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Review of Globalization and Transnational Capitalism in Asia and Oceania

**Jeb Sprague, ed. 2016. *Globalization and Transnational Capitalism in Asia and Oceania*.
New York: Routledge. 322 pages, ISBN 978-1-138-01622-4 Cloth (\$160.00).**

The roots of the present work lie in the Network for Global Capitalism's second biennial conference on "Global Capitalism in Asia and Oceania," held at Griffith University in Brisbane, Australia in the summer of July 2013. While as an edited volume there is much variation from chapter to chapter, most of the eighteen contributors to *Globalization and Transnational Capitalism in Asia and Oceania* are influenced by the global capitalism school, which posits that the contemporary processes of production, labor struggles, and class and ideology formation cannot be adequately grasped from an epistemological framework that affords primacy to the nation-state as its unit of analysis. In the words of editor Jeb Sprague, this book pays close attention to *transnational processes*, underlining the *contradictions* that emerge as these unfold in Asia and Oceania, a region that has been relatively less explored through this critical lens than areas such as North America, Latin America and Europe.

While adherents of the global capitalism school see an emergent transnational capitalist class (TCC) grounded in global circuits of capital accumulation as the key agent driving forward the process of globalization, this does not mean that all things "local" and "national" have been superseded by the "global." For example, Jerry Harris argues that one cannot draw a sharp distinction between the TCC and national capitalist fractions because the two are dialectically related in what he terms a "transnationalized synthesis," with globalization "exist[ing] within the contradiction between the two" (23). He demonstrates how what is often referred to as the "state sector" or "national capital" in China is actually *transnational* in character, with laws that require transnational corporations (TNC) operating in China to source materials from and form joint



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ventures with Chinese corporations nurturing a broad network of subcontractors bound to TNCs. Whereas Harris sees private and state capital as the two wings of the Chinese TCC, with the latter in the dominant position, Kevin Lin believes it may be too premature to classify state elites and leading cadres in China's state-owned enterprises (SOE) as a fraction of a statist TCC, since the constant rotation of party cadres under the nomenklatura system is most likely designed to “prevent the formation of a managerial-capitalist class that identifies their interests with their counterparts in the private sector and in transnational companies” (98). However, regardless of actual intent, one could also argue that such a system of rotation might actually lead to these cadres developing a consciousness of their dependence on transnational capital *in general*, instead of one *particular* transnationally-oriented SOE. On the other hand, Hisanao Takase does not see China's state elite through a transnational framework, arguing that its lack of clear support for the Trans-Pacific Partnership (TPP) and the Free Trade Area of the Asia-Pacific (FTAAP) may be attributed to the priority that these initiatives afford to “interests of Japanese and American transnational capitalists at the expense of Chinese state initiative” (50), despite Harris' contention that this state initiative is largely a vehicle for the TCC. Takase outlines how Japanese business associations have coalesced around the FTAAP in order to further the transnationally-oriented accumulation strategy inaugurated by the Plaza Accord of 1985, which helped create global production networks centered on the Asia-Pacific. Through foreign direct investment (FDI), the Accord facilitated the North American, European and Asian entry of Japanese corporations into export-focused industries such as automotive and electronics engineering.

With fifty two overseas manufacturing companies in twenty seven regions and countries, Toyota is perhaps the most representative of these Japan-based transnational corporations, as well as a pioneer practitioner of “lean production.” Although often referred to as a form of *democratic Taylorism* because they combine classic Taylorist assembly-line practices with more neoliberal “humanistic” principles such as “worker empowerment,” a group of researchers from the Swinburne Business School in Melbourne show how “lean systems” are designed to ensure the retention of only those workers willing to “become complicit in their own subjugation” (83). Insofar as “lean thinking” classifies anything that does not produce value as “waste,” it is at its core a highly economistic form of production management that exposes many of the contradictions inherent in the expansion of global capitalist relations, underscoring in particular the fragility of the TCC's tactics of coercion. This is evident in the case of Toyota Kirloskar Motors (TKM), a joint venture between Toyota and a local manufacturing company based in Bangalore. After being courted with a host of incentives and exemptions to set up production in the Indian state of Karnataka, TKM recruited its workers from a large pool of industrially inexperienced young men from the surrounding villages, who soon rebelled against their “inhuman,” “anti-worker,” and “slave-like” conditions (80) by attempting to form an independent union and launching a three-

day strike in 2001. In addition to classical tactics of intimidation, such as TKM's suspension and firing of organizers, and threats to move its operations to northern India where workers are considered more "compliant," the Karnataka state government acted as the "state arm of the TCC" when it declared Toyota a "public utility service" in order to effectively outlaw strike activity in the company.

Bob Russel and his colleagues paint a different picture in their chapter on externalized labor management in the IT and business processing outsourcing (BPO) models in India, which have increased in importance since an IMF bailout in the early 1990s led to a liberalization of the country's economy. They describe the global outsourcing business model as a "low-trust paradigm" since proper worker performance and labor management can only be achieved through stringent quality assurance contracts. As such, a key contradiction of BPO employment is that the more highly qualified workers in this industry are simultaneously the most tightly controlled (120). Workers in the industry are quite conscious of this fact, but due to a buoyant labor market and union organizers' lack of access to the heavily guarded and physically segregated technology parks, they have tended to express their discontent by simply quitting, despite sharing common grievances. Yet there is potential for individual acts of resistance to engender collective solidarity, as demonstrated by the unprecedented amount of media attention given to a spate of worker suicides at the Taiwanese-owned Foxconn plant in China. The fact that workers around the world purchase goods produced in Foxconn factories might make it easier for them to demonstrate solidarity. Still, while workers at Foxconn are *objectively* embedded in circuits of global capital accumulation, Lin points out that it is not clear whether they are "*subjectively* aware and consciously directing their dissatisfaction towards *transnational capital*" (101, emphasis mine). In the words of Russel and his colleagues, working-class organization across the current networks of transnational production remains the "most daunting challenge of all" (122).

Both Lin and Russel et al. note that there is a contradiction between increasingly transnational capital and labor that is "societally fixed" (122), but a point that could use more clarification is what exactly it means to speak of the "localization of the working class" (93) without concomitantly reifying space. By their very nature, the emergence of transnational processes transforms those that are often considered "local," as they become increasingly embedded in more globalized relations. It may be more useful to understand the above contradiction through the classical Marxian distinction between a class *in* itself and a class *for* itself. Lin argues that "solidarity" is critical in order for the global working class to make that key jump to achieving consciousness *for* itself, but he notes that the US government's funding of much of the AFL-CIO's activities abroad and the Chinese state's aversion to the operation of any outside labor organizations on its soil means that Chinese workers have had difficulty forging institutional links with the international labor movement. Moreover, the state continues to prohibit workers from

forming unions outside of the official, highly bureaucratic All-China Federations of Trade Unions (ACFTU). While Lin sees this situation as likely to engender more conflicts that become increasingly difficult to resolve, he also notes how state intervention during a strike led by young migrant workers at a Honda transmission plant in May 2010 may indicate a growing willingness on the part of the state to act as mediator between workers and management. Nonetheless, Lin is more optimistic about community support and international labor solidarity during a 2013 dockworkers strike in Hong Kong—which enjoys a freer press and greater freedom of association than mainland China—and a strike at the Taiwanese-owned Yue Yuen factories in China the following year.

Of course, as we have already seen in the case of China, the question of a class *in* itself versus a class *for* itself is pertinent to the ruling class as well. In her chapter, Jenny Chesters shows how the rapid urbanization in China and India over the past several decades has involved the privatization of land and other state assets and resulted in the creation of a large number of billionaires in the region. Australian billionaires in particular have been progressively integrating into the TCC as they become conscious of the fact that they are dependent on their relationships with other billionaires in the region in order to maintain their own fortunes. Still, as Anthony van Fossen's essay on offshore tax havens and David Peetz and Georgina Murray's chapter on transnational finance capital and climate-interested investors make clear, the TCC is hardly a completely unified group with a homogeneous set of interests. The relationship between the TCC and offshore financial centers (OFC) is fraught with contradictions: while the latter allow members of the former to evade taxation and (particularly in the case of China) capital controls, this aggravates the difficulties the transnational political system is currently experiencing in terms of financing itself. Van Fossen identifies three different factions within the TCC regarding their stance towards OFCs: the libertarians supporting “freedom of choice in a decentralized international system” (155); the structuralists, who propose a light regulation of tax havens without any overt centralization of power; and the regulationists, who hope to severely curtail the power of tax havens, and possibly even eliminate them altogether. However, Van Fossen does not put forward any explanations for these divergent positions. Do they correspond to the material interests of separate factions of transnational capital, or should we rather understand them as three separate strategies for the management of global capitalism as a whole? On the other hand, Peetz and Murray are clear that it is the objective interests of different fractions of transnational finance capital that are responsible for climate-interested investors and climate investor nongovernment organizations' different approaches to climate change. As one might expect, the key contradiction revolves around the tension between short-term and long-term capital accumulation.

There is also the possibility that what may appear to be separate TCC fractions are actually wholly different classes. This is the position of Drew Cottle and Joe Collins, who argue that the

operation of transnational mining capital in Australia has not led to the emergence of transnational capitalists, but rather a new comprador-mining bourgeoisie whose “reproduction is rooted in national circuits of capital,” (188) since the material basis for its wealth lies exclusively beneath Australian soil. In a similar fashion, Tom Bramble also highlights the “rootedness” of “foreign capital” in Australia, emphasizing the importance of the country’s domestic housing market. Cottle and Collins view the spatially fixed nature of such sources of material wealth as constituting a “key contradiction” of the “illogic of capital accumulation today,” (182) but this argument rests upon the reification of capital and its circulation as individual *things*, rather than broader sets of antagonistic *social relations*. If we move beyond a nation-state-centric framework, it becomes clear that William Robinson’s assertion that the BRICS serve as productive outlets for *global* capital is likewise applicable to Australia and southeast Asian countries such as Laos, as detailed by Kerrin Sims.

At times, Bramble seems to operate under the (non-Marxian) assumption that the persistence of contradictions in the expansion of global capitalism refutes many of the global capitalism school's theoretical propositions, but Robinson is clear that “[g]lobalization is characterized by related, contingent, and unequal transformations,” (263) with each country or region undergoing a distinct experience due to its own particular historical development and configuration of social forces. Transnational state (TNS) apparatuses and national institutions are not, as Cottle and Collins might lead us to believe, mutually exclusive. In fact, the latter often serve as channels for the TCC to exercise its class power. For example, Robinson argues that the governments of Brazil and India did not call for the elimination of agricultural subsidies during recent WTO negotiations in order to protect their small farmers from unfair competition from Northern countries. Rather, he shows how they were seeking to deepen the transformation of their countries' agricultural systems to the benefit of transnational capital in general. It is likely that the agricultural conflict between Australia and Japan, South Korea and China could also be understood within a similar framework, in opposition to Bramble’s vague assertion that such disputes revolve around “the interests of one group of capitalists identified with the state and territory of Australia, both foreign and locally owned, in competition with those of other groups of capitalists oriented towards and represented by their respective states” (281).

More in line with Robinson's TNS thesis is David Cannon and Kanishka Jayasuriya's analysis of the conflict within Australia's Foreign Investment Review Board related to the regionalization of the country's political economy. They understand this regionalization as a part of a broader *transnationalization* of capital accumulation, a process that has brought into play fractions of capital, such as SOEs, that have subsequently come into conflict with liberal investment regimes rooted in earlier phases of market reform. Cannon and Jayasuriya argue that the regulatory role of subnational governments in resource-rich Australian states “facilitates the regional connections

that confound nation-centric notions of economic diplomacy,” (292) and that this does not signify a weakening of the national state so much as a demonstration of the importance of local state apparatuses to those emerging social and political forces linked to the recent mining boom. It must be noted that this boom has provoked much suffering in indigenous communities in the former Australian colonial territory of Papua New Guinea, with security forces contracted by transnational mining companies sometimes resorting to lethal force in an attempt to quell local resistance to their destructive operations. As Vladimir Pacheco shows in his study of the town of Lihir, managing contradictions is particularly difficult in remote areas where the state relies increasingly on mining corporations to carry out developmental projects. In view of the declining legitimacy of the state, indigenous communities have begun to clamor more frequently for political autonomy, and transnational mining corporations themselves have adopted a form of social economic monitoring themselves. Yet since it is the operations of those corporations that create tensions with the local community in the first place, it should come as no surprise that, to date, this form of self-regulation has achieved little in terms of actually ensuring true social justice.

Addressing the legitimacy of the state on a broader scale, Sivakumar Velayutham notes how global migration and the cross-border flow of information come into tension with national identities rooted in presumably shared symbols and values from the past. As Robinson (2008: 33) argues elsewhere, “[transnationally oriented elites] are expected to become hegemonic and to construct new national historic blocs that tie local social order to transnational order.” Velayutham documents how, operating through *transformed* nation-states, one of the strategies of the global ruling class has been to *reinvent* national identity through the sponsorship of what she terms “national champions.” More concretely, they invoke the rhetoric of globalization in order to promote the privatization of profit for their own benefit, while simultaneously espousing a nationalistic discourse in a bid to legitimate the polarization of wealth that this brings, and the socialization of the costs of production upon which it depends. In India, some formerly elite missionary schools founded during the colonial era have been challenging traditional social class barriers since they began to incorporate social justice into their overarching mission in the 1980s. However, Mousumi Mukherjee notes that such schools are losing status to private, corporate schools within the “increasingly competitive, globally aspirational larger Indian society,” (223) with the latter particularly attractive to new middle-class parents working long hours in corporate offices because of their after-school play and day-care services. In other words, as the old joint family structure in India disappears without any welfare state system to take its place, these private schools have begun to assume responsibility for *social reproduction*.

It is regrettable that issues related to migration and social reproduction are hardly mentioned outside of the above two chapters, which, rather curiously, are also those that happen to deal more substantively with ideological matters. Along with the sex work industry and industrial production

in many of the region's export processing zones, migration and social reproduction are often highly feminized processes. In effect, the lack of attention to gendered aspects of class and productive relations in this collection is striking. Although somewhat deliberate, theorizing about the transnational working class as a class *for* itself while essentially ignoring such a key line of fracturing may ultimately amount to what Harry Braverman (1998: 18) described as “an attempt to derive the ‘science before the science.’” While as an edited volume this book does not aspire to provide a systematic and comprehensive treatment of the transnationalization of the political economy and social structures of Asia and Oceania (indeed, the individual chapters do not always fit neatly into their respective sections), Sprague does state at the outset that it tends to emphasize as more causally determinant the role of social *production*. To be sure, *Globalization and Transnational Capitalism in Asia and Oceania* makes essential contributions in this domain, and to critical globalization studies in general. Yet while it provides a solid framework upon which researchers may build in the future, I contend here that the challenge remains to avoid the so-called “add and stir” approach, and to apply instead Marx's (1993) method of considering the *totality of production*. A potentially fruitful line of inquiry here could be to return to the Marxist-Feminist insistence on the impossibility of production without social reproduction, for it seems that transnational capital's lack of attention to the social reproduction of an ever-increasing number of strata in global society constitutes one of the key contradictions of the accumulation of capital today.

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