. Its elements develop symbiotic relationships even in pursuing ostensibly conflicting goals. This symbiotic milieu is a deterrent to transparency and accountability and further undermines public confidence in institutions. To assess its significance, it is necessary to examine the whole milieu and not just some of its component actors.

In presenting a realistic analysis of the emerging structure of world power, Strange recognizes that this power structure is producing greater inequality in societies (pp 108-9); and, among nations, a 'collective colonialism,'7 administered through international organizations. The decline of state power makes any redress of these tendencies the more difficult. We are left with a question: Where are forces capable of effectively contesting the now dominant global power structure to be found? This may lead us back to civil society, to the revolts against 'globalization' by French and South Korean workers and by the Mayan Indians of Chiapas. So far, perhaps, this may not be much to go on compared with the concentrations of power at the top. But it is a trend to be followed, especially by those who seek to change the world.

*The Retreat of the State* does not purport to be a definitive statement of a new paradigm to replace an obsolescent IR. It does what Susan Strange is so good at: it challenges us to put our disciplinary backgrounds in parenthesis, to become aware of habits of thought that make us see things in certain ways, and to take a fresh look at the realities before us.

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