



Review of *Global Production Networks*

Neil M. Coe and Henry Wai-chung Yeung. 2015. *Global Production Networks: Theorizing Economic Development in an Interconnected World*. Oxford, UK: Oxford University Press. 267 pages, ISBN 978-0198703914 Paper (\$35.00)

Geographers have long bemoaned the treatment of space as merely context for the action at the center of the analyst's gaze. Much work in geography has sought to disabuse scholars of this bad habit by demonstrating how space is both an active, structuring force and element of contingency in social processes, especially social change. Contemporary work on global production is no different. As readers of this journal are no doubt aware, in the mid-1990s, sociologist Gary Gereffi proposed a reformulation of Hopkins and Wallerstein's generative commodity chain concept to gain analytical purchase on contemporary arrangements of transnational production. The resulting global commodity chain (GCC) framework initially identified three dimensions. The first two — 1) the input-output organizational structure that transformed raw materials into finished goods and 2) the geographical configuration of that structure—were largely descriptive in nature. The framework's primary analytical task was to determine chain governance, which described both how particular actors, so-called lead firms, gained control in the chain, and how returns were appropriated and distributed along the chain. A fourth dimension, institutional context, was later added, but governance remained the primary focus.

A parallel program of analysis emerged in the discipline of geography. The geographers, as is our wont, were at pains to demonstrate that space mattered: the territoriality of global production—in particular, the relationship between regions, suppliers and lead firm—was more than a descriptive dimension. Beginning from this premise, the original global production network (GPN)



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framework was built around three conceptual categories: value, power and embeddedness. Geography mattered in this framework in two principal ways. Value, equated essentially with various forms of rent, was disaggregated into creation, enhancement and capture. This last idea of value capture explored whether the value ‘created’ and ‘enhanced’ in production networks benefited the locations where these activities were situated. In addition, and related, the framework considered territorial embeddedness, or the degree of a GPN firm’s commitment to a particular location and the policies that would strengthen or erode this attachment. For both value capture and territorial embeddedness, GPN scholarship prioritized institutional context, especially non-firm actors at multiple scales, as a significant explanatory variable for understanding outcomes for supplier regions in global production networks.

The present book under review represents the combined efforts of the two main proponents of GPN, Henry Yeung and Neil Coe, to synthesize their framework into a theory of development, which the authors label GPN 2.0. The authors begin with an assessment of their initial framework (now GPN 1.0), its strengths and weaknesses vis-à-vis cognate versions, and then make a case for a theory of global production networks. They argue that no existing approach, including GPN 1.0, amounts to more than a heuristic framing that highlights some aspects over others. What global production analysis cannot do, according to the authors, is identify the causal mechanisms of GPN formation and change. Thus, the ambition of GPN 2.0 is to develop a “dynamic theory” that will “enhance the ability of GPN thinking to contribute to *explanations* of patterns of uneven territorial development in the global economy” (22, emphasis in original). In order to accomplish this goal, the authors identify firm organizational strategy (intra-firm coordination, inter-firm control, inter-firm partnership, and extra-firm bargaining) as the proximate dependent variable of what they call competitive dynamics: optimizing cost-capability ratios, sustaining market development and working with financial discipline. The organizational strategies are proximate dependent variables because the principal conceptual goal is to move from the analysis of the interaction between competitive pressures and firm strategies to understanding outcomes for regional economic development through what GPN scholars call strategic coupling. Strategic coupling denotes the developmental potential of coordination between supplier firms and regional institutions to secure beneficial participation in global production networks. In short, regional development—defined here as the prospects for regions plugged into GPNs through their supplier and services functions to improve their economic condition—is the “ultimate dependent variable” in the framework (67).

The GPN 2.0 framework shares some important resonances with the theory of global value chain governance proposed by Gereffi et al. (Gereffi, Humphrey and Sturgeon 2005). The latter moved away from chain-level governance types and instead drew upon transaction cost economics to identify five ideal types of firm coordination. Although derived from different explanations, Gereffi et al.’s and Coe and Yeung’s types of firm coordination have significant overlap: intra-

firm coordination is analogous to hierarchy, inter-firm control to captive governance, and inter-firm partnership to relational and modular governance. Coe and Yeung add a crucial extra-firm coordination type that centers upon firm strategies to negotiate with non-firm actors in order to secure a position in a given network or industry. Thus, even though Coe and Yeung share the microsocial perspective advanced by much global value chain literature, they place non-firm institutional actors at the core of the analysis. Another difference from much value chain work is GPN 2.0's ambition to include finance as a potentially significant driver of firm coordination strategies, a move that may account for specific ways that financial imperatives become the tail wagging the "production" dog.

But is the ambition outlined in the opening chapter achieved? In short, is GPN 2.0 a theory of uneven development? The authors offer well argued critiques of the main operational concept of development, so-called economic upgrading, in the cognate chain/network literatures, many of which I share (170-173). Economic upgrading refers to the possibility for firms to change what they do or how they do it in order to obtain greater benefits. The authors instead propose that the best base unit of analysis for development is firm 'value capture trajectories.' This concept includes the wide range of ways that firms may 'capture' more or less value (as surplus above costs and normal profits) over time. The concept shares a similar erasure of labor as in much economic upgrading literature; indeed labor in GPN is an extra-firm institution. The lengthening of the time horizon is a useful intervention, however, since one significant deficit of economic upgrading studies has been the generalization of an empirical finding at a particular time to a general pattern. Built into this notion of trajectories are the vicissitudes of growth and decline, not as anomalous cases, but rather as indicative of a range of possible outcomes of firm enrolment in global production networks. The authors then move to the core problem: aggregating up the various value capture trajectories in a given region to determine the causal development outcome, defined as economic growth, of the regional-global nexus. Coe and Yeung define three modes of strategic coupling between regions and global networks—indigenous, functional and structural—which describe the relative dependency or autonomy of a given region in relation to a global network (184). Again, like value capture trajectories of firms, forms of regional coupling are dynamic, emphasizing change over time.

While Coe and Yeung's comprehensive discussion of regional development offers an excellent state of the art, is it, to repeat, a theory of uneven development? The framework certainly offers increased specificity by multiplying types of outcomes and lengthening the time horizon, and is highly applicable to the variety of contexts in East Asia that clearly inspire it. It has the advantage of being able to include other types of non-production forms of specialization, such as logistics hubs and offshore jurisdictions, increasingly key to global production networks. Despite these contributions, the framework suffers from its firm-centered premise, which undermines its

explanatory power. Similar to value chain analysis, the unevenness of development is presumed to be an outcome of the actions of firms, i.e., capital, albeit in this case, firms-in-institutional/regional contexts. Coe and Yeung expressly reject hierarchy in the global economy as a useful starting point for an analysis of uneven development, although, drawing on Ben Brewer, they acknowledge that such hierarchy exists (179). They justify this unfortunate move because they equate hierarchy with rigid structural determinism. Thus, the possibility to marshal the rich empirics and analysis of global production into a dynamic, spatiotemporal understanding of power hierarchies in the global economy is lost. The framework does not allow one to consider how the position of regions that are, for example, coupled indigenously to global networks, and thus benefit from more value capture and autonomy, condition the possibility for other regions to occupy that position; or whether structural coupling, essentially locking a region into a low value capture trajectory, is a condition for the other modes of coupling associated with so-called high value paths. Indeed without considering how unevenness is not only produced but also combined, the ideal types outlined risk constructing a developmentalist imaginary: stages that regions traverse, albeit not only forwards, but also potentially backwards (e.g., 188). Other limitations follow from firm- and growth-centrism (marginalization of distribution questions, labor, geopolitics, etc.), but space precludes elaboration here.

In short, Coe and Yeung's framework continues to sideline a systematic understanding of how uneven development is reproduced, through what mechanisms and at what scales. To that end, the book falls short of a theory of uneven development. Nonetheless, for readers who are interested in expanding their understanding of how space matters to global production arrangements, particularly at the regional-global nexus, the book will be a valuable resource.

References

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Marion Werner

Department of Geography

University at Buffalo, SUNY

wernerm@buffalo.edu