die-hard elements are always ensured the support of more moderate Nationalists in consequence of a species of moral blackmail through which the former play on the guilt of the latter at their failure to respond wholeheartedly to the call of the "ancestral voices." By means of the "differential" the argument is pressed to its absurd limits in dealing with the present peace process. All protestations to the contrary, O'Brien insists, the object of the policy is to secure a 32-county Republic in which the Catholic nationalists will enjoy hegemony—only to be dominated by their Church in turn. This was the intention of the die-hards Adams and Hume in launching the initiative—Hume, we are to believe beneath the eirenic facade, is an "implacable and relentless" Catholic bigot of the seventeenth century variety (p. 92). And, cowed by the differential, successive Southern governments have cooperated, pressuring, with American assistance, their all too credulous Westminster counterparts into a policy of "Appeasement" (the word is deliberately chosen by O'Brien to convey resonances of Chamberlain's appeasement of Nazi Germany in the prelude to World War II).

In O'Brien's conclusion the polemic becomes a jeremiad as he surveys the drift of present policy. "Appeasement" as entailed by the peace process he urges, will prove a recipe for disaster as it did for the British in 1938–39. In his view the effect of the present gropings towards peace by negotiation has been to launch the communities of the island upon the slippery slope towards civil war (p. 196). The best hope for peace is a common front against the men of violence to stamp them out by "drastic measures" including the reintroduction of internment (p. 176). Space permits only a comment. The elderly Conor Cruise O'Brien of this polemic puts one in mind of Enoch Powell in his later years: so much intelligence and energy expended in the heroically futile endeavor, Canute-like to stem the tide of history.

—Brendan Bradshaw

FUNCTIONING IN THE GLOBAL ECONOMY


Susan Strange's latest work, The Retreat of the State, goes a long way to breaking the bounds of traditional analyses of the international political economy. Instead of concentrating on well-covered ground involving trade relations and balances between states, international governmental organizations, and the continuing differences between liberal and neomercantilist schools of thought about the proper roles of states in the global economy, the book takes a much broader look at the functions of the world economy and the diffusion of authority within it to legitimately perform those functions. The application of broader concepts of power and politics than have been previously used in international political economy places new issues on the agenda of world politics and moves the study of the global
economy beyond a false dichotomy between the roles of the public sector (governments) and the roles of the private sector (the markets).

The first part of the book can be divided into three parts; an examination of the hypothesis that state authority is declining, a call for analyzing power in the world economy "as a feature of relationships" and as "a social process affecting outcomes" (p. 23), and a definition of politics that goes beyond the traditional public sphere to encompass all decisions taken by groups to affect the allocation of values within the system (p. 34).

There can be little argument that the first hypothesis is strongly supported by work throughout the field from a number of theoretical and methodological perspectives. Strange concludes that across a range of powers and responsibilities attributed to the state by political scientists, from the right to sacrifice the lives of its citizens to the independent ability to maintain the value of its currency, the state has become "just one source of authority among several, with limited powers and resources" (p. 73). Even on fundamental questions of economic sovereignty like taxation and the control of trade (the central defense of neomercantilists), Strange finds that the authority of states is in serious decline.

The discussion of power in the world economy emphasizes a Gramscian definition of power over global production and a Weberian definition of structural power in the system as a whole. These types of "relational" power shift the analysis of power in the world economy away from states versus private actors to the variations in power among a hierarchy of states. It also means that the interaction of impersonal markets with technological development and diffusion in the production process create structures where certain outcomes are preferred but not certain. This increases the unquantifiable and unpredictable factors in the world economy (p. 18). In such a system, states become reactive actors, just like individuals and firms and other international organizations.

Politics takes place in all of these realms. States become one actor among many which "exercise authority over others in setting not only rules but norms and customary procedures " (p. 32). Politics in the world system determines the mix of values reflected in the system as a whole. Strange reduces those values to four: the creation of wealth, the provision of security, the dispensation of justice, and the autonomy permitted to actors in the system (p. 34). She asserts that three central problems in international political economy and political science in general can be resolved by this formulation of politics and power. First, it allows political scientists to escape the domestic versus international politics separation of analysis. Second, the extension of politics to all forms of value allocation and decision-making among groups of people escapes the states versus markets dichotomy. Third, the separation of the world politics agenda into "high" and "low" politics or "security" and "economics" can be conquered by defining "political" as "all action requiring the cooperation of others" (p. 40).

Strange concludes that the best way to examine the development of politics and power in the world economy is to define the functions of the global economy and then ask who is exercising those functions, what is their purpose, and what the effect is on the outcomes of the system (p. 42).
The second part of the book is a brief look at six areas of the world economy where Strange finds that state authority to define and exercise those functions is declining. Each of the six chapters—on telecommunications, mafias, insurance, accounting, cartels and protectionism, and international economic organizations—is supportive evidence for Strange's assertions on the diffusion of power in the world economy away from states. Taken singly, none of the chapters is an exhaustive study of each area of the world economy; nor are they meant to be. Taken as a group, they do give some evidence to support the theories of the first part of the book. However, each of the six areas does leave some room to question the assertion made by the author. It can be argued that powerful states made decisions regarding deregulation in industries like telecommunications, insurance, and services to further the interests of actors within the state and the state itself in relation to other states' wealth and power. Likewise, is the power of the "econocrats" independent of the power of states that make up international organizations? Explanations from the hegemonic use of "soft power" by the United States to the increasing power of regimes in specific issue areas can be offered for current developments in these fields. Four of the six areas of examination require greater research before definitive conclusions can be reached about a theory that goes beyond regime analyses and hegemonic power.

The mechanism for change within the world economy portrayed by Strange is the interaction between rapid technological change and the internationalization of production and finance. These factors have created a situation of "global nongovernance." In the decline of states, how does the system allocate the creation of wealth, jobs and economic security? Economic security moves down to local governments competing for economic development, up to international organizations like the European Union, and to arrangements between individual firms and employees. State authority to manage a stable monetary system both within states and across the global economy has eroded as well. Money markets and international obligations destroyed the old world and left only uncertainty and non-governance in its place.

To Strange, the current situation is characterized by the lack of an opposition to the market and a lack of accountability for the outcomes produced by it. She concludes that further research is necessary in these areas of "negarchic power" (p. 198), which is nothing more than the balance of power expanded to new areas of world politics.

The theoretical thrust of The Retreat of the State, with its emphasis on process change and structural power in the world economy, can be coupled with recent literature on evolutionary paradigms in world politics and economics (see International Studies Quarterly September 1996 special issue) to produce a strong assault on traditional state-centric approaches to international political economy and international relations. To analyze correctly change rather than stability is much more important in a constantly evolving system. The Retreat of the State moves both research and teaching of the world economy in that direction.

—Daniel J. Whiteneck