

From Global Factory to Continent of Labour

Labour and Development in Asia

Dae-oup Chang

Abstract

Whereas the rise of Asia as the global factory attracts much attention from policy makers and academics, what is often neglected is the ‘labour side’ of the story. What this contemporary transformation means to the ordinary Asian population is that Asia has become a continent of labour where hundreds of millions of workers are making their living at different moments of the globalising circuit of capital. This article examines the historical trajectory of capitalist development and labour in contemporary Asia and, in doing so, tries to identify the ways in which struggles of Asia’s labouring population develop. It demonstrates that the contemporary development of this global factory creates no conditions on the basis of which a ‘traditional industrial working class’ can emerge while making it impossible for people to survive without relating to capitalist labour one way or another. Asian workers’ struggles therefore often do not follow the ‘usual’ model of working class mobilisation. Rather they surface as social movements of the working poor in diverse forms across rural communities, urban centres, workplaces, and homes, defying the trinity formula of the labour movement between the industrial working class, trade unions, and workers political parties.

Introduction

Over the last few decades, Asia has truly become a global factory. It produces more than a third of the world's manufactured goods, attracts more direct investment than any other developing region, and grows faster than other parts of global capitalism. Whereas the rise of 'factory Asia' attracts much attention from policy makers and academics, what is often neglected is the 'labour side' of the story. What this position as the global factory means to the ordinary Asian population is that Asia has become a continent of labour where hundreds of millions of workers are making their living at different moments of the globalising circuit of capital.

Despite the full-scale integration of Asia into global capitalism, a vast majority of Asia's labouring population does not resemble the industrial working class that emerged from the 19th and 20th century industrialisation at the core of global capitalism. Rather, they live as 'the working poor' in factories, fields and streets. The contemporary development of this global factory creates no conditions on the basis of which a 'traditional industrial working class' can emerge while making it impossible for people to survive without relating to capitalist labour one way or another.

Despite all, workers do fight for better lives. Struggles of these workers do not follow the 'usual' model of working class mobilisation which has become a 'universal' pathway to which all other pathways have to reflect themselves. Rather they surface as social movements of the working poor in diverse forms across rural communities, urban centres, workplaces, and homes, defying the trinity formula of the labour movement between the industrial working class, trade unions, and workers political parties. The aim of this article is to trace the historical trajectory of the development of the continent of labour and highlight certain characteristics of capitalist labour in contemporary Asia. In doing so, I will identify the conditions of the newly emerging social movements of the working population in Asia that are

critically different from the historically peculiar trajectory of the labour movement in Western Europe.

Labour and emergence of capitalism in Asia¹

The contemporary forms of capitalist labour and labour struggles have been shaped through Asia's historical trajectory of development and its interactions with global capitalism for the last few hundred years. Three historical conjunctures played particularly important roles in shaping Asia's capitalist workforce as it is now: *partial* and *forced* integration of the Asian population into global capitalism through colonial development, *formal and passive* integration of the Asian population through Cold-War industrialisation, and *real and active* integration through contemporary neoliberal globalisation. Each phase of development emerged from dynamic interactions between labour, capital, the state and international forces, whose powers were also products of the preceding phases of development. Indeed, despite being subjected to the same patterns of integration, the degree and intensity of integration were highly uneven among the population within the region.

First of all, it was the colonial expansion of the 'West' that initiated the subordinate integration of Asia into global capitalism. During the 16th and 17th Century, armed commercial missions backed by the Portuguese and Spanish states began to interrupt the indigenous commercialisation of livelihood and regional trade in Asia.² The early advance of 'war capitalism' into Asia during

1 Unless specified otherwise, Asia in this paper refers to the 10 ASEAN member countries, 6 North East Asian economies (China, Japan, South Korea, Mongolia, Hong Kong SAR, and Taiwan) and 6 South Asian countries (Bangladesh, Bhutan, India, Nepal, Pakistan and Sri Lanka).

2 What Beckert (2014) calls 'war capitalism' effectively secured East-West trade routes. At the centre of this war capitalism were 'slavery, the expropriation of indigenous peoples, imperial expansion, armed trade, and the assertion of sovereignty over people and land by entrepreneurs' (Beckert 2014: xv). Although war capitalism created a much more horrific history for people in Americas and Africa, it did not

the 16th century was, however, mostly about linking European trade routes to existing sea trade networks in Asia by securing trading posts. They did not manage to transform the entire colony or replace Asia's existing trade network (Reid 1993, 1999). Accordingly, the impact of earlier colonisation on the livelihood of Asia's population was rather marginal and locals were producing goods for trade within their own social relations of production.

It was by the late 17th Century that Asia's own dynamics of development began to be gradually subsumed to non-indigenous dynamics. The ever growing need for cheap labour, raw materials, and wider markets for emerging industrial capitalism in European empires now brought different colonial policies that severely undermined both the existing regional systems of trade once dominated by Indian, Chinese and Southeast Asian networks and domestic social relations on the basis of which Asian products were produced. The Dutch empire's trade monopoly over spice trade from the Indonesian archipelagos and subsequent introduction of 'cultivation system' through which resident farmers were forced to grow cash crops in their land and sell it to the colonial state at fixed prices started transforming local social relations once for all (Elson 1992, Breman 1989).

The subsequent advance of British and French colonialism in Asia also did the same. Revenue generated from land tax and trade monopoly in its gigantic Indian subcontinent colony brought tremendous colonial profit to Britain while French colonialism managed to turn Indochina into a vast plantation for primary products and mines for raw materials and in doing so shook the social relations in which people made their living. Since then, colonial profit no longer flowed from trade in valuable exotica. Rather, wealth was generated 'from the international sale of the

spare Asia either. It was Portugal that started a colonial venture in Asia by capturing Goa in 1510, Melaka in 1511 and then securing Macau in 1557. Spain followed by subordinating native settlements (Barangays) of the Philippine archipelago into the world market system.

bulked products coursing like a great flow from the vast exertions of millions of peasants on their own land' (Elson 1997: 36). The rural workforce who produced primary commodities formed the Asian side of the 'old' international division of labour that was emerging between primary commodity production in Asia and industrial production in Europe (Elson 1997: 36).

By the early 20th century, most of the Asian population fell under various colonial systems that destroyed existing power and trade centres. This destruction came with primitive accumulation which deprived people of their customary land titles and turned land into private property. Traditional land rights of local farmers as well as communities were threatened under the new colonialism while the short of land for self-subsistent food-crop farming gradually commercialised the livelihood of peasants subjected to the system, therefore introducing them to a money economy (Elson 1997: 38).³ This was beginning of the colonial primitive accumulation in Asia.

Colonial primitive accumulation created people who lost their means of production and the common (water, forest, wetland, etc.) and therefore had to rely on tenant farming or wage labour in various forms. The labour reserve created by the colonial primitive accumulation was then integrated into expanding global capitalism through the old international division of labour. Plantations and mines were filled with waged labour of mostly young and unskilled local and migrant peasant workers. Private investment in plantations and mines and the introduction of modern manufacturing and transportation for colonial industries increased the need for waged workforce in the colonies. These industries were increasingly worked by migrant workers from China, India, and other parts of the colonised territories (Bremen 1989). Throughout the late 19th century and early 20th century,

3 For example, early colonial statistics shows that about a half of Java's population were subjected to the system between 1840 and 1850 (Elson 1992: 32).

hundreds of thousands Chinese as well as Indian workers migrated to Southeast Asian states through Chinese and Indian overseas networks (Kaur 2004).

There is no doubt that colonial integration set the direction of development in Asia firmly toward capitalism. However, the expansion of global capitalism only resulted in ‘partial’ integration through which the core and peripheries formed global capitalism together but on the basis of *different social relations*.⁴ Although colonisation accelerated the commercialisation of people’s livelihood, the expansion of a money economy, and commodification of labour in the colonies, it did so within a ‘colonial’ context. This first generation wage labourers were far from so-called ‘free wage workers’ who were becoming the backbone of the working classes in the advanced capitalist economies by then. Not only did colonial states and employers discipline these workers like slaves. It was also devastating famine and debt bondage that forced them to endure otherwise intolerable working and living conditions (Bremner 1989). Therefore, the first generation of workers sold their labour power in many different contexts – indentured and forced labour was a common, rather than exceptional, feature among the workers.⁵ However, the partial

4 Anievas and Nişancioğlu’s distinction between capital relations and capitalism is useful to understand global capitalism of the period (Anievas and Nişancioğlu 2015). Here, ‘capitalism refers to a broader configuration (or totality) of social relations oriented around the systematic reproduction of the capital relations, but irreducible – either historically or logically – to the capital relation itself. This broader configuration may feature social relations that are specific to the modern epoch, but also those that precede it’ (Anievas and Nişancioğlu 2015: 218). Beckert’s description of the cotton economy based on slavery in the South of the US as integral part of the global textile and garment industry centred on Manchester also resonates this combined characteristic of global capitalism during the age of imperialism (Beckert 2014).

5 The recent literature on ‘global labour history’ engages in a debate on whether or not capitalism consists of diverse forms of labour with varying degrees of extra-economic force required for the reproduction of capitalist social relations. There is an emerging consensus that capitalism does not necessarily always rely upon so-called free contractual wage labour relations. Rather ‘global labour history’ shows that

integration of Asia into emerging global capitalism does not mean that Asia was not an integral part of global capitalism. Rather, it was an essential element in the emerging global capitalist world, generating colonial profits and thereby shaping the trajectory of capitalist development at a global scale (McMichael 2000: 8-13).

Colonial profit indeed contributed to the material basis from which the peculiar form of industrial workers could emerge in the Western empires. The colonial context also had a decisive impact on the early development of the labour movement of industrial workers in the colonies. The early labour movement was based on people's aspiration for independent development and sentiment against the characteristics of colonial capitalist development such as bondage, forced labour, and quasi free-contractual relations of employment in industries such as mining, cash crop plantations, textile, garment, and transportation. Naturally, the movement developed hand in hand with nationalist independence movements. Although it was not the struggles of the labour movement that played a decisive role in destroying colonial regimes, it was indeed one of the biggest organised political forces in Asia at the dawn of independence.

During the post-war boom between the end of WWII and the 60s, the labour movement in advanced capitalist economies became a powerful social force. The strength of the labour movement in advanced economies 'was rooted in a situation in

indentured, slavery, and forced labour have *always* been an integral part of capitalist development across the world while free contractual labour is a historically specific form of capitalist labour. The key point is the existence and degree of coercion during and *after* the establishment of capitalist economy (locally and globally). In case of advanced capitalist economies, capitalism relies upon predominantly free wage labour relations (or capital relations according to Anievas and Niñicio lu) within which economic necessity plays a key role (whether or not this is also coercive is different matter) once capitalist market economy had become hegemonic. In other parts of the world, often it has not been the case despite being integral to global capitalism. In other words, wage relations between free workers and employers as an ideal type social relation of capitalism have not been materialized in many places throughout the history of capitalist development (Van der Linden 2008, also see Banaji 2010).

which a particular segment of the proletariat had considerable social power while states and capital had the capability of accommodating that power' (Arrighi 1990: 60). On the other hand, the radical nature of the labour movement had already been undermined severely during the two World Wars when major trade unions and workers' parties joined war efforts and prioritised national interests to the interest of the working class. In exchange, trade unions were allowed to become an increasingly important and integral part of capitalism. Major union centres called for better distribution of the wealth of nations through social welfare and participated in establishing the social basis of the post-war boom - a relatively stable, although not permanent, consensus between institutionalised labour (trade unions), capital, and the state, for better productivity and distribution (Arrighi 1990). This period produced not only set-backs for the industrial working class but also benefits. Although factory workers were increasingly becoming appendages to the Fordist labour process, it was during this period that most formal labour rights, protections, and welfare were introduced in advanced capitalist economies.

The post-war period also allowed the labour movement in Asia to enjoy its heyday briefly. The heyday was based upon the power of organised labour and leftist political parties whose contribution to the independent movement was significant. In the aftermath of independence, they were seen as important partners in the state-led development of former colonies. Initially introduced as a justification for colonialism, the idea of 'development' was heavily contested by emerging nationalists in the colonies. However, once colonisation began to be perceived of as a consequence of 'underdevelopment', the idea of development was appropriated by nationalists for self-determined development (Berger 2001, Nandy 2010). In so doing, nationalists shared the desired objective of development as the supreme way of not repeating colonial experience. The problem was then who pursued development, not the concept of development

itself. Nationalist elites in the colonies shared the Northern belief not only in development but also in the state – the neutrality and effectiveness of the nation state as an agent of social transformation and development (Radice 2008: 1164).

Indeed, state-led development was becoming an unquestionable international ‘norm’ in the aftermath of WWII across the world. While the Great Depression of 1929 called for state intervention to regulate markets, late developers such as Germany and Japan showed the possibility of state-led late industrialisation. In addition, the USSR presented an example of fast industrialisation led by a planning state. It was anticipated that state-led national development could not only lead to postcolonial economic development but also benefit the ‘entire population’. Based upon this rosy perspective, hopes for less exploitative labour relations and more equal distribution of power and wealth were not uncommon across Asia. This was the context in which the labour movement became integral part of national development across Asia. However, the heyday of the labour movement in Asia was short-lived.

Postcolonial development projects began with what colonial development had left behind. Industrial capacity and financial resources were fairly limited. Newly independent countries remained subjected to the hierarchical structure of the global economy in which former colonial masters had a great deal of financial and market dominance. Export of primary commodities could not afford the increasing import of capital goods for their import-substitution industrialisation (ISI). Internally, the legacy of uneven colonial development which had made the vast majority of the population suffer from acute poverty and exploitation became a constant source of social instability in the aftermath of independence. As desperate internal and external conditions increasingly clouded the perspective of egalitarian development, state-led development began to lose democratic characteristics. The emerging Cold-War geo-politics in the region provided a

perfect environment for locally grown capital and right-wing military, instead of labour, to become increasingly important development partners of the state (Berger 2004).

The earlier enthusiasm to create a new world order by building solidarity within the Third World has been diminishing as many newly independent countries, now under the increasing influence of their national bourgeoisie, pursued nationalist development vis-à-vis other nation states. By 1960s, a majority of Asian countries came under the authoritarian rule of military-capital nexus or of quasi-socialist regimes. Trade unions were soon subjected to the violent suppression of the increasingly authoritarian states. Many independent labour movements disappeared by either being suppressed by authoritarian regimes (Korea, Indonesia, Philippines, Thailand) or by being integrated into state, capital and political parties (China, Japan and India respectively). The most important consequence of the retreat of the independent labour movement in Asia's newly independent countries was that *labour became a subordinate and peripheral partaker* in national economic development which almost entirely excluded the voice of labour during the next few decades.

Many Asian states continued to pursue ISI during the Cold-War period. As in earlier experience of ISI elsewhere, state-owned sectors became the backbone of ISI in many developing countries, creating both managerial classes and a relatively small number of workers employed by state-owned enterprises (SOEs). Their jobs were protected better than private sector jobs. These workers were often organised but without an actual right to collective actions. ISI was more often than not a sluggish process without a dramatic full-scale transformation of the way in which people made their living. Despite sluggish industrialisation, primitive accumulation continued to unfold as an increasing number of peasants were deprived of land and the common, creating a large reserve army of labour both in rural and urban area. Many

continued to be tenant farmers. However, a significant portion of the reserve army was absorbed into small scale informal urban and rural enterprises while others worked as agrarian labourers for primary commodity production, still an important source of revenue for those economies. These workers were often not under clear employment relations but controlled through kinship and paternalism based upon traditional social relations. On the other hand, emerging indigenous private manufacturers employed peasant-turned workers.

It is these peasant-turned workers who underpinned the fast economic development in America's Asia *in the Far East* that pursued export-oriented development projects. Japan, Korea and Taiwan achieved sizeable early capital accumulation under the auspice of the US that offered them official loans, financial aids, and preferential treatment to the US market (Cumings 1987, Stubbs 1999, Gray 2014). Their geo-political importance in containing the expansion of communism and strong anti-communist sentiment, amplified by the states whose very existence was based on anti-communist struggles, made the countries to be the firmest allies of the US during the Cold War (Cummings 1987, Stubbs 1999). These economies also benefitted from a newly emerging international division of labour during the second half of the post-War boom. Heated competition within the core economies encouraged individual capitals not to rely entirely on the increasingly expensive national workforce in advanced capitalist economies for capital accumulation. By the mid-20th Century, capitalist labour process has been standardised with the full-scale Fordist mechanisation of factory and Taylorist division of labour. This recomposition of labour made possible for manufacturers to operate in countries without skilled labour. Contracting than manufacturing, off-shore outsourcing than buying from domestic manufacturers became more and more feasible choices for individual capitals in advanced capitalist

economies. Subsequently there emerged a large-scale flow of international investment and a new international division of labour, in which capital from one country and labour elsewhere were connected either by commercial trade relations or foreign direct investment. While manufacturers in advanced capitalist economies struggled with unions and heated competition, retailers went out to buy cheaply produced consumer goods in Asia. On this basis started developing a systematised mass production of world scale with East Asian producers including Korea, Taiwan, Hong Kong and Singapore on the one hand, and the US and European consumer market on the other (Mittelman 1994, Munck 2002). Japan played a major role in providing the means of production and technology as well as financial resource to this group of newly emerging capitalist economies.

East Asian NICs set up export-processing zones to attract foreign investors in more strategic sectors for export, such as electronics. Taiwan built its first EPZ in Chien-Jiang of Kaoshung City in Southern Taiwan in 1966 while Korea set up a free export zone in a southern coastal city of Masan in 1969. By the end of the 1970s, the first generation of Asia's newly industrialising countries (NICs) established themselves as production sites of consumer goods for western markets. These 'tiger economies' of East Asia created a model of the so-called developmental state which plays distinctive roles in promoting economic development (Amsden 1989, Johnson 1982, Evans 1995, Wade 1990). The most important role of these states, however, was labour discipline, justified by the urgent need of economic growth in face of communist threats (Chang 2013, Deyo 1989, Koo 2001, Pirie 2007).⁶

6 Indeed, the states in those East Asian economies not only reproduced but also 'produced' docile labour through their extensive and militarised public schools which effectively transformed peasants into disciplined labour ready to work in those Cold War sweatshops. This, rather than industrial policies, is perhaps the most important 'developmental' role played by the state. This aspect is largely ignored by the developmental state theory which, with the incorrect assumption of state-

Labour process in these factories was organised under the same principles of Taylorism (minute division of labour) and Fordism (assembly lines) but worked a lot harsher conditions compared to the industrial working class in the advanced economies. Whereas the early development of the trade union movement was able to negotiate the terms and conditions of Taylorism and Fordism and earned the exchange between higher income and productivity, Asian workers were not able to negotiate. Trade unions were either not allowed or controlled by the state. As a consequence, workers of Cold-War industrialisation toiled under quasi-paternalistic labour management that was reluctant to introduce collective, formal, contractual labour relations and used so-called Asian values and anti-communists sentiment as a labour management tool. At least for a while, this capitalist development was neither confronted by nor negotiated with workers. Employers openly showed extreme hostility to unions and collective labour relations. Labour disputes were handled most of all by police force under authoritarian governments. Common features of those *Cold-War sweatshops* include extremely long working hours, horrendous working conditions, and low wages. Hundreds of thousands lives of workers perished due to unsafe working environment.

In Taiwan and Korea, many young women workers migrated to urban areas from rural villages where self-subsistence production was dominant, to do semi-skilled or unskilled work for those Cold-War sweatshops producing light goods such as garments and textile for export predominantly to the US market. Masculine developmentalist states assisted highly gendered exploitation at work and home, reproducing gender norms and roles in which women were depicted as docile and passive subjects (Kim 2001, Gills 1999). It was those Cold-War sweatshops that underpinned ‘miraculous’ economic development during the

market relations as the basis of capitalist development, focuses almost exclusively on industrial policies.

1960s and 1970s in both countries. Showing a remarkable average annual GDP growth rate of 9.2 and 9.5 percent in Korea and Taiwan respectively between 1961 and 1980, Korea and Taiwan's industrialisation was successfully transformed from ISI to Export Oriented Industrialisation (EOI). The particular pattern of labour control in those Cold-War sweatshops continued to dominate the industrialisation of the 1st generation of Asian developing countries until democratisation and re-emergence of the labour movement in the 1980s. In the city states of Hong Kong and Singapore, continuous inflow of large number of migrants provided cheap labour to the emerging industrial capitalists and made it difficult for the workers to claim their rights. In Hong Kong, workers were treated as 'a commodity to be hired at the cheapest price and laid-off or dismissed as the market dictates' (England and Rear 1975, p. 259). In Singapore, the iron rule of the Lee Kwan Yew government made it sure that labour disputes could not surface.

In general, Cold-War development had tightened ties between global capitalism and Asia. Asian economies, successfully or unsuccessfully, then became an important part of global capitalism through state-led industrialisation that involved increasing trade and investment relations to the world market. National economies became inseparable from the ups and downs of the global capitalist economy although populations in less successfully industrialising economies remained underemployed and agrarian. In this sense, Asia formally became a part of global capitalism with capital relations gradually becoming the dominant social relations, particularly in East Asia, which was connected to advanced economies through the new international division of labour. This global production system later developed into a more inclusive triangle structure that comprises East Asian manufacturing capital, financial capital and mass markets in advanced economies, and workers in Asian developing countries.

Neoliberal globalisation of Asia and regional division of labour

The full-scale integration of developing countries in Asia into global capitalism from the 1980s happened in a very specific historical conjuncture of global capitalist development: the culmination of the free movement of capital and the globe-wide consolidation of such a tendency into neoliberal globalisation. The rise of neoliberalism owed to the over-accumulation crisis of global capitalism in the 1970s, which ended the post-war boom.⁷

During the boom, a large-scale and unprofitable productive force was created as more and more individual capitals came into the market with the perspective of economic growth. Whereas credit expansion, government subsidies, and demands management of Keynesianism enabled backward capitals to stay in competition and sustain economic growth without an immediate crisis, they could not stop a steady decrease in profitability in most industrialised countries (McNally 2011: 30-33).

The increasing difficulty conjured up the exploitative nature of global capitalism. Political and economic elites in advanced economies began to question the necessity of the above-mentioned post-WWII social arrangement in which labour contributed to the reproduction of capital in exchange for decent wages and welfare and desire to restore its class power (Harvey 2006: 31). Capital's response, particularly in Anglo-Saxon countries, to the situation from the early 1970s comprised stagnant productive investment and attacks on unions. Meanwhile, some advanced individual capitals began to escape from their own countries, setting up productive facilities in other countries. By doing so, they avoided

7 McNally (2011) provides a succinct definition of over-accumulation. It is “the process by which capitalist enterprises accumulate more productive capacity – factories, machines, offices, mines, shopping malls, buildings, and so on – than they can profitably utilize. This is caused by intense competition to boost the productiveness of their companies by investing in new plants and technologies, which results in over-capacity” (McNally 2011: 196).

taxation and strong unions, while enjoying cheap labour and wider markets in developing countries.

The first and second oil shocks made the situation more dramatic. Firstly, it augmented cost pressures and thereby made it more difficult for capital to tolerate the high cost of labour. Secondly, it increased money capital as oil money flowed into western financial institutions. Financial capital sought more investment opportunities and accordingly tried to go beyond national boundaries by offering low interest loans to developing economies and pressuring developing countries to liberalise investment regimes. Relatively protected commodity and investment markets in developing economies were felt increasingly undesirable by both productive and financial capital from advanced economies.

The crisis of 1970s offered a golden opportunity for neoliberalism to replace statism as a leading doctrine of development. The crisis was not taken as manifestation of the general tendency inherent in capitalist development but as a crisis of capitalism whose purity and full potential were deemed to have been tainted by the interventionist state and market restrictions. Neoliberals argued for 'purer' capitalism as a remedy to the crisis.⁸

When Margaret Thatcher and Ronald Reagan came into power in UK and US, neoliberalism was no longer a fantasy of market fundamentalists or political experiment of a military government, but a dominant doctrine of global development. Neoliberal

8 This idea evolved from an academic argument of the Chicago school and neoliberal think-tanks to a real political doctrine by the late 70s. It was the extreme experiment in Chile under Pinochet that turned neoliberalism into a political doctrine for the first time (Harvey 2005: 7-9). Salvador Allende's arguably most sincere effort to challenge capitalism by the power of the state, which involved the nationalisation of industries, welfare provision and radical democracy, was halted by the military coup of 1973. General Pinochet's military government introduced neoliberal policies such as massive cut in government expenditure, privatisation, trade and financial liberalisation, following recommendations from Chicago graduates (Harvey 2005: 7-9).

reforms aimed to remove barriers against the movement of capital from one to another production, industrial sector, and country, in pursuit of better profitability (Chang 2009b). Restrictions against free flow of capital in the commodity and financial market or regulations over the labour market were to be removed. Naturally, interventionist states and trade unions were blamed and targeted. Neoliberal reforms also pursued privatisation to allow private capital to move into industries previously protected for SOEs and public interests. These new trends of capitalist development began to permeate into developing countries through a policy package of called 'structural adjustment programme' (SAP) of international financial institutions, such as the International Monetary Fund and World Bank, which comprised public sector privatisation, commodity and investment market liberalisation, and labour market deregulation.

Developing economies in the South were struggling against many structural constraints as well as hidden imperialist interests that controlled natural resource and primary commodities in the international market. Not only did developing countries suffer from inherited debts to former colonial masters, they also had to deal with the typical balance of payment problem as state-led industrialisation relied on imported means of production. The recession in the advanced economies in the 1970s sliced the price of primary commodities, reducing foreign currency income for developing countries. High-interest rate policies in the advanced economies, most notoriously that of the US precipitating the 'Volcker Shock' between 1979 and 1982, also increased debt repayment pressure. Development plans backed by official loans and government guaranteed bank loans not only became undesirable but also turned out to be unrealisable, for the international financial flows were 'privatised'. Debt crises and desperate need for financial assistance made developing countries vulnerable to external pressure. The expansion of transnational corporations (TNC) into Asian developing countries also increased

pressure on tariff barriers and other trade regulations. International financial institutions such as the IMF and World Bank, as well as governments of advanced economies took advantage of this opportunity, in order to push SAPs and globalise neoliberalism.

It was in this context that Asian developing countries shifted to free market economies and export-oriented industrialisation. Most of the Southeast Asian countries faced accumulating foreign debt, collapse of international primary commodity markets, and increasing pressure on their balance of payments. Indeed, their aging authoritarian regimes desperately needed to pursue rapid capitalist development to enhance these regimes' legitimacy. The Malaysian economy faced these challenges from the mid-1980s. The Malaysian government introduced the Investment Promotion Act of 1986 that aimed to promote foreign investment by offering foreign capital tax holidays and renewable pioneer status. EPZs were set up in 1990 to allow foreign capital to enjoy full or partial exemption from regulations, tax, and duty, as well as a five-year freeze on collective bargaining. In Thailand, because of the declining price of agricultural goods, high valued currency, and balance of payments problems, FDI promotion schemes of the Board of Investment began in the mid-1980s. Newly introduced were currency devaluation, tax exemptions and tariff cuts. Particular preference was given to export sectors, such as electronics and garment, which could earn foreign currency. The Thai government subsequently introduced policies favouring FDI in export sectors, allowing land ownership of foreign companies and offering full tax-exemption and rebates. Liberalisation of Interest rates and foreign exchange transaction followed in the early 1990s to attract more foreign investment. For Indonesia, the initiation of EOI pertained to deteriorating oil prices. The mid-1980s witnessed massive devaluation of the Indonesian Rupiah, reaching the peak of 45 percent at the end of 1986. Large-scale deregulation in trade and investment as well as export promotion policies followed, liberalising foreign investment in

export sectors and offering unrestricted duty-free market access to major exporters. The Philippines also faced a serious balance of payment problem in the early 70s. The government responded by introducing more incentives and EPZs for foreign investors. A major goal was to boost export industries that were believed to solve its external debts problems without undermining the interests of dominant local capitalists in the domestic market. With limited success of these policies, the government became increasingly dependent on IMF and World Bank and accepted their policy recommendation including tariff cut and elimination of quantitative control over trade in the 1980s. In the 1990s, the government introduced financial liberalisation in an attempt to catch up with other Southeast Asian neighbours in competition for foreign investment (Hutchison 2006: 47).

Large planned-economies of Asia also could not move against the global current. China's re-integration into the global capitalist economy pertained to the desperate attempt of the Chinese Communist Party (CCP) to rejuvenate stagnated 'socialist' development. The initial strategy of the party-state aimed at introducing market economy to compensate 'socialist' economy. The initial success of this mixture, however, allowed the CCP to move beyond the rhetoric of 'retaining socialism in China' by introducing a more systematic reform which aimed to privatise SOEs, encourage private businesses, create a large scale waged working class, and attract foreign capital. After opening Shenzhen EPZ, China virtually changed the whole territory into thousands of export processing zones in different forms where foreign capital enjoy tax breaks, tariff cuts, and other privileges. By 1995, the inflow of FDI into China accounted for almost half of entire FDI inflow into Asian developing countries.

India also had to liberalise its relatively closed mixed economy in order to receive financial assistance from international financial institutions. India was suffering from the collapse of its major export market, the USSR; hike in oil prices and the cut of

remittance flow from the Middle East during the Gulf War; and political crises at the beginning of 1990s, all of which contributed to the serious balance of payment crisis and exhaustion of foreign currency in 1991. India then had to rely on loans from the International Financial Institutions (IFIs) - US\$ 3 billion, \$500 million and \$250 million from IMF, World Bank and ADB respectively (Ahmed 2009: 48). These loans were indeed subjected to conditions that required India to implement austerity, trade and industrial policy reforms and privatisation. It was not the first time for India to try to ease state's control over the economy. Rajiv Ghandi's government relaxed restrictive industrial licensing, foreign investment control, and restrictive import regime in the mid-1980s. However, this reform was 'basically a continuation of the established model for industrial development' (Jorgen 2008). In the 1990s, however, these 'reforms by stealth' were replaced by more rigorous neoliberal policies that aimed to reorient the Indian economy (Byers 1998). The New Industrial Policy relaxed entry barriers to formerly restricted industries and allowed foreign investors to be a majority shareholder in priority industries. It also encouraged privatisation by reducing the number of industries secured for public enterprises from 17 to 8. To promote export, the government also devalued the Indian Rupee in 1991.

By the mid-1990s, globalisation of manufacturing and finance has become a major scene in all major Asian developing countries. As far as economic growth was concerned, it seemed that the neoliberal turn had produced remarkable transformation. During the decade between 1986 and 1995, according to IMF, Asia's developing and emerging economies showed 7.6 percent of annual average growth rate, far exceeding 3.29 percent of world average annual growth in the same period. Export of goods and services drove this growth by increasing 12.19 percent annually during the decade.⁹ Manufacturing was the backbone of fast

9 Based on IMF World Economic Outlook Database. <http://www.imf.org/external/>

industrialisation. In particular, the Chinese economy showed a record-breaking 10 percent annual growth rate throughout the decade from 1986 to 1995. Manufacturing output showed six-folded increase in the same period.

This second wave of Asia's industrialisation continued until the Asian economic crisis that clearly showed the volatility of this particular development. The crisis was triggered by the increasing financial vulnerability that came with the rapid liberalisation of financial market, which accompanied increasing short-term foreign loans, speculation boom, and in-and-out flow of so-called hot money. However, it was not only a financial crisis. More fundamentally, it was a regionalised over-accumulation crisis as a part of global over-accumulation, to which Asian countries were making a huge contribution by the mid-1990s (Chang 2001, McNally 2011: 41). East Asian economies, after investing in building additional productive capacity in export competition against one another, began to suffer from decreasing return as early as in the early 1990s. The competitive pursuit of export-oriented industrialisation by an increasing number of national economies, whose products targeted same export markets of EU and US, resulted in over-capacity and more heated competition among individual capitals. Firms had to rely on credit expansion mostly in the form of short-term foreign loans made available through quickly liberalising financial markets.

Thailand's currency crisis, precipitated by speculation on the Thai Baht, increased repayment pressure of short-term loans to Thai financial institutions and firms, which then led to the collapse of firms and banks. Asian countries with large-scale productive and financial investment in Thailand could not avoid being implicated, precipitating a chain reaction across Asia. It was the first large-scale crisis of global capitalism during the neoliberal period (McNally 2011: 58-59). It brought a shock to the global

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market, but the worst part of the impact was contained more or less within East Asia, where the massive-scale liquidation of capital occurred. Many Asian economies could not help but rely on an IMF bail-out. South Korea received total US\$58.3 billion bail-out package coordinated by the IMF (\$21bil from IMF, \$10 billion from IBRD, \$4 billion from ADB and further \$23.3billion from US and developed countries) while Thailand and Indonesia borrowed total US\$ 21 billion and US\$ 40 billion from IMF respectively.

Bail-out was followed by stabilisation and austerity policies which bankrupted less effective firms and weaker financial institutions in these economies. Consequently, they experienced negative growth between 1998 and 2000 and suffered from mass unemployment. During this time, more substantial SAPs were introduced by the IMF and Asian governments as a remedy to the crisis. The ultimate aim of SAPs was to make sure that all the money borrowed from private investors in advanced economies was paid back and for more profitable opportunities to be made available to those investors in Asian markets. East Asian states introduced full-scale free market reforms aimed at liberalising the in-and-out flow of finance and commodities with firmer regulatory regimes. To do so, all surviving restrictive measures that could undermine the market-based flow of goods, services, and finance were removed. Targeted were barriers against foreign borrowings of corporations, foreign exchange, purchase of public and corporate bonds by foreigners, entry of foreign insurance companies, foreign investors' ownership of the stocks of domestic firms and hostile takeovers of domestic firms by foreign investors. Also targeted by the reform were trade-related subsidies, restrictive import licensing and import diversification programmes.

It was only in the 2000s that Asian economies recovered from the crisis. While other developing countries were juggling with austerity, unemployment, and minus growth, it was China that sustained the regional dynamics of development. Indeed,

China's industrialisation was even more remarkable than that of the Southeast Asian countries. Despite the regional crisis, the Chinese economy continued to grow 10 percent annually between 1998 and 2007. After accession to the World Trade Organization (WTO) in 2001, the Chinese state introduced more relaxed regulations on foreign investment, increasing the encouraged industrial sectors from 186 to 262 and decreasing the restricted sectors from 112 to 75. China's accession to the WTO was symbolic in the sense that the state began functioning as a moment of global capital accumulation, playing an active role in mediating global capital with unregulated and disposable Chinese labour, largely produced through rural to urban migration. Indeed, TNCs play a great role in China's export drive. They produced, for example, 48 percent of China's export products, 23 percent of total industrial value added, and 18 percent of tax revenue in 2001 (UNCTAD 2002: 56).

Perhaps a more important distinctive feature of China's rise as a global hub of manufacturing was its reliance on Asian capital, indicating the emergence of a new regional division of labour within Asia. This export-oriented economic development of the second generation of developing countries in Asia is distinguished from the first generation of NICs in its heavy reliance on private FDI. Since the 1980s, Thailand, Malaysia, Indonesia, Philippines and, subsequently, China and other developing countries like India, Cambodia, Viet Nam Sri Lanka, and Bangladesh have been relying on FDI as a main financial source for development.¹⁰ In fact, a large part of this FDI inflow

10 FDI inflow to Asian developing countries (including West Asia in this figure) increased almost 40 times in two decades from 1985: from US\$5,110 million in 1985 to US\$199,554 million in 2005 (UNCTAD 2006). The investment flow into these countries accounted for a mere 0.7 percent of global FDI in 1980. In 2005, FDI inflow to Asia's growing economies accounted for 21.8 percent of the whole FDI inflow, indicative of how Asia has become a main destination of TNCs seeking better investment opportunities (UNCTAD 2006).

to Asia came from Asia's first generation NICs. In the 1990s, FDI outflow from Asian developing countries (apart from Japan, the traditional main exporter of capital) began to grow rapidly from \$12.04 billion in 1990 to \$52.67 billion in 1997. After a brief slow-down during the Asian economic crisis, FDI flow from Asian developing countries began to increase again, reaching US\$ 82.86 billion in 2004.¹¹ Investment from the first generation NICs accounted for 90 percent and 75 percent of total investment from Asian developing countries in 2000 and 2004 respectively. Hong Kong, Singapore, Taiwan, and Korea were following Japan by moving manufacturing to developing countries in Asia, particularly in China and Southeast Asia. This was again a consequence of the expansionist response of East Asian capital to labour shortage, increasing cost of labour with emerging class conflicts, and growing cost pressure caused by fierce competition in the global market.

Japanese corporations increasingly became TNCs in response to the growing cost-cutting pressure imposed by competition with Asian NICs in ship-building, electronics, automobile, and so on. Japanese FDI to Asia's developing countries, which had been intensified by the upward revaluation of Japanese Yen after the Plaza Accord in 1985, was a decisive financial resource for many countries in Southeast Asia, particularly Thailand. As of 2001, Japanese manufacturers employed 1.9 million workers across East Asia (Fumio 2004: 41).

Korea and Taiwan faced a similar condition in the late 1980s. Favourable external conditions for export-oriented labour-intensive industries began to move away from Taiwan and Korea with the end of the Cold War. Meanwhile, growing protectionist pressure from the US to compensate its worsening trade balance with both Taiwan and Korea slowed down export

11 Figures calculated from UNCTAD World Investment Database. This is the total FDI outflow from Asian developing countries excluding West Asia.

growth. Furthermore, Southeast Asian countries were challenging Korea and Taiwan, partially because of increasing export from Southeast Asian countries by Japanese corporations that were gradually regaining their price competitiveness undermined by the appreciation of the yen against the US dollar.

Internal dynamics in both countries also encouraged more capital movement. Taiwan saw the declining political domination of KMT after the end of martial law in 1987. In the same year, more than 3,000 labour disputes were reported calling for wage increase and the implementation of labour laws (Minns and Tierney 2003, Burkett and Hart-Lansberg 2000: 157). Korea's capitalist development also faced the explosive development of new independent trade unionism in the summer of 1987, during which about 1,300 new democratic trade unions were organised and recognised (Chang 2002). Altogether, they motivated capital relocation. Although Hong Kong and Singapore did not experience democratisation and strong mobilisation of labour, these two city-states were reaching the limit in balancing supply and demands of labour in favour of manufacturers. Their geographical limit exhausted manufacturing-based expansion and encouraged them to pursue the financialisation of capital. Their geographical proximity to Southeast Asia and China, respectively, also contributed to their turn to foreign investments.

By 2005, intra-East Asia investment accounted for nearly 70 percent of FDI inflow to 15 East Asian economies (ASEAN+3, HK and Taiwan) (ADB 2010: 36). Intra-Asia trade also became much more significant to Asian economies than before. In East Asia alone, the intra-regional share of trade has doubled during the decade between 1995 and 2004, reaching US\$ 1,296 billion, which was about half of the total value of trade to and from East Asian economies (ADB 2007: 87). The inter-Asian trade and investment relation has established a 'triangular structure' which

comprises East Asian manufacturing capital, western financial capital and mass-market, and workers in the Asian developing countries. Through this triangular system, Asia witnessed the full blossom of *the global factory* which integrates almost all countries in Asia, now including China and India.

Continent of labour and emerging social movements of labour

After an increasing number of Asian economies joined the decades-long growth drive of the region, Asia has become a central figure, if not ‘the’ central figure, of global capitalism. And this time, the rise of Asia is neither a wishful thinking nor an orientalist fear, but tangible reality. Many argue that Asia will replace the advanced regions of the world economy soon, a claim that certainly has material basis. A World Bank report, for example, predicts that East Asia will account for about 40 percent of the world economy by 2025 (Gill et al. 2007: 2). This prediction is based on the share of Asia in the world economy, the growth of which seems unstoppable in the near future. As of 2007, Asian share of global GDP accounts for 32.76 percent, dwarfing that of the US (21.3 percent) or the EU (22.7 percent).¹² What is more important is that the increasing Asian share of the global wealth is not based upon primary commodity production or natural resource extraction but growing industrial capacity.

Asia’s increasing contribution to global manufacturing turned the continent into the *global factory*, where Asian manufacturers produce and export not only consumer goods but also capital goods and high-tech products that are essential to global capitalism. The export drive, particularly of emerging and developing Asia, is truly remarkable. In 2000, the export value of goods and services from these economies was merely 18 percent

¹² The figure is in terms of purchasing power parity, based on IMF World Economic Outlook DATA.

of that of the G7. By 2007, Asia managed to increase it up to a third of export value of goods and service from the G7.¹³ Many pieces of evidence point that this growth is a result not only of increasing external demands and favourable conditions but also many internal dynamics of Asia.

The fact that the rise of Asia relies upon such indigenous dynamics appears to be proven by its development in the aftermath of the current global economic crisis that severely decreased demand for Asian manufactured goods in advanced economies. Although many export-driven economies in East Asia experienced a severe downturn with minus or near-zero growth in 2009, Asia soon began to lead the global recovery, thus confirming that the rise of Asia is a long-term trend, not a short one. Emerging and developing economies in Asia continued to grow amid the sluggish recovery of major advanced economies in the world. The export value of goods and service from these economies reached almost half of that of the G7 by 2012. In the same year, the region as a whole produced about 38 percent of the global GDP (PPP) and accounted for about two-thirds of global economic growth (Kuroda 2014).

Intra-regional trade had also become much more important than before for almost all Asian economies. Likewise, it was Asian investment, rather than capital input from outside the region, that drove the remarkable growth of its developing economies. Both the export drive in Southeast Asian economies and the current rise of China as a global manufacturing hub pertain to this regional investment pattern.¹⁴ Having seen them all, it is not surprising that the Asian Development Bank predicts that the continent will produce more than half of the global GDP by 2050 and will open ‘the Asian century’ (ADB 2011).

13 IMF World Economic Outlook DATA.

14 In 2010, China alone attracted total US \$105.735 billion. About US\$88.18 billion was from 10 East Asian countries and regions according to Chinese official statistics.

However, discussions about the rise of Asia often neglect perhaps the most spectacular transformation Asia is going through. The number of the Asian population relying fully or partially on selling their labour power for their survival has been increasing dramatically for the last three decades. People in Asia's developing countries, formerly mainly involved in self-subsistence activities and supplementary market exchanges of products, have become wage labourers. This quantitative expansion of the capitalist workforce in Asia is an epochal event in the history of global capitalism, the magnitude of which cannot be underestimated. The working class of global capitalism has grown by at least two third during the neoliberal period (Ferguson and McNally 2015b) while East Asia alone has added about 800 million new workforce since the 1990s (McNally, 2011: 51). According to ILO, China alone added more than 341 million non-agricultural workers to global capitalism in the last three decades from 1982 and 2011 (141,360,000 to 491,260,000).¹⁵ More than 201 million Indians are now employed in non-agricultural sectors, almost double the number from less than two decades earlier.

This working population had little global significance before the decades of neoliberal globalisation. However, they are now tightly integrated into the globalising circuit of capital. In short, capitalist labour has become *the* common substance for the Asian population. As the home to a 1.8-billion-strong workforce, approximately 60 percent of the global total, Asia is *the continent of labour on which factory Asia stands*. It is Asia's transformation into the continent of labour that underpins Asia's transformation into the global factory. Understanding Asia as the continent of labour enables us to recognise the real nature of contemporary

15 Figures for China and India are from ILO's Key Indicators of the Labour Market (KILM), <http://www.ilo.org/global/statistics-and-databases/research-and-databases/kilm/lang-en/index.htm>

Asian development underneath the surface that cannot be captured by the celebratory depiction of Asia as the global factory.

Dispossession and Neoliberal primitive accumulation

The integration of people into the expanding circuit of capital has not been a voluntary but a coercive process, one that dispossesses people of resources formerly available to them through remaining non-capitalist social relations and domains of life. As Harvey (2003) points out, neoliberal globalisation subjects people to the final moment of enclosure, through which they are forcefully deprived of not only their land and the ‘common’ but also communally shared skills, knowledge, and technology.

In the developed parts of Asia, such as Japan, Singapore, Hong Kong, Korea, and Taiwan, ‘tertiary’ labour continually expands, representing the growth of the service sector particularly with increasing women’s participation. In this process, formerly non-profit-making activities shared among the population in communal and public spaces, such as caring, educating, entertaining, and healing, became the new domains for profit-oriented business and are increasingly appropriated by corporations making profit out of such businesses by employing wage labour.

In developing parts of Asia, the integration process begins with violent *neoliberal primitive accumulation* that creates a large-scale reserve army of labour. Expropriation of land and subsequent large-scale industrialisation of agriculture marginalise small-scale and communal farming, producing population without means of production and subsistence. Neoliberal primitive accumulation involves not only emerging national capitalists but also powerful international actors of contemporary capitalism such as global financial institutions, large-scale agri-business and international development agencies.

Rural populations in Southeast Asia’s developing countries such as Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar,

and the Philippines experience a large-scale land grabbing by local and international corporations to whom governments have granted land concessions for production of biofuels, biomass energy, rubber, sugar, oil palm and mining products (Polack 2012).¹⁶ Acquisition of tens of millions of hectare of arable land not only displaces rural residents from their land but also destroys rural livelihood in general by degrading the ecosystem of Southeast Asia and thereby destroying the common that is essential for the reproduction of rural livelihood. Mega-scale international development projects of international financial institutions, governments of advanced Asian economies, and TNCs often involve infrastructure building that also contributes to the dispossession of the rural population in Southeast Asia. A number of new highways, railways, and dams are being built on land previously inhabited by local population who had to leave their villages with fringe, if any, compensation.

Increasing expropriation of land is a major tool to create a large-scale reserve army of labour even in China where land officially remains public property. In China, urban land is owned by the state and occupied by urban work-units while rural land (other than state-owned land) is owned collectively by peasants. Therefore, land expropriation *per se* is not possible in theory. However, the separation of land use rights from land ownership, introduced in 1988, allows land to be acquired and sold in the market (Yeh 2005: 52). Local governments in rural area pursue property-led development by acquiring land from peasants and selling land use rights to developers. When the state acquires land from peasants, the actual users of land need to agree for land transfer and have to be compensated according to law.¹⁷ But in

16 Cambodia alone leased 2,033,644 of roughly 3,900,000 hectares of arable land to private companies under its land concession schemes – approximately 800,000 hectares in 2011 alone (LICADHO 2012: 3).

17 Compensation should be 3-6 times of the average agricultural production of the rural land in the last three years before the transfer, in addition to the value of buildings and

reality, there have been an increasing number of illegal conveyances of land to private developers without proper agreement with or compensation for residents.¹⁸ It is the large profit generated through this process that encourages local government to pursue development projects competitively.¹⁹ For the past two decades, total earnings from this business reached RMB 2 trillion, with 14.7 million hectares of land acquired and sold in this manner (China daily 6 Nov 2010).

The hefty profit that the state can generate from land sale has been the main driving force of land grabs in India too. The Indian government has been actively engaging with TNCs whose industrial and infrastructure projects require large-scale acquisitions of land and subsequent eviction of rural residents. Utilising the Land Acquisition Act, introduced by the British colonial authority to take land from Indian farmers in 1894, the Indian government makes handsome profit by selling acquired land to international and local corporations at a large profit margin. Large-scale development projects, such as the Yamuda expressway development in Uttar Pradesh by the Jaypee Group, a nuclear plant project in Jaitapur by the French AREVA, and a steel plant project in Orissa by South Korean steel giant POSCO, all involve large-scale land acquisition that deprive people of land and the common and destroy their livelihood.

agricultural products attached to the land.

- 18** It is reported that 34.1 percent of the land acquired through conveyance between 1995 and 2003 involved illegal transactions (Xu, Yeh and Wu 2009: 899).
- 19** A survey on land acquisition in 17 provinces in China in 2012 reveals that 43.1 percent of villages in the survey have experienced land acquisition for non-agricultural purposes since the late 1990s (Landesa 2012: 2). 77.5 percent of those who experienced land acquisition have received compensation while 9.8 percent of them were promised for compensation but received nothing. No compensation was promised or given to the other 12.7 percent. The mean compensation paid to farmers was 18,739 RMB (\$3,000) per mu (0.16 acre). Average sale price was 778,000 RMB per mu. This means the local governments enjoyed about 4000 percent of margin in this business while peasants had to walk away from their land with tiny compensation.

Neoliberal sweatshops

People evicted from their land and deprived of means of subsistence often migrate to cities and provincial towns in search of job opportunities. They are the rural-urban migrant workers who supply cheap labour to emerging industries in developing countries in Asia. For example, Cambodia's expanding garment industry has been a magnet for the newly created workforce from Cambodia's rural villages. It is the garment industry that has been single-handedly sustaining Cambodia's industrial output and export growth, with up to 80 percent of total export revenues coming from the sector. As of 2014, the industry employs more than 470,000 workers, a vast majority of whom are rural-urban migrants (AMRC 2014).

In China, the number of internal migrant workers employed outside their hometowns has reached 153 million by 2010. They are no longer supplementary workforce but a 'major component of the new Chinese working class' as they now account for more than half of the urban workforce (Leung and Pun, 2009: 552). In the earlier stages, migrant workers left their lands but stayed in their hometowns, mostly working for Township and Village Enterprises (TVEs), which attracted more than 60 million rural workers by 1988. The rural to urban exodus accelerated with the massively increasing inflow of FDI to China's industrialising cities. The household registration system called *hukou* has been relaxed to allow the migrants to work in big industrial towns. However, their rural residential status does not give them the right to be permanent residents or to claim social benefits from the cities where they work. A large part of the social cost of labour is imposed on individual workers, rather than on the state or on the employers, meaning that capital does not have to pay for pension and insurance for industrial injury, health, and unemployment. By offering their disciplined labour power without burdening capitalists with additional cost for social benefits, migrant workers allowed employers to enjoy high

profit, without which the ascendance of China as one of the G2 would not have been possible.

Much of labour intensive industries in Asia's developing countries are products of neoliberal expansion of the first generation industrialising countries whose factories have been moving to the second generation of developing countries for cheap labour. These Asian corporations occupy the commanding height of labour-intensive industries by establishing vertically integrated chains of value with a large number of subcontractors that are often locally grown firms. Asian FDI gave rise to particularly exploitative forms of labour relations within which workers have no rights against employers. This is because employers brought labour norms and regimes that had once existed in their home countries before the institutionalisation of labour rights. As the impetus for their movement was predominantly price-cutting, they tend to prefer wage cuts over other methods to win sheer competition in the market. Consequently, working conditions and the level of remuneration in these factories are not much different from the Cold War-era sweatshops that dominated industrial scenes in the 60s and 70s. Cold War sweatshops did not disappear with the advance of the first generation of NICs. Rather they have expanded and reinvented themselves as *neoliberal sweatshops*.

Neoliberal sweatshops exist not only in low-income countries in Asia but also in middle income and advanced economies of Asia. These sweatshops employ a large number of migrant workers mostly from developing Asian countries. The reserve army of labour created by neoliberal primitive accumulation also moves beyond national borders in search of means to sustain its life. Migrant workers have become an essential part of the labour force in the entire industrial cycle, from mining, agricultural plantation and fishery, to food processing, to light manufacturing such as garment and textile, to relatively high

value added production of automobile parts, general machinery, and consumer electronics (Chang 2014). Cheap migrant labour is vital for these industries to remain competitive in the international market because migrant labourers often work for below local minimum wages.

Also, the invisible cost savings as a result of this arrangement are much bigger than simple wage savings. Contrary to the case of local labour, economic and political elites of host countries do not need to make any contributions to health care, training, and education of migrant labour prior to the latter's entry to the new labour market (Ferguson and McNally 2014a). This supply of cheap migrant labour attracts foreign investors to industrial zones in mid-income countries in Southeast Asia such as Malaysia and Thailand. These zones relies heavily on the supply of cheap labour through the circular migratory flow from neighbouring poor countries like Cambodia, Myanmar, Indonesia, and Lao PDR. It is estimated that about 3 million migrant workers are now working for various industries in Malaysia. In Thailand, more than 2 million migrant workers are employed in agriculture, fishery, construction, food processing, light manufacturing and domestic service. Supply of the so-called 'guest workers' thorough the circular migratory flow from developing Asia also feeds small and medium size enterprises, agricultural production, and domestic service in Hong Kong, Taiwan, Singapore and Korea (Chang 2014).

Informalisation of labour

The common characteristics of jobs in neoliberal sweatshops, including harsh working conditions, low level of wages and welfare, and lack of individual and collective rights, show a stark contrast to those enjoyed by the industrial working class of the 20th century at the core of global capitalism. Although these jobs are given mostly by formally registered firms, their employment relations are characterised by a high degree of informality,

insecurity, and vulnerability. Their jobs are often contracted on a short-term basis. Another common arrangement is the use of labour dispatching agencies instead of companies directly hiring employees. Often they are disguised as self-employed even though they are working under supervision and control of employers. In fact, many workers in neoliberal sweatshops are de-facto informal workers who have no power and tools to protect themselves and enhance security of their jobs and livelihoods (Chang 2009b: 170, Arnold and Bongiovi 2013: 295-296). These workers are informal not because there are no labour laws and regulations covering the working population but because they have no power and institutional tools to protect them.²⁰

Many so-called atypical workers, such as part-timers, temporary contract workers, and dispatched workers, are not 'legally' informal in many Asian countries. In other words, they are protected by labour standard laws and other labour regulations. But in reality they are defenceless without institutional and union protection. It is highly questionable whether hundreds of millions of China's internal migrant workers in booming export industries or workers employed in Asian garment manufacturers in Cambodia are 'formal' as they are powerlessly exposed to unilateral decisions by management in terms of layoffs and other restructuring measures (Arnold and Shi 2010).

This increasing de-facto informal labour segment is, however, perhaps still better off than vulnerable employees (or informal

20 In existing discussions about informal labour, from the informal sector argument to the informal economy debates, the lack of regulatory framework (legal status and protection) has been at the centre of discussion. However, the historical process of the formation of the working class and standard form of employment tells us otherwise. It was only when industrial workers organised the labour movement that the concept of standard form of capitalist labour emerged. This included regular hours and pay, the provision of a workplace, pension, sick pay arrangement, leaves and trade union membership. This was not a natural product of development but made possible only on the basis of a certain power balance. Without a power balance in place, it is not necessary for capital to rely on regular, protected, and formal jobs for accumulation. Factory Asia clearly demonstrates it.

sector employees) who form a majority of the workforce in Asia's informal economy. Despite the integration of developing countries into global capitalism, a large-scale informal sector became a permanent feature in these developing countries in Asia. Often their survival activities do not involve any direct employment relations, nor do they have designated workplaces. The size of the population in the informal sector is estimated by the number of workers in vulnerable employment which include own-account workers and contributing family workers. The proportion of vulnerable employment in total employment in Asia remains a staggering 58.49 percent, with more than a billion workers in vulnerable employment in 2013.²¹ In South Asia, vulnerable employment accounts for 76.2 percent of total employment in 2013. Together with the increasingly informalising formal sector jobs, the scale of vulnerable employment shows that Asian economies have not overcome their structural reliance upon cheap informal labour.

Informal labour is not a misfortune of an underprivileged group of workers in less developed countries in Asia. In fact, it is a general trend that also affects the working class in Asia's developed economies such as Korea, Taiwan, Hong Kong, Singapore, and Japan, where permanent full jobs are quickly being replaced by temporary, subcontracted, and part-time jobs. For instance, in Japan, workers dispatched by labour agencies increased from 233,765 in 1990 to 1,983,336 in 2008 (JILPT 2012: 14). Korea's irregular workforce, which includes temporary, daily, in-company-subcontracted, dispatched, on-call, part-time, and special-contract labour, accounted for a staggering 52.1 percent of the total workforce in 2008 (Kim 2008). Informalisation is indeed a highly gendered process. Women constituted a majority 51.7 percent of Korea's 'irregular' workforce - 65.5 percent of total female workers, estimated 4,424,000, were surviving with irregular jobs in 2008 (Kim 2008). In Japan, about 62.1 percent

21 Based on ILO KILM Database.

of dispatched workers were women in 2007 while 89.7 percent of part-timers were women (JILPT 2012).

The expansion of capitalist social relations through fast industrialisation during the neoliberal rise of East Asia does not accompany the expansion of formal capitalist employment relations in a traditional sense. Rather, it increases labouring population not in standard employment. They live as the working poor in factories, fields, and streets. The result is the paradox of East Asian development - the increase of 'the traditional working class' has been marginal in the rise of East Asia as a workshop of the world. The vast majority of the labouring population does not resemble the industrial working class that emerged from the 19th and 20th century industrialisation at the core of global capitalism. Industrial development in Asia has been lifting some people out of absolute poverty by creating jobs. Yet the vast majority of increasing capitalist workforce suffers from working poverty resulting from insecure and informal jobs.

Emerging social movements of labour

Neoliberal development caused many setbacks to people's attempts to democratise Asian societies. Most of all, it has hampered economic democratisation as the economy was rendered a politics-free zone. This does not mean that the economy is free from political intervention from the state that is in favour of economic elites. This means rather that people's political intervention for economic democratisation is deemed undesirable. Asian states quickly transformed themselves into neoliberal states whose prime goal is to secure the best market condition for capital accumulation (Harvey 2006: 25). They offered an opportunity to economic elites to restore their power over labour by assisting the market to fragment the working class into many different working classes and not allowing workers to have enough power and means to protect themselves.

Democratisation has stagnated in all Asian countries, where democracy means, at best, electoral democracy, without teeth for fundamental democratic transformation of social systems. It is in this sense the paradox of Asian development is also a political product. In Asian countries, organised labour, which had re-emerged out of struggles against developmental dictatorships in the late 80s and early 90s, had little time to prepare their counter strategy against the onset of neoliberal development. This produces a complex situation for social movements of labouring people for socio-economic justice. Nevertheless, we see emerging struggles of people to challenge this. Current uprisings of newly integrated labouring people in rural and urban Asia show they are not merely passive victims of neoliberal globalisation (Chang 2013). Newly emerging labour activism shows that the circuit of capital expands and so does the labour movement.

These struggles of labour, however, no longer follow the usual model of working class mobilisation as contemporary development in Asia creates no conditions that will allow a coherent industrial working class to emerge. Struggles of labour in contemporary Asia did *not* expand through the physical extension of the existing trade union movement, nor do they pursue the traditional union-party nexus as a vehicle for social changes. With a few exceptions, existing trade union centres across the continent showed a disappointing track record in defending the interests of the newly created capitalist workforce and in moving beyond being subordinate development partners of the state and capital. Worse still, opposition political parties have been at the centre of neoliberal globalisation and work with unions only when they need unions' participation in driving growth. Meanwhile, the mobilisation of the working population takes disparate forms of protests and organisations at diverse frontlines against different social problems of capitalist development. In doing so, these struggles and organisations build plural social movements of

labour rather than a singular labour movement in contemporary Asia. The labour movement in Asia is no longer only about a group of industrial workers demanding justice from industrial capitalists but about diverse labouring populations at the margins of the expanding circuit of capital whose livelihoods cannot be improved through capitalist labour.

These struggles occur not only in factories in EPZs and industrialised cities but also outside the immediate place of production. They exist across sectors and communities as well as workplaces and homes. Hence, the struggles of these working classes are emerging everywhere – they include the struggles of the increasingly impoverished rural population to protect their control over their own means of production in rural Asia. The Anti-Dam movement of the rural poor in Thailand in the 1990s (Baker 2000, Glassman 2001, Missingham 2003) and more recent protests against land-grabs in Cambodia as well as China demonstrate the desperate struggles of the marginal classes for democratic control over their means of production. Self-employed women also mobilise themselves into a social movement. In India, SEWA (Self-employed Women's Association) has approximately 600,000 members and fights for poor women self-employed largely in informal businesses. SEWA aims to improve work security, income security, food security and social security (health care, child care and shelter) and incorporate the labour movement, the cooperative movement, and the women's movement. In Hong Kong, migrant domestic workers are building the migrant workers movement. Migrant domestic workers' organisations developed from mutual-help groups to trade unions. Earlier, workers from different developing countries such as the Philippines and Indonesia formed unions only for their own nationals. Their effort to build solidarity with different nationalities and local domestic workers has finally established the Federation of Asian Domestic Workers Unions in Hong Kong (FADWU) in November 2010. This

union played a crucial role in building the International Domestic Workers Federation, established in 2013 with 47 affiliates from 43 countries.

Social movements of labour also include struggles of de-facto informal workers in neoliberal sweatshops. Despite the setbacks caused by neoliberal development, the labour movement of industrial workers is beginning to find new dynamics in the emerging struggles of workers in the extremely insecure forms of employment. The determination for a fair society that Korea's so-called irregular workers' struggles demonstrate is reminiscent of the uncompromising struggles of industrial workers for political and economic democratisation in the earlier period of Korea's industrialisation (Chun 2008, Shin 2010). Their struggles demonstrate that they are capable of building power from the margins of the expanding circuit of capital and cut across the diverse groups of informal labour through innovative organising campaigns. It also shows that organising at the margins pushed the established trade union movement to recognise the urgency to organise the new and underprivileged workforce. Even workers previously known to be most docile and easy to control - Chinese internal migrant workers - have started turning themselves into a political force. The wave of strikes in Guangdong province in 2010, mostly organised and participated in by migrant workers, demonstrated accumulating discontents among migrant workers, as well as the transformative power of this new class of young generation migrant workers (Chan 2013, Pringle 2015). In Bangladesh, the tragic incident at the Rana Plaza that killed 1,129 workers in 2013 precipitated a national campaign against neoliberal sweatshops, In November 2013, up to 200,000 workers demanding higher wages and work safety participated in a general strike that paralysed more than a hundred garment factories producing for global fashion giants.

These newly emerging social movements of labour display that Asia's rise as the global factory not only undermines the existing labour movement but also creates new agencies for

diverse social movements of labour. The labouring population at the margins of the continent has been actively participating in these newly emerging movements. People of the continent of labour, including de-facto informal workers in neoliberal sweatshop, migrant workers, domestic workers, rural poor and self-employed, are becoming major actors in struggles for alternatives to the global factory. In doing so they also rightly question the validity and applicability of the old models of the labour movement based on the concept of singular and coherent working class. Tactics used in the model including social partnership between organised industrial workers, big capitals and interventionist states are also being questioned. The continent of labour is a crucible of these movements for alternatives. Many alternative values and proposals are being raised in their fights for justice. However, the newly emerging vibrant and dynamic movements of labour are not free from shortcomings. They are far from creating an extensive basis to build 'unity of diversity'. Newly emerging movements are not strong enough to overcome the disjuncture between traditional working class organisations and new movements (Chang 2013). The future of the continent of labour is subject to the movements' capacity of creating a unified platform which can embrace diversity and at the same time build unity.

Conclusion

Three historical conjunctures played particularly important roles in shaping Asian labour into what it is now: partial integration of the Asian population into global capitalism through colonial development, formal integration of the population into global capitalism through Cold-War industrialisation, and real integration through neoliberal globalisation. Neoliberal globalisation is finalising the long process of the integration of the Asian population into global capitalism. Asia's rise as the global factory turned itself into the continent of labour where hundreds

of millions of workers are making their living at the different moment of the globalising circuit of capital. Despite the full-scale integration through neoliberal globalisation, the vast majority of the workforce does not resemble the industrial working class that emerged from the 19th and 20th Century industrialisation at the core of global capitalism. A vast army of labour has been created through neoliberal primitive accumulation which persistently dispossesses people of their land, the common, communally shared skills, knowledge and technology, and the ecosystem underpinning people's livelihoods. People have to live new lives as the working poor in neoliberal sweatshops, fields, and streets. The continent of labour creates no conditions on the basis of which a coherent working class can emerge, even as it forces them to live by relating to capitalist labour one way or another. Nonetheless, this does not mean Asia's labouring population are being passively exploited without a fight. Struggles of these workers for better lives surface as diverse forms of social movements of labour across rural and urban Asia, not following the usual model of working class mobilisation. The continent of labour has a potential to be a continent of alternatives to neoliberal capitalism as long as they continue to emerge and build a unified platform which can build a form of unity that is capable of embracing diversity.

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About the author

Dae-oup Chang has been widely publishing articles and papers on East Asian development, labour relations, and migration. His major works include *Capitalist Development in Korea: Labour, Capital and the Myth of Development State* (2009, London: Routledge). His current research focuses on the ways in which Korean capitalism affects the social development of the least developed countries in Asia through migration, investment, and aid. Email: daeoup@gmail.com