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In Susan Strange’s last published paper, ‘The Westfailure System’ (Strange 1999), she condemned the limited governance provided by the state system for being incapable of solving three fundamental problems generated by globalizing capitalism: recurrent turmoil in the global financial system, the degradation of the natural environment, and the ‘failure to preserve a socio-economic balance between the rich and powerful and the poor and weak’ (Ibid., 345). Strange’s reflections, which were triggered by the Asian financial crisis of 1997, have unusual resonance fifteen years later, in the fifth year of the ‘Lesser Depression’ (Krugman 2011) that followed the global financial crisis that began in 2007 with the revelation that more than a trillion dollars of US securities were backed by unsustainable subprime mortgages and by the run on a major British bank, Northern Rock. It is perhaps odd, then, that a Google News search reveals no US economic pundits and only two in the UK who have cited Strange’s work in the last five years: One, Daniel Ben-Ami, condemns her perpetuation of ‘the myth’ that Wall Street bankers have become as reckless as addicted casino gamblers (Ben-Ami 2008). The other, the British Minister of State for Trade and Investment, Stephen Green, honors Strange for anticipating the crisis and builds upon her ideas to argue that financial leaders need to become more ethical and that business leaders need to embrace measures to combat global warming (quoted in Chearn 2009). Commentators in Argentina (Borón 2010), China (YAN 2010), Cuba (González Mederos 2009), Denmark (Qvortrup 2008), India (Karunakaran 2008), Spain (Jus congens 2012), Turkey (Vantanserver 2010), and other countries express views even more favorable than Green’s. Who is more correct?

My purpose in this paper is to consider the enduring significance of Strange’s last work, both her final article and her unfinished ‘What Theory? The Theory in Mad Money’ (Strange 1998a). I argue that she accurately identifies three problems that are truly global – problems that affect all of humanity that no single state or regional grouping can solve by itself. While there are certainly more problems of this sort – eight or ten rather than just three – Strange, nevertheless, identifies the most critical impediments to solving any one of them. Moreover, her analysis of the reasons why each of the main schools of International Political Economy (IPE) had failed to come to grips with such global problems remains prescient and the ‘eclectic’ method that she champions as the best way to gather the knowledge relevant to solving global problems remains more plausible than the field’s

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2 Google News search of ‘Susan Strange,’ 1 June 2007 through 30 May 2012.
main orthodoxies, especially in the US, a fact that, in part, explains the contrast between the
global reach of Strange’s intellectual influence and her more limited impact on policy
debates closer to the sources of the current crisis.

Global problems
At the core of Strange’s ‘Westfailure System’ is the argument that our ‘system’ of having a
dynamic global capitalist economy governed by 190-odd sovereign states (a system created
by Western governments and Western economic elites) ‘has failed to satisfy the long term
conditions of sustainability’ by ignoring ‘the processes of environmental damage that
threaten the survival of not only our own but other species,’ mismanaging ‘the institutions
and markets that create and trade the credit instruments essential to the “real economy,”’
and by not balancing ‘the constantly growing power of ... the transnational capitalist class
(TCC) and that of the “have nots,” the social underclasses, the discontents that the French
call les exclus’ (Strange 1999, 346).

Global environmental problems (especially climate change, species loss, and pollution of
the seas), global financial crises, and global inequalities are three of the small set of
‘global problems’ regularly pointed to by promoters of the new global public policy degree
programs established over the last decade. Kishore Mahbubani, Dean of the Lee Kuan Yew
School of Public Policy at the National University of Singapore (NUS), begins a widely cited
Newsweek op-ed on the subject with a rallying:

Mao Zedong was right. We should always focus on the primary, not secondary,
contradictions. And right now, our primary global contradiction is painfully obvious:
the biggest challenges of governance are global in origin, but all the politics that
respond to them are local. There are many wise leaders around the world, but there
is not enough global leadership. (Mahbubani 2010)

The programs like the one that Mahbubani created at NUS with Kofi Annan (who served as
its first chaired professor) reflect a global governance paradigm that emphasizes
subsidiarity as a way to enhance both accountability and legitimacy (Kahler 2009). Thus,
they consider ‘global’ problems to be problems that affect everyone and that cannot be
solved by a single state or by regional groupings of states: problems that require global
action.

Even within the constraints of a 650-word op-ed, Mahbubani could easily explain why both
some environmental problems and some financial crises have global effects and require
global action. Other global problems require more explanation.

Consider inequality: Strange (1998a, 352) points to four global harms that come with the
growth of material inequality and the inequality in power that goes along with it. First, she
argues: sometimes the frustrated underprivileged riot or, in a world in where so many of
the rich are separated by such great distances from the poor whose lives they control, the
same frustration can make it easier for all sorts of political leaders to find recruits for
terrorist campaigns. A second, even greater problem comes when les exclus come to believe
that their relative deprivation is bound to get worse, not better; here Strange follows the
empirical research of the 1990s that demonstrated connections between both domestic
and international sources of deprivation and revolt from below (e.g., Boswell and Dixon
1990; Goldstone 2001). Even more certainly, third, the world’s current levels of material inequality give us a much less dynamic, less innovative type of capitalism than we would otherwise have: ‘[A] flourishing market economy needs new customers, with money to spend, not homeless beggars and starving African farmers’ (Strange 1999, 352). Finally, fourth, Strange suggests, in what now may appear as something of a throwaway, the world’s underprivileged ‘may pass their new epidemic diseases to the rich.’ That fear was prevalent when Strange wrote about it, in the era before the spread of effective treatments for HIV/AIDS. The American songwriter Randy Newman even penned a 1999 song that, in an improbably short four minutes, summarizes Alfred W. Crosby’s (1986) *Ecological Imperialism: The Biological Expansion of Europe 900-1900*, concluding with, ‘Some bug from out of Africa might come for you and me/Destroying everything in its path/From sea to shining sea/Like the great nations of Europe/In the sixteenth century’ (Newman 2011).

There is a larger, related issue that was already well-documented in the public health literature of 1999, even if it was not yet part of our popular consciousness: High levels of inequality in any industrialized society are associated with health problems that affect everyone, even the most privileged (Crepaz and Crepaz 2004).3 This might not by itself make global capitalism unsustainable, but it certainly represents a global problem.

The number of global problems is greater than the big three that are Strange’s focus in ‘The Westfailure System.’ Mahbubani (worrying more about viruses from Asia than from Africa) identifies pandemics as a fourth global problem, albeit not one that he connects to global inequalities. There are five more that, together with the first four, may constitute the entire set of problems that cannot be solved at a local, state, or regional level: the weakening of democracy at all levels,4 the nexus of organized crime, illegal drugs, and terrorism, the related global arms trade, the humanitarian consequences of dictators and warlords, and what might be called ‘over-militarization, the over-reliance on the military to solve economic and social as well as security problems.

These nine problems fall readily into four clusters. I will introduce the global problems that Strange did not discuss by relating them to problems in the same cluster that she did discuss. Later, these groupings will be used to help illustrate the perspicuity of Strange’s analysis of the set of global problems as a whole.

The first cluster includes both global environmental problems and pandemics. These are problems that arise from troubled relationships between human beings and the rest of the natural world. They are the kind of problems that have often accounted for the downfall of complex societies (Ponting 2007, Giosan et al. 2012), but they are also problems that

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3 The issue became widely discussed in the UK and some other parts of the world after the publication of *Spirit Level*, a best-selling trade book by two leading public health scholars, Richard Wilkinson and Kate Pickett (2010). Britain’s Conservative Prime Minister, David Cameron, and the leader of the opposition, Ed Miliband, immediately claimed to embrace the book’s thesis (Booth 2010).

4 I am grateful to Robert Johansen for making it clear to me why this truly is a problem that affects all of humanity and that cannot be solved by any single state or group of states.
have been anticipated and sufficiently well understood by modern, technology-producing science – the knowledge system that evolved with, and that provides critical support for, globalizing industrial capitalism (Stopford and Strange 1991, 72-74; Noble 1977).

The second cluster consists of global inequalities and the weakening of democracy. Increasing material inequalities across countries, some of the inequality within countries, and some aspects of global inequality (i.e., the inequality across individuals everywhere in the world) are effects of an increasingly global economy (Milanovic 2005). If nothing else, those who profit from exchanges all along the world’s increasingly numerous global value chains tend to cluster in particular places – wealthy cities in wealthy countries – and tax competition among countries assures that, wherever they live, the rich are able to keep more and more of what that they accumulate (Avi-Yonah 2009, Rixen 2011, Palan, Murphy, and Chavagneux 2010). At the same time, despite the rapid economic growth and the anti-poverty policies that have transformed so many lives in China, India, Brazil, and a few other countries over the last fifteen years, more than a billion people in Africa and Asia continue to live in the kind of poverty that was general before the Industrial Revolution (Hulme and Wilkinson 2012).

The same forces weaken formal democratic institutions: As the economy expands beyond existing boundaries, democratic governments at all levels find that the tools they once used to shape society in the collective interest no longer work.

Much has been written about the democratic deficits that exist at the level of the world’s weak global political institutions (Glenn 2008) and of the more powerful European system (Bellamy 2010), but it is equally true that economic globalization has weakened the governments of even the most democratic of states (e.g., Norway), and has also made them less responsive to the public (Selle and Østerud 2006). Even the most powerful of the formally democratic states, the United States, has seen a weakening of democracy that some commentators link to economic globalization (e.g. Reich 2007). Epidemiologists have even begun to identify links among economic globalization, the democratic deficit, inequality, and the material deprivation and psychosocial factors that are the proximate causes of the strong correlation between inequality and poor health outcomes (De Vogli, Gimeno, and Mistry 2009).

Strange’s last papers focused the most on the third cluster: financial crises, the nexus of organized crime, illegal drugs, and terrorism, and the arms trade. In ‘What Theory?’ she wrote:

The other thing that has changed from the earlier period is the involvement of organized crime in the international financial system. Of course, there have always been criminals active in financial markets, some of them respected pillars of society. Organized crime is different. Large, rich transnational networks flushed with profits from the international trade in drugs, arms, and illegal immigrants emerged in the 1980s as big players in international finance. Their operations were the basis for a boom in the business of money laundering – the conversion of dirty money derived from crime into untraceable, legitimate investment funds. (Strange 1998a, 14-15, in-text references removed)
Strange explains how organized crime has not only been protected by mafia traditions of secrecy, but also by ‘the amazingly permissive market for transnational banking services, ... [which] allowed bankers and accountants to share with priests the privilege of client confidentiality’ (Ibid., 15). Finally, there has been the long-standing refusal of the developed countries

... to apply the principles of agricultural support and protection that they used at home to ... export crops produced by the developing countries. Poor returns for coffee, tobacco, sugar, etc. compared with high returns from growing cannabis and opium and the processing the material for an eager market. (Ibid.)

The one element of this cluster that Strange missed became all too apparent shortly after her death. With the end of the Cold War and the related relative decline of state-sponsored terrorism, the money laundering networks maintained by global mafias and even mafia-like crimes aimed at raising cash for weapons and their operators, have become essential to international terrorists. Tamara Makarenko (2010, 129) writes, ‘[T]he 1990s can be described as the decade in which the crime-terror nexus was consolidated ... it is necessary to acknowledge, and to understand the crime-terror continuum to formulate effective state responses.’ One could add that, given Strange’s analysis, state-level responses will be insufficient.

Just as the undemocratic and unequal global political economy that protects Northern farmers but forces Southern farmers to compete with each other connects the second cluster of global problems to the third, the arms trade connects the third to the fourth cluster that includes the humanitarian consequences of dictators and warlords and over-militarization. The connection is so close that I include the arms trade in this cluster, as well.

The current debate over the UN Arms Trade Treaty illustrates the connection to those dictators and warlords who would lose any claim to sovereignty under the principle of the Responsibility to Protect (R2P) because they not only do not ‘protect,’ they systematically annihilate many of the people over whom they have authority.5 Supporters of the proposed treaty such as the liberal Center for American Progress argue that the global trade in small weapons is responsible for undermining fragile states. The trade, supporters argue, empowers the warlords. That is why the first advocates of the treaty were civil society organizations in the parts of Africa, Asia, and Latin America where such men have done the greatest harm (Stohl and Hogendoorn 2010). Opponents of the treaty connected with the conservative Cato Institute, Heritage Foundation, and Independence Institute do not dispute this analysis. They argue only that the proposed treaty will not stop the trade; therefore, it would be better to cut off aid to the worst dictators and to arm their opponents (Kopel, Gallant, and Eisen 2010).

The conservative’s solution – to control the negative consequences of the proliferation of arms by the further proliferation of arms – is characteristic of over-militarization, a

5 One of the most thoughtful introductions to meaning and history of R2P appears as the final chapter of Weiss and Thakur (2010).
situation when military practices and military institutions are seen as the answer to economic and social questions as well as to all questions of national security. The problem as it emerged in the United States has been analyzed in studies of the military industrial complex, military Keynesianism, and the like, but the same problem has arisen in societies as diverse as Pakistan, China, Sri Lanka, and South Africa. Moreover, the globalization of the problem arises due to the way in which security practices in one state come to mirror those in other, potentially antagonistic states. Over-militarization contributes to both the horizontal proliferation of weapons of mass destruction (arising from the compulsion to seek the ultimate military guarantee of security) as well as their vertical proliferation (the practice of maintaining many more weapons than are needed for effective deterrence), which, of course, undermines attempts to curb horizontal proliferation, as well.

**What makes them so difficult**

Strange devoted little attention to the fourth cluster. Her only reference to ‘the military-industrial complex’ appears in ‘The Future of the American Empire’ where she writes,

... America’s ‘legions,’ in the integrated financial and production economy of today’s world, are not military but economic. They are the corporate enterprises on which the military depends – as Dwight Eisenhower foresaw in talking about the military-industrial complex. The American Empire in sociological terms therefore could be described as a ‘corporation empire’ in which the culture and interests of the corporation are sustained by an imperial bureaucracy.’ (Strange 1988, 10)

Well, that may not be exactly how Eisenhower understood it, but Strange certainly had a great deal to say about the other three clusters and perhaps a similar analysis of each of those can also throw light on this last one as well. This section lays out the analytical tools that Strange used, and then considers each cluster of global problems to identify the impediments to solving them.

**Strange’s tools**

Strange believed that to accurately understand the current human condition, analysts needed to reflect on multiple spheres of power: **production, finance, knowledge, and security** (Strange 1984). Each sphere has its own internal logic and structure and no one sphere necessarily dominates the others. This is particularly true in terms of **structural power**, the power to control the context in which others make decisions. Nevertheless, in her late work, Strange suggested that two centers of structural power had, in fact, been relatively dominant since the Second World War. One was ‘big business – the so-called multinationals,’ the top echelon of a fractured transnational capitalist class (TCC) whose structural power originates in the spheres of global production and finance (Strange 1999, 353). The second was the equally fractured United States government, which, as the

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6 A good starting point is James Carroll’s (2006) history of the US military since the Second World War. Also see Daniel Deudney’s (2007) analysis of how ‘republican security theory’ can provide a design for the global governance of weapons of mass-destruction and the industrial complexes that support them and Cynthia Enloe’s (2007) use of feminist methodology to reveal the connections between globalization and militarism.

7 It is difficult to find a name for such an analysis. As Ronen Palan (1999, 132) suggests, it is unlikely that scholars would want to ‘identify as Strangeists.’
comment above about the ‘corporation empire’ suggests, has, itself, been increasingly
dominated by big business, something that is true of state institutions in almost all
economically successful societies, a fact that Muzaffer Vantanserver (2010) argues is often
neglected (perhaps to their own peril) by governments in countries like Turkey that have
done quite well since 2008.

Strange argues, those who hold power – including the major holders of structural power –
always have mixed motives and they are often misguided. Thus, for example, she concludes,
In a nutshell, it was the governments of states – especially that of the United States –
that decided in favor of deregulation and globalization. Sometimes pushed by
market forces, they still had freedom of choice, and by and large opted to give way,
rather than resist. If this caused problems for them later, it was their own doing,
their choice. (Strange 1998a, 18)

Strange notes that since the Second World War, when confronted with decisions that will
affect the global political economy, the US government has had an increasing tendency to
act irresponsibly vis-à-vis both the long-term interests of its own citizens and the global
interest. She does not ascribe this to some unique flaw in the US political system – after all,
there have been many examples of other powerful governments acting in the same way
(Ibid., 19-20) – but she would be unsurprised by recent analyses demonstrating and
explaining the growing influence of the wealthiest Americans over the policies of the US
government (e.g., Hacker and Pierson 2010).

Big business, big finance especially, also tends to act irresponsibly relative to the global
interest and even relative to its own long-term interests simply due to the cognitive
limitations of financiers. Strange embraces Keynes’s view of the waves of emotion that rule
financial markets. Financiers go ‘suddenly and disruptively from illogical optimism to
deepest pessimistic gloom. Drunken sailors one minute; terrified rabbits the next’ (Strange
1998a, 10). The emotional foibles of individual financiers become entrained because they
do not ‘respond to objective truths’ but rather to perceptions of how others [like them]
perceive the likely behavior of markets’ (Ibid.). This problem, Strange argues, is even worse
than Keynes imagined. Keynes realized that markets failed to respond to ‘prevailing
opinions about objective truth’ but George Soros correctly, according to Strange, points out
that markets do, indeed react to such prevailing opinions, ‘while, conversely, the
researchers react to the behavior of markets,’ creating a second, ‘reflexive’ self-reinforcing
cycle, one that assures that the ‘objective truth’ about market conditions can never be
determined from the consensus of researchers, nor can any particular panic or bubble be
predicted, even though the tendency of the system to produce both is relatively certain
(Ibid, 13 and see Soros 2012).

Additionally, Strange argues that the irresponsible behavior of powerful states and that of
big business reinforce each other due to a relationship at the center of the modern system
of credit: fiat money, which creates a kind of mutual codependency between powerful
states and big finance, a pathology that Strange sees at the core of the Westfailure System.
‘Codependency’ is ‘a psychological condition or a relationship in which a person is
controlled or manipulated by another who is affected with a pathological condition (as an
addiction to alcohol or heroin)’ (Merriam-Webster Medical Dictionary 2012). Big finance,
which has no choice but to use fiat money, cooperates when major powers ‘made desperate by the whip of war, practice financial deception on their own and other people’ (Strange 1999, 348). At the same time, governments regularly fail to regulate the pathological private financial system (one incapable, by itself, of serving its own long-term interest, let alone the collective interest) because, ‘[b]y the 20th century, government debt had grown to the point where the financial system had become indispensable for the conduct of state business’ (Ibid.).

Finally, Strange’s analysis contains an argument about the recent wave of economic globalization. She sees the globalization of private finance and the globalization of production as, in part, responses to changes in technology – to things like containerized shipping and the Internet – changes that came from that contemporary ‘knowledge’ structure: technology-producing science, a knowledge structure that, recall, evolved along with industrial capitalism. The most significant point here is that, in the contemporary world, the knowledge structure serves the production and financial structures, not the other way around.

Putting these elements together, we could say that Strange understands the contemporary world as one in which economic globalization has created a number of fundamental problems (environmental, inequality-related, and financial) that are difficult to solve due to the mutually-reinforcing irresponsibility of the most powerful government and that of big business or the TCC, a situation that is causally connected to the separation of ‘state’ and ‘economy’ at the global level, that is, to the Westfailure System.

‘Causally connected,’ but certainly not ‘determined by.’ Strange’s ‘reflexive’ (to use the term Soros prefers, but perhaps we could say ‘constructivist’) perspective means that actors’ ‘motivations’ are always ‘mixed, preferences multiple and complex’ (Strange 1998a, 12). That is why her preferred research design, the one followed in both Casino Capitalism (1986) and Mad Money (1998b) was to identify a series of critical policy choices by major powers that determined the structure of the global political economy at a particular time (Strange 1999, 17-18). She makes it clear that, at each point, other policy choices with different consequences could have been made. The alternatives were recognized at the time, the decision-makers could have marshaled the political support needed to take the alternative decision, and the different choices would have made a fundamental difference.

With these elements of analysis in mind, it is time to return to the four clusters of global problems and suggest what Strange would make of them today.

**Table 1: Four Clusters of Global Problems**

| First cluster | 1. global environmental problems (climate change, species loss, pollution of the seas)  
|               | 2. pandemics |
| Second cluster| 3. global inequalities |
4. weakening of democracy

**Third cluster**
5. financial crises
6. organized crime, illegal drugs, and terrorism
7. the arms trade

**Fourth cluster**
7. the arms trade
8. humanitarian consequences of dictators and warlords
9. over-militarization (with consequences for vertical and horizontal proliferation)

**Environmental problems and pandemics**
The first cluster is one of the easiest because Strange addressed it in ‘The Westfailure System.’ These global problems of human relations with the rest of the living world are ones that seem puzzling because they have been identified by science, which has given us a strong sense of the problems urgency as well as a relatively clear idea of what needs to be done. Unfortunately, science is a knowledge structure that that is subservient to the structures of production and finance. Certainly there have been historical societies in which the knowledge structure dominated its economic structure – perhaps, for example, Medieval Christendom (Strange 1994, 123) – but that is not the case today. Science is somewhat autonomous: ultimately, scientists’ conclusions are not dictated by business or government, but, as an Indian pundit who relies on Strange to explain the current environmental and financial predicament points out, business regularly uses its structural power to muddy and delay scientific consensus. The non-renewable energy sector’s

... strategy is the same as the tobacco industry followed in earlier years when studies proved the connection between tobacco and health. It would buy pliable scientists to deny the science and to fudge it in the public mind as long as possible. It would then pretend that the impact was not really that bad. Then, even if some action was called for, there was no need to hurry, there was plenty of time.

(Karunakaran 2008)

Ultimately, the conclusions of scientists do not not apt to rule unless the world’s economic leaders and its political leaders agree.

The great problem now is that on the most critical issues, the political leaders, influenced by economic leaders, do not agree. Effective limits on global warming would require significant sacrifices on the part of businesses with a great deal of power in the United States. It probably would also require significant sacrifice on the part of US and other Western citizens to compensate rising economic powers for some of the opportunity costs of not industrializing in the polluting ways that earlier industrializers did. That is unlikely to happen because the basic norms of the state system justify irresponsibility toward the citizens of other countries (Strange 1999, 351).
Further evidence that the relative subservience of the knowledge structure to economic and political power and the lack of political will of the most powerful government are the greatest impediments to solving global environmental problems can be found by using a method that Strange regularly employed: looking for earlier examples of similar problems that remained unsolved for many years and determining whether the same logic applied. In this case, it would be to look for examples for earlier global problems that continued due to the insistence of a powerful nation that scientific consensus did not, in fact, dictate a solution. This was the case with the first proposed international regime to deal with pandemics, a system of international quarantines that would have imposed significant costs on British shipping. Against the dominant view among late 19th century scientists, the British government long opposed the proposed regime, arguing that there was no consensus that germs (bacteria and viruses) were responsible for diseases rather than ‘miasmas,’ spontaneously arising ‘bad airs’ confined to particular localities. Eventually the scientific view won out, but only after the global disaster of the 1918 flu pandemic (Cooper 1989) and the simultaneous relative decline in British power.

Similarly, we can look to see if the same factors are at work in the case of similar problems today. Now, we do have a relatively effective global system for dealing with pandemics like the one in 1918. Today, the typical critiques of that system are like those of BJM (formerly, the British Medical Journal) whose editor (along with a report commissioned by the Parliamentary Assembly of the Council of Europe and other experts) condemned the World Health Organization (WHO) for acting as the agent of the global pharmaceutical industry in the way it responded to the 2009 influenza outbreak, causing public health services to spend billions of dollars on questionable vaccines and antivirals in response to a minor threat (Goodlee 2010, but cf. Nicoll and McGee 2010). Again, business interest (but, in this case, not necessarily the will of a powerful government) seemed to trump science.

**Global inequalities and the weakening of democracy**

If the first category of global problems can be explained by the dominance of the economic structure over the modern knowledge structure (technologically-oriented science) that evolved to serve industrial capitalism, the second has more to do with the increased power of economic structures relative to those of security and the state. Recall Strange’s central argument: It is not that state power or the reality of the core issues of high politics have dissolved with economic globalization, it is just that the power of the state, even that of the governments of the most powerful of states, has declined relative to the power of big business or the TCC. If the most recent waves of democratization (in Latin America, Eastern Europe, parts of eastern Asia, Africa, and now perhaps the Arab world) had taken place when states were relatively stronger in the 1950s or 1960s, democratic control of the global political economy would truly have increased. Unfortunately, the last wave took place at the same time that the relative power of the TCC increased due to economic globalization. Increasing inequality across countries and the weakening of democracy have the same source.

Moreover, Strange’s analysis suggests that it would not be in the interest of any government of the United States to promote global democracy, no matter what different US administrations might profess. In her last work, Strange used Leslie Sklair’s (1997) concept
of the TCC and we can also find resonances with the contemporary work of the other scholar whose name is the most linked to the concept, William I. Robinson. Robinson begins his 1996 book on the US’s promotion of low-level democracy by quoting George Kennan on 'the real task' of the United States: maintaining the country’s disproportionate control of the world’s wealth, a task that is hampered by any talk about ‘raising living standards, human rights, and democratization’ (Kennan 1948 quoted in Robinson 1996, 1). The US simply cannot be a consistent promoter of democratization, no matter how sincere its leaders may be in their professions of support for democracy. Strange would have been unsurprised by the responses of the George W. Bush administration to the outcomes of the 2005 elections in Lebanon and the 2006 elections in Palestine. She would have been equally unsurprised by the inconsistency of the Obama administration throughout the Arab Spring, e.g., using force to help overthrow the regime in Libya while employing everything short of direct US military intervention to stop a democratic revolution in Bahrain, home of one of the US’s most strategic military bases.

There is an important corollary to Strange’s analysis of the problem of inequality and the related problem of weakening democracy: While there may be reason to believe that elements of the TCC could be helpful in solving all of the other clusters of global problems, it is much less likely that they will be helpful with this one. Just like national leaders in the United States, business elites may profess values that conflict with their interests; that does not mean that they are hypocritical, but it does mean that they are likely to be inconsistent (cf. Strange 1998b, 353).

**Financial crises, the crime/drugs/terrorism nexus, and the arms trade**

This cluster includes the issues that mattered the most to Strange. In her analysis, international financial crises were endemic to a world without effective government at an international level and effective government at that level was unlikely given what I have called the mutually codependent relationship between powerful states and big finance. The magnitude of the problem has gotten worse as the relative power of big business has increased, in part due to technological changes that have diminished the capacity of governments to regulate financial flows. (It is, for example, Strange’s realization as early as the 1980s that the geometric growth in computer power and bandwidth would encourage the trade in new, impossible to regulate mathematically-combined financial instruments that most impressed one of Cuba’s leading political scientists, Carlos Alzugaray [quoted in Gonzalez 2009].) The lack of global regulation has increased the power of international organized crime as well as the demand for the products of the global arms trade. Moreover, (to go beyond the analysis that Strange offered in her own lifetime), we see in the merging of the behavior of organized criminals and international terrorists a tremendously ironic, but deeply troubling development: a fundamentally new security threat that states may not have the capacity or will to oppose.

In an important critique of recent work on organized crime, drugs, terrorism, and the arms trade, Peter Andreas (2011) includes Susan Strange among a large group of scholars who have perpetuated alarmist misconceptions about these contemporary threats. In Strange’s case, his critique may be slightly misplaced. Like Andreas, Strange recognized that such ‘illicit globalization’ is not new and that, in some cases, its relationship to the state is
mutually beneficial and certainly not always antagonistic. In fact, Strange’s understanding of the core pathology of the Westfailure System could complement Andreas’s analysis by helping identify the limitations to the proposed solution to these problems that has been pursued since the 1980s (one to which Andreas gives qualified support): improvements in international policing. Certainly, if global flows of guns and illicit finance could be cut off, then the major harms created by this larger nexus would disappear, and, of course, the flows of arms depend on the flows of finance. But there are reasons why powerful governments will not allow adequate policing of international financial flows, and it is not just because they rely on the channels of those flows to finance the particular political groups that they support in various post-Cold War armed struggles. It is because powerful governments depend on and support the global private financial system. Being able to police and regulate flows of funds to mafias, terrorists, warlords, and dictators would also mean being able to establish an effective global taxation regime, effective border controls on capital, and other capabilities that powerful states currently do not wish to have. If nothing else, should powerful states develop the means to regulate illicit globalization, it will be time for Strange’s questions: a time to see what decisions or non-decisions powerful states then make about regulating global finance using these new capabilities.

The arms trade, the consequences of dictators and warlords, and over-militarization

A similar analysis of the unacceptable humanitarian consequences of warlords and many dictators – the problem addressed by R2P – would also begin by addressing the interests of powerful states in maintaining the illicit globalization that allows warlords and dictators to seize assets and trade them for the weapons that they rely on to stay in power. Political reluctance to develop effective tools to police illicit globalization would, in turn, assure that when powerful states do wish to remove a particular warlord or dictator, they turn to military means.

Beyond that, Strange’s international political economy offers questions about this final cluster of global problems. Many are already investigated by scholars of militarism and military industrial complexes: Under what conditions do state leaders come to rely on the military as a primary source of solutions to economic and social as well as international security problems? Under what conditions do powerful economic interests come to accept this as well? But Strange would raise other questions as well, especially: Why do powerful private financial interests support militarization? It is relatively easy to understand how producers would come to accept the military Keynesian and permanent war economy that has characterized the United States since the Second World War (Carroll 2007) or Pakistan since the 1960s (Siddiqa 2007), but it is less clear what finance would have to gain, except perhaps that over-militarization may impede the intergovernmental cooperation that would be necessary to regulate international finance.

In a significant recent dissertation that is indirectly influence by Strange, Susan T. Jackson (2008), the head of the Military Expenditure and Arms Production Program at the Stockholm International Peace Research Institute provides a more sociological explanation in which militarism has become such a deep part of global elite culture that the

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8 Especially through Palan and Abbott (1999).
international financial institutions (the IFIs, especially the IMF and the World Bank) make a ‘military exception’ to the various ‘competition enhancing’ conditions required in exchange for the financing needed to weather the various financial crises since the 1980s. The IFIs’ enforcement of across the board government-budget cutting – with this crucial exception of the military - has enhanced the military’s political power in most parts of the world and it has helped increase the arms trade, despite the significant reduction in international conflicts and real threats since the end of the Cold War. Thus, the arms business has remained one of the most stable, secure investments in this otherwise economically volatile period. This gives private financial interests a further, practical reason for doing nothing to challenge over-militarization.

Atilio Boron (2010), an Argentine scholar who has cited Susan Strange on the current crisis (pointing to her prescience in critiquing early arguments about ‘the decline of the US’) sees a similar process at work in the militarization of US relations with Latin America since the Cold War: In the 1990s, due to the ‘military exception,’ US support for democracy and neoliberal economic policies throughout Latin America never challenged the military to military links developed during the Cold War. Therefore, since 2001, as fears about terrorism, violence from the drug trade, and the security of US oil supplies increased, it was easy for inter-American relations to be increasingly remilitarized.

Some may find Jackson’s and Boron’s arguments overly complex or less than completely convincing, but they demonstrate the usefulness of asking the kinds of questions that Strange asks: questions about the critical decisions made by actors with structural power that have given us the world as it is now, rather than some other plausible, different, and usually better world.

Strange’s analysis and the role IPE can play in helping solve global problems

In ‘What Theory?’ Strange commented on why most IPE scholars fail to come to grips with the problems that she addressed in ‘The Westfailure System.’ Her remarks are equally appropriate to the question of why IPE has had so little to say about all nine of the global problems discussed above.

‘What Theory?’ devotes little attention to the neorealists and neoliberals. Earlier (Strange 1994, 213-18) she rejected out of hand the idea that either group, by itself, would have much to say about such problems. Realists remain too committed to the state as the unit of analysis and too focused on interstate war as humanity’s primary problem. Neoliberals remain fixated on an outdated deductive methodology that, Strange believed, the most insightful economists already consider only one instrument in a much larger social science toolkit. The more interesting cases, for Strange, include the Gramscians, most of whom Strange (1999, 6) correctly notes, have paid little attention to the details of the interconnected monetary and financial systems and, therefore, ignored the codependent relationship between the modern sovereign state and globalizing finance. While there has been some learning along this line in the last fifteen years (e.g., Ivanova 2010), the criticism generally remains valid. Gramscians are apt to focus on big finance as a fraction of capital with interests that often differ from those of the leaders of production, but the relationship that Strange sees at the center of the Westfailure System is one they rarely foreground.
Equally interesting to Strange might be the recent work of the more the sociologically-complex liberal scholars that John M. Hobson (2012, 330) calls ‘liberal cosmopolitans,’ such as David Held, Francis Fukuyama, and Martha Nussbaum, and ‘realist-liberals, such as John Ikenberry, Anne-Marie Slaughter, and Michael Ignatieff. Neither group of scholars suffers from the lack of interest in learning from other perspectives or in developing a rich historical sociology that Strange considered characteristic of neorealist and neoliberals (Strange 1994).

Nevertheless, some of the scholars in these groups (e.g. Fukuyama 2006; Ikenberry 2011) despite the richness of their social history and the nuance of their political understanding, fall back on one of the neoliberal and neorealist arguments that Strange always found troubling (e.g., Strange 1994, 217). They see the United States oppressed by a world in which weaker states, even its closest allies ‘free ride’ on the ‘collective good’ of the governance provided by the superpower. Ikenberry (2001, 149) repeats the neoliberal and neorealist theorem, 'Unipolarity creates opportunities for weak states to free ride on the lead state,' that Strange sees as the misguided justification for the delusional sense of injury that many in the US feel. Fukuyama (2006, 99-100) repeats the same generalization and adds, 'Many people have argued that this was the situation of the United States vis-à-vis its allies both in Europe and Asia during the Cold War.' Strange found it surprising when US friends failed to see how differently the facts looked to many in Western Europe and Japan. Yes, perhaps, US military forces made its allies more secure in a world in which the US and the Soviet Union were locked into an insane arms race and willing to fight open and proxy wars in almost every part of Africa, Asia, and Latin America, but that had been a world that the US (and not its allies) helped create and one from which the US (and not its allies) received some perverse benefits. Similarly, current US worries about China or India ‘free riding’ on potential climate change sacrifices made by the US are based on a peculiarly solipsistic understanding of the problem. If, for example, we were to consider the relevant norm to be that everyone in the world had a right to produce 1/7 billionth of the CO2 that the atmosphere could absorb without disastrous consequences, India and China could stay on their current energy-consumption growth paths for many years, but the average US citizen would have to cut her energy consumption by more than 90 percent (Manicore, 2007), something that would, unfortunately, seem outrageous to many of even the most thoughtful and cosmopolitan of Strange’s American friends.

George Soros (2012) makes a similar point about the series of international financial crises since the beginning of the 1980s. In each case, ‘the international financial authorities did whatever was necessary to protect the baking system: they inflicted hardship on the periphery to protect the center.’ Africa and Latin America’s lost decades, the political turmoil in Indonesia that followed the Asian financial crisis, and the perversely persistent tendency for capital to move from the South to the North were the consequences. This is hardly a world of benign hegemony under a US government guided by enlightened self-interest and it is not, as Jeffrey Sachs (2012) has recently suggested, something fundamentally new in this century. In 1994, Strange wrote,

I am coming close to despairing of the possibility of a return benevolent, system-preserving use of hegemonic power (as opposed to the malign, self-interested,
unenlightened exercise of American hegemonic power that has characterized the last quarter-century) ... If American leadership is lacking and international policy coordination on all matters of real substance fails, then we can expect either a collapse of the market economy ... or a strategic retreat into national economies under national control – the sort of U-turn that is only conceivable under an economic catastrophe far worse than any we have ever experienced. (Strange 1994, 217)

She may have been wrong about the absolute necessity of US leadership, but her realism about the its quality since at least the early 1970s was wise.

The contrast between Strange’s view on this subject and the largely US ‘mainstream’ views in IPE may help explain why economic pundits outside the US turn to her work to explain the current crisis, and those in the US do not. Strange was never buffaled or bamboozled into believing in American exceptionalism. As the Spanish blogger writing as ‘Jus congens’ (2012) recalls, Strange argued that all entities (governments as much as bond-rating agencies) ‘serve their own interests and those of ... major customers.’ The Danish columnist, Mads Qvortrup (2008), points to the wonderful way in which Strange’s analysis accepts that those outside the US will feel a ‘probably justified’ Schadenfreude over the comeuppance that US leaders (intellectual as well as political and economic) experienced as the current crisis unfolded, while making it clear that US allies need to get past that feeling in order to concentrate on solving the problem.

This is something that Strange would demand of IPE scholars and citizens alike, both of whom need to be involved if we are to find solutions to any of the global problems. As Ronen Palan (1999) points out, Strange's convictions about the necessity of problem-focused cooperation among scholars, citizens, and policy makers help explain her sometimes seemingly perverse abhorrence of scholarly jargon and of the currently popular research methods in International Relations. Strange (1998b, 22) professed to accepting Paul Feyerabend’s (1975) approach to methodology, but it might be more accurate to say that she had a somewhat minimalist (Feyerabend might approvingly call it ‘anarchist’), but specific view of the rules needed for a productive, knowledge-generating debate. She may have accepted Anatol Rapoport's (1960, 245-12) notion of 'scientific debate' (taken from the humanist psychologist, Carl Rogers) in which opponents take on the responsibility of understanding each other’s points of view as well as they understand their own. Then, perhaps, opponents can work together to find areas of agreement and agree to work further on areas of disagreement. Minimal guidelines of this sort provide a basis for productive public discussion while placing few restrictions on the way knowledge is produced. Interestingly, one of the recent Chinese commentators who has used Strange’s work in a reflection on the current crisis argues⁹ that China needs to develop the structural power, in Strange’s sense, of a responsible great power (YAN 2010), but that to do so requires the consolidation of the state’s legitimacy via open-ended dialogue among groups within Chinese civil society, the economy, and the government. In a sense, global structural power rests on soft power all the way down, or global hegemony, in a Gramscian sense,

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⁹ That is, if I have understood YAN correctly with the help of translator who wishes not to be acknowledged.
depends on Gramscian hegemony. It is doubtful that Strange would have accepted this as the only way that a state can develop structural power, but it is certainly the case that her own work was directed toward taking part in such public dialogue as a way of contributing to the development of responsible powers at the global (and all other) levels.

In some ways, it is surprising that more IR scholars have not embraced Strange’s methods. We know from the William and Mary TRIP (Teaching and Research in International Politics) studies that IR scholars in almost all countries are at least as interested in playing a positive role in policy debates as in affecting the views of other scholars (Maliniak, Peterson, and Tierney 2012).

Yet, even if Strange’s IPE is particularly useful in helping us develop a practical understanding of the critical global problems that should be part of policy debates everywhere, her own research practice sometimes fell short of the promise of her approach. As Strange (1998b, 17) acknowledges, even though one of her preferred methods was to look at critical junctures when powerful states took unwise decisions that could have gone another, better way, she tended to leave the counterfactuals implicit. It would have been better to make the counterfactuals explicit enough that they could be discussed and debated. There are certainly models of how that can be done well (e.g., recently, Tetlock et al. 2006).

There are two other ways in which Strange’s research practice did not live up to the promise of her approach that are of particular concern for students of global problems. They derive from her residual Eurocentrism, and her disregard of feminist analysis.

Strange suffered, as do most Western international theorist (Hobson 2012) from Eurocentric blindness. She never questioned the uniquely Western origins of the West failure System in almost simultaneous ‘invention’ of a system of states that recognized each other as sovereign and a ‘new kind of money – state promises-to-pay’ (Strange 1999, 347). The problem is that key part of this innovation, true paper money as an instrument of exchange and a source of governmental power to extend itself credit, was already in existence in Sung Dynasty China in the tenth century (Hobson 2004, 54); ‘it was one of the

10 It would have been helpful to other, less distinguished scholars who made similar arguments about more productive paths that were not taken if Strange’s counterfactual analysis had been more explicit. For example, Enrico Augelli and I also argued that ‘the American refusal after the oil-price rise in 1973 to negotiate with the oil producing states and the stonewalling strategy chosen by Washington to deal with French-led Conference on International Economic Cooperation in 1974’ (Strange 1998b, 17) were unnecessary and ill-advised major contributions to the unwinding of the more productive and egalitarian post-war economic order (Murphy 1983; Augelli and Murphy 1988). We have been often told that we were foolishly naïve to believe that any other US decisions were possible. It would have been helpful to see if Strange’s counterfactual scenarios were similar to the ones that we developed to make our case and, whether they were or they were not, I suspect that they would have been less frequently dismissed.
many aspects of China that so impressed Marco Polo’ (Ibid., 56). The fact matters for at least two reasons. One is that we have in centuries of Chinese experience examples of a ‘modern’ monetary system under what was in its day ‘global’ governance. If the some of the same finance-related pathologies of the West failure System existed at that time, then Strange’s analysis is called into question; if those pathologies did not exist, it is indirect confirmation of her conclusions. Second, and less explicitly, the non-Western history of fiat money (and of most of the elements of modern global finance, as well) should give Western scholars another reason to consider that, perhaps, there could be a better, not exclusively Western future to the global financial system.

Second and equally problematic was Strange’s dismissal of feminist analysis. Her friends may smile when they recall comments like, ‘I profess to be a Marxist no more than I profess to be a liberated woman – the two are both wooly and self-defined categories,’ (Strange 1994, 215), but it is unfortunate that she spent less time with the work of self-defined feminists than she did with that of Marxists. This is especially true if my analysis of global problems is correct. The global problem about which Strange has the least to say is over-militarization and this is a topic on which feminist approaches have a unique advantage. Militaries have almost invariably been uniquely privileged, exclusively male realms (Goldstein 2000). It is impossible to understand the power of the military without understanding patriarchy. Moreover, the changing, concrete relations between supposedly excluded women (whose lives are, in fact always affected by the military) provide a particularly useful way to begin to understand the nature of militarism at any time (Enloe 2007).

I suspect that it may be feminist, post-colonial scholars developing explicit counterfactuals but otherwise following Susan Strange who will make the next breakthroughs in our practical understanding of global problems.

References


