

Ostranenie: Making it Strange

Review: *The Retreat of the State: The Diffusion of Power in the World Economy* by Susan Strange

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Ostranenie. "This Russian term of literary analysis refers to the experience of having the familiar and commonplace made strange or alien."¹ Such a process of estranging or "disordering"² those experiences ordinarily taken for granted, challenges the perceiver to re-engage their significance and perhaps discover new or unexpected meanings. Susan Strange inadvertently uses this process as she reexamines the notions of power, state and economics in *The Retreat of the State: The Diffusion of Power in the World Economy*. After challenging the established definitions of power and state and broadening the scope of examination for these concepts, she fails to take the extra step to define the market. In doing so she misses the crucial point; markets do not function as "impersonal" entities. Consequently, she neglects to accept her own advice to broaden the parameters of investigation to identify the power of relationships, social processes and systems. Having come so far, this

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failure serves to evidence the dominance of the self images of the discipline. Yet, her empirical evidence exhibits a move toward putting a face on that market and her exploration of the cartel moves her in the right direction. Strange's examination of the telecommunications systems on the other hand unfortunately misses these issues. Still, there can be little doubt that she views her work as an incomplete, political and potentially revolutionary process.

Ostranenie

In 1916, a young Russian formalist, Victor Shklovskii first uses the term *ostranenie* in his essay "Art as Technique" to describe a process of taking the familiar and making it "strange."³ The principles underlying this concept demonstrate how our perception becomes habitual, becomes "automatic."⁴ For Shklovskii, the purpose of normal speech is to communicate with as much transparency as possible. This is in contrast to "poetic"⁵ speech, which defamiliarizes and disorients: "The technique of art is to make objects 'unfamiliar,' to make forms difficult."⁶ He indicates that experience and expectation determine which is familiar and which is not; "habituation devours works, clothes, furniture, one's own wife and the fear of war."⁷ The implicit role for the artist is to estrange the familiar, to challenge our expectations in such a way as to get us to pay attention, to see anew; "to make the stone *stony*."⁸ Familiarity breeds a particular form of contempt in his mind: "It is the contempt of not seeing. It is not even a process of ignoring, since that suggests some action on the part of the viewer. Common perception, it might be inferred, is a kind of blindness. It is the poet's or the artist's role to open eyes"⁹.

While the use of this device can be merely clever, Shklovskii certainly saw a more serious purpose. By attempting to clearly define its subject matter, Russian formalism granted the study of literature the status of a science. Furthermore, in the revolutionary Russia of his time, there was a belief that social change could be brought about through the power of art. Little doubt exists that he saw his procedure of making it "strange"¹⁰ as a "political and potentially revolutionary process."¹¹

Strange

The idea for this review then comes from the fact that Susan Strange challenges the field of International Political economy to "rethink some of the assumptions of conventional social science."¹² She estranges herself from established notions of power, state and economics and reex-

amines them from a point of view where they no longer fit within the narrow parameters established for them. This process begins in 1970 when she publishes 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.”¹³ Since then she has continued to challenge the “basic entities and relationships that constitute reality.”¹⁴ Strange calls for a “radical desegregation and dismantling of artificial disciplinary barriers.”¹⁵ According to Roger Tooze this “was and is an integral part of the nature of her argument, her message—that only by being outside of the mainstream could she provide an adequate critique because the orthodox practice of IPE was too narrow and too rigid in its thinking to allow the internal disciplinary changes necessary.”¹⁶

Power

Susan Strange begins this process by re-engaging the notion of power. Power is crucial to the realist lexicon and has traditionally been defined narrowly in military strategic terms. It is the ability to get what you want, either through threat or the use of force¹⁷; this is what Strange calls relational power. Strange finds this notion of power incomplete, as it does not take into account the power “exercised by one party over another, without deliberate intent.”¹⁸ To accommodate this concept she expands the notion of power to include “the ability of a person or group of persons so to affect outcomes that their preferences take precedence over the preferences of others.”¹⁹ This forces the analysis of relationships, social processes affecting outcomes, “the way the system operates to the advantage of some and the disadvantage of others, and to give greater priority to some social values over others.”²⁰ Furthermore, this prevents the desire to attach power to the idea of capabilities, “as a property of persons, or of nation-states as organized societies.”²¹ Rather, this *structural* examination of power serves to “direct attention to the power of non-state authorities over the structures and therefore over the outcomes of the system.”²² This conceptualization of power leads to a broader understanding of where authority comes from. This is significant, as “power determines the relationship between authority and market.”²³

States

Strange’s expanded notion of power serves as a platform from which

to reexamine the significance of the state as the central unit of analysis in IPE. She stresses that the perception of states as “unitary beings separated from each other”²⁴ no longer suffices when it is not always clear in whose name the state exercises power, and who ultimately gains. Consequently the primacy of the state must constantly be challenged; be demonstrated, rather than assumed. Thus at the moment when the state finds itself relocated at the heart of analysis, it becomes stripped of many traditional capabilities.²⁵ For Strange, these capabilities reflect the mix of values in the system as a whole: “the wealth created; the security provided; the justice dispensed; and the freedom or autonomy permitted.”²⁶ She justly concludes that “it is not states alone which possess the authority to allocate such values”²⁷; they have lost some of their authority to other states, non-state actors and the market. This “diffusion of state power” thus becomes the primary contention of her book.

Markets

Despite her progress in challenging the established definitions in the field of IPE, Strange unfortunately falls back into a form of involuntary ‘blindness’ or “habitualization”²⁸ by not unpacking the idea of a ‘market’. In the theoretical foundations of *The Retreat of the State* she puts forward the argument that the world market is governed by *supposedly* “impersonal forces”²⁹: that these forces now have more power than the states to which “ultimate political authority over society and economy is supposed to belong.”³⁰ Following the vein of the argument established by Susan Strange and supported by Claire Cutler in “Theorizing the ‘No-Man’s Land’ Between Politics and Economics”³¹ It seems self evident that markets do not consist of “impersonal forces”³², as they do not “exist as powerful, depersonalized entities, whose links to structures of production, power and influence remain obscure.”³³ Markets function through interaction: people buying and selling; businesses and firms compose the markets and thereby transform/diffuse power. This failure to demystify market relations prevents the realization that they are “rooted and embedded in prior and constitutive relations of production.”³⁴ Consequently, the question of who governs and where the lost power of the state goes eludes Strange.

Still, despite the fact that she could not differentiate between the ‘real’ and ‘symbolic’ faces of the economy, Strange *was* moving toward putting a “face to the impersonal market. This was the face of production, the firm and the transnational corporation”³⁵ and although transnational corporations have not and will not take over the government of states, they have shifted the way that states operate. In doing

so they exercise an authority which parallels that of government in matters of "economic management affecting the location of industry and investment, the direction of technological innovation, the management of labor relations and the fiscal extraction of surplus value."³⁶

Empirical Evidence/Application

The Cartel

Susan Strange's empirical evidence serves as a map to chart the evolution of her thoughts. Similar to Victor Shklovskii, she struggles to bring about social change, and her examination of the Cartel ventures into a realm which economists have studiously ignored. As such, the subject of private protectionism seems to be off limits unless it relates to public or state legitimation of that protectionism. Strange concludes that the field of IPE is myopic in that doesn't recognize the "tendency of the business people to combine together against the consumer"³⁷. She points out a strange contrast between the lack of research and its restriction to interstate bargaining in the latter half of the last century.

Strange defines protectionism as the "intervention of firms with the operation of the free market."³⁸ Private protectionism can happen on both a unilateral or multilateral level. In the unilateral sense it relates to a singular firm which has monopoly over a product or market, and consequently limits entry in order to maintain that monopoly. In the multilateral sense it relates to an association of firms "agreeing among themselves to limit their production, fix their prices and collectively manage their respective market shares."³⁹ As a constraint on the world market economy, such protectionism may be as important as the trade limitations imposed by governments. In relation to IPE, the consequences are also very clear. These collusions outside of state sanctioned measures "interfere with open competition, constitute centers of power and sources of authority to which would-be buyers have no option but to bow."⁴⁰

This definition contrasts a world of "perfect markets and rational materialist behavior"⁴¹ posited in theoretical texts in liberal economics. Strange cites Lipsey and his *Introduction to Positive Economics*, as an example of a theorist who sticks to the established image of the field. Lipsey "sticks to the basic contention that costs and demand determine an equilibrium price and level of output."⁴² For Strange, such a judgment hardly reflects the actual function of any market, but it does reflect a fear of government intervention; state intervention leads to inefficiency and therefore any form of private

enterprise is deemed better than public enterprise.

It seems clear in this instance that Strange has moved away from her state centric idea of market control. She points out that the rhetoric of "free enterprise and open competition"⁴³ stands void of meaning and functions primarily as a mechanism to fully integrate a world economy based on market principle. She shows that this process began in the 1880s with a control over the manufacture of steel rails, and that since then cartels have imposed an authority over the market in favor of the members. This authority limits the access to wealth created and freedom or liberty provided. She calls these collusions "conspiracies against the public."⁴⁴

Telecommunications

After a lucid explication on the effects of collusion by cartels against the public, it seems that the analysis of public telecommunications sees a reification of the state as the center of analysis. For all the flaws that Strange points to in analyzing power and authority from such a narrow lens, she relies on many of its core elements to explore telecommunications and the threats they pose to state power. Through this analysis she fails to differentiate the difference between state competencies and state power. Strange's focuses on three reasons why the shift from state run telecom to private telecom narrows the options to "supposedly sovereign states"⁴⁵. The first reason relates to the rapid evolution of technology and the inability of the state to keep up. Improvements in transmission systems, increased capacity, the invention of mobile phones, earth circling satellites and increased computer capabilities all serve to force the state to form alliances that reduce its "sovereignty" over the transmission of information.

The second reason deals with the demand from the market. Where states used to control the structure of the communications sector they now need to kowtow to the "impersonal market" because it is "firms, not individuals, who are the big users."⁴⁶ This argument reinforces her failure to put a face to the market and recognize that firms consist of individuals who make decisions.

The third condition of change that Strange cites, points to the deregulation of telecommunications by the American government in 1984. This condition seems counterintuitive to the argument; the state loses competencies because the state decides to deregulate what was in essence a monopoly on information by non-state actors. By examining the non-state authorities and their influence, she may have discovered

a face that goes with the “market forces [that] have been unleashed by US policy choice.”⁴⁷

Her conclusion that the state loses the ability to control the long term advantages as a result of their focus on the “broader interests of civil society,” rings hollow in the face of rapid technological change. Unfortunately, Strange seems to center on the ability of the state to control access to telecommunications, rather than the ability of the state to provide equal access to information. Since the state finds itself incapable of providing competencies for its citizens as efficiently as the private sector, it cannot remain competitive in a world economy. The market, albeit focused in the hands of a few actors, responds readily to consumer demand and the rapid dissemination of cell phones. The linkage of internet technology and the market wars by the major actors have led to a tremendous benefit to the consumers of those products. At best, Strange’s argument in this instance finds itself dated. At worst, she leaves the nature of the telecom industry under explored and overstates its threat to state power.

Conclusion

As Strange notes, international political economists split between the “nothing has changed”⁴⁸ and the “much has changed”⁴⁹ camps. Given the possibility that much has changed it becomes essential to examine both the phenomenon and the consequence for societies. Although Susan Strange begins to engage in this process, she falls into the trap of reinforcing some of the common self images of the very field as she strives to push beyond its orthodox parameters. Challenging the established definitions of power and state leads her in the right direction, but one wishes that Strange would have pushed just a little bit further; had she had more time she may have done so. It is through her empirical evidence that one can conclude that this structural analysis, although imperfect, was moving in the right direction; she begins to put a face on the “impersonal” market. This perpetual evolution then shows no designs toward a grand theory, instead it serves to reflect the world back on itself in order to gain some understanding.

The Retreat of the State then, “challenges us to put our disciplinary backgrounds in parentheses, 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.”⁵⁰ It pushes us into a continual process to destroy the habituation which “devours works, clothes, furniture, one’s own wife and the fear of war”⁵¹; it pushes us to follow in Susan’s footsteps and make it ‘Strange’.

Notes

- 1 "Ostranenie." *Lexicon of the Society Lezard*. 1997.
<http://www.geocities.com/~lezard/lexicon/o/ostranen.html> (16 Mar. 2005).
- 2 Viktor Schlovskii. "Art As Technique" in *Literary Theory: An Anthology*. Ed. Julie Rivkin, and Michael Ryan. (Malden: Blackwell Publishers Inc, 1998) 23.
- 3 Schlovskii, 18.
- 4 Schlovskii, 16.
- 5 Schlovskii, 21.
- 6 Schlovskii, 18.
- 7 Schlovskii, 18.
- 8 Schlovskii, 18.
- 9 "Ostranenie." *Lexicon of the Society Lezard*. 1997.
<http://www.geocities.com/~lezard/lexicon/o/ostranen.html> (16 Mar. 2005).
- 10 Shklovskii, 18.
- 11 "Ostranenie", 1.
- 12 Susan Strange. *The Retreat of the State: The Diffusion of Power in the World Economy*. (Cambridge: Cambridge University Press, 1996), 4.
- 13 Robert Cox. "The Retreat of the State?" *International Journal* 52, Issue 2, (Spring 1997): 366.
- 14 Cox, 367.
- 15 A. Claire Cutler. "Theorizing the No-Man's Land between Politics and Economics." *Strange Power*. Ed. Thomas C. Lawton, James N. Rosenau, and Amy Verdun. (Aldershot: Ashgate Publishing Ltd, 2000) 160.
- 16 Roger Tooze. "Susan Strange, Academic International Relations and the Study of International Political Economy." *New Political Economy* (July 2000): 283.
- 17 Tim Dunne and Brian Schmidt, "Realism," *The Globalisation of World Politics*, eds. John Baylis & Steve Smith (Oxford: Oxford University Press, 2001), 158.
- 18 Strange, *Retreat of the State*, 26.
- 19 Strange, *Retreat of the State*, 17.
- 20 Strange, *Retreat of the State*, 23.
- 21 Strange, *Retreat of the State*, 23.
- 22 Strange, *Retreat of the State*, 25.
- 23 Susan Strange, *States and Markets*. 2nd ed. (London and New York: Pinter Publishers Limited, 1988), 23.
- 24 Ronen Palan. "Susan Strange 1923-1998: a great international relations theorist." *Review of International Political Economy* (1999): 130.
- 25 Ronen Palan, 127.

- 26 Strange, *Retreat of the State*, 34.
- 27 Strange, *Retreat of the State*, 34.
- 28 Shklovskii, 18.
- 29 Strange, *Retreat of the State*, 4.
- 30 Strange, *Retreat of the State*, 4.
- 31 Cutler, 159-74.
- 32 Strange, *Retreat of the State*, 4.
- 33 Cutler, 169.
- 34 Cutler, 170.
- 35 Cutler, 169.
- 36 Strange, *Retreat of the State*, 65.
- 37 Strange, *Retreat of the State*, 149.
- 38 Strange, *Retreat of the State*, 147.
- 39 Strange, *Retreat of the State*, 147.
- 40 Strange, *Retreat of the State*, 148.
- 41 Strange, *Retreat of the State*, 152.
- 42 Strange, *Retreat of the State*, 152.
- 43 Strange, *Retreat of the State*, 160.
- 44 Strange, *Retreat of the State*, 160.
- 45 Strange, *Retreat of the State*, 100.
- 46 Strange, *Retreat of the State*, 103.
- 47 Strange, *Retreat of the State*, 105.
- 48 Strange, *Retreat of the State*, 65.
- 49 Strange, *Retreat of the State*, 66.
- 50 Cox, 369.
- 51 Schklovskii, 18.

