

INTERVENTIONS

Martin Hart-Landsberg and Paul Burkett

Development, Crisis, and Class Struggle in East Asia: A Reply

Jim Kincaid and Dan Bousfield each reviewed our book, *Development, Crisis, and Class Struggle: Learning from Japan and East Asia*, in the recent *Historical Materialism* symposium on 'East Asia After the Crisis.'¹ While applauding our 'explicitly Marxist perspective,' both were critical of our efforts on theoretical and political grounds. In this reply we respond to their criticisms.

Motivation and purpose

Perhaps most surprising to us, neither review seemed informed by the challenge that motivated and shaped our work. In brief, we were concerned by the fact that the East Asian growth experience had led growing numbers of progressive economists and activists to reject Marxism (and its focus on class exploitation, uneven development, and class struggle), in favour of more mainstream theories of development. As a result, their activities were increasingly

¹ Kincaid 2001; Bousfield 2001.

directed toward the creation of more progressive forms of capitalism rather than a socialist alternative. We wrote our book with the expressed purpose of showing the intellectual flaws and ideological limits underpinning the major non-Marxist explanations of East Asian development and the ways in which an historically rooted Marxist analysis was better able to explain the region's growth and crisis as well as provide strategic orientation for working-class efforts to build new, more socially, economically, and ecologically stable and responsive political economies.

It is all too easy to forget that, before the 1997–8 East Asian crisis, there was a general consensus among economists that the East Asian growth experience offered conclusive proof that capitalism was the only effective engine of development. Debates within the profession were largely confined to the question of whether it was free-market or state-directed capitalism that deserved the credit. The general progressive-left position was to see active state intervention as the key to creating capitalisms that were both highly competitive and worker-friendly. Even for those who still believed in socialism, the temptation was great to view Japan – with its state planning, collaborative labour-management relations, full employment, and relative income equality – as offering an attractive transitional model. When we challenged this celebration of East Asian capitalism by arguing that East Asian growth was highly exploitative and unsustainable, and based on non-generalisable class relations and historical circumstances, we were often dismissed as cranks, even at meetings of the Union for Radical Political Economists in the United States.

Then came the crisis. However, rather than encouraging a more critical examination of mainstream theories of capitalist dynamics, most economists, including those on the Left, continued to engage in much the same debate. The only difference was that the debate was now over the causes of the crisis, with neoliberals blaming it on too much state intervention and progressives responding that the cause was too much deregulation. Given the terms of the debate, the neoliberal position was even able to gain credibility.

This was the background to our decision to begin our book with a critical examination of the major non-Marxist approaches to development, including neoliberalism, structuralism, flying geese theories, greater China theories, and dependency theory, showing how and why they are unable to satisfactorily explain East Asia's growth and crisis. We then highlighted the political dangers inherent in the 'progressive capitalist' movement using the left-liberal treatment

of Japan as an example. It was only after this foundation was laid that we offered our own Marxist-influenced explanation of the East Asian experience and thoughts about strategy and tactics for building worker-community movements for change.²

We were, therefore, non-plussed to read Kincaid's comment that our book 'was mostly about Japan' and Bousfield's criticism that our book suffers from an 'overemphasis on the national and regional scales of capitalist development – and a primary focus on Japan – at the expense of a more rigorous concept of imperialism and the international linkages of capitalism'.³ Apparently, in their haste to criticise our analysis from the standpoints of their preferred Marxian theories of economic crisis (Kincaid) and imperialism (Bousfield), both reviewers missed the point of our work. As a result, their reviews offer a series of misrepresentations of our arguments and questionable political positions.

Misrepresentations and disagreements: capitalism and crisis in Japan

Kincaid views our book to be largely about Japanese capitalism and he takes us to task for misrepresenting the nature of the Japanese political economy as well as the cause of the country's current crisis. Our book does indeed have an extended treatment of Japanese economic dynamics, although it was part of our larger effort to challenge mainstream and progressive interpretations of the broader East Asian experience.

Our analysis showed that Japan's development, from the Meiji Restoration through the twentieth century, was driven and shaped by intensive exploitation and other anti-labour practices as well as by imperialism – both Japanese and Western (including US). In this way, we debunked the progressive myth that

² Over the last few years, many of the most severely affected countries, such as South Korea, Thailand, Malaysia, and Indonesia, have registered positive rates of growth in GDP. This has apparently convinced many economists, even on the Left, that the worst of the crisis is over and recovery, even if limited, is now on the agenda. This conclusion has encouraged a politics of reformism that stands in sharp contrast to the growing international mass protests against global capitalism and worker-led struggles, including in East Asia, for new social alternatives. In sum, nothing has happened in the years following the crisis and publication of our book to reduce the importance or immediacy of the challenge that motivated our work. For our assessment of the significance of this recovery see Burkett and Hart-Landsberg 2001.

³ Kincaid 2001, p. 89; Bousfield 2001, p. 437.

Japan's past growth was based on 'enlightened' labour market, employment, and industrial practices as well as the neoliberal argument that Japan's current problems are the result of inadequately capitalist institutions.

We also sought to draw upon this history to explain Japan's growth trajectory. We argued (in a passage quoted by Kincaid) that:

Fuelled by high rates of domestic exploitation, East Asian capitalism, Japan included, featured correspondingly large gaps between domestic production and domestic wage-based demand. During high-growth periods this gap was filled by exports (facilitated by the Cold War) and by the high investment rate such exports helped support.⁴

We built upon this understanding to explain Japan's growing economic instabilities, repeated industrial restructuring, regional expansionism, and contemporary stagnation.

Kincaid dismisses much of our discussion, having concluded that we incorrectly relied on an underconsumption theory of accumulation and crisis to explain Japan's current problems. He claims that 'the central line of argument' in our book 'is about *income levels* – a lack of domestic demand caused by low wages and resulting in an exceptional dependence on exports'.⁵ He also argues, citing the work of Makoto Itoh, that since exports only amounted to 10 per cent of GDP in Japan's post-war high-growth period (from the early 1950s to the early 1970s), our emphasis on exports as a motor of accumulation was inaccurate.⁶

His critique distorts our analysis in two ways. First, our arguments concerning export-led growth and crisis were not developed in terms of income levels, but rather in terms of rates of exploitation (or roughly, productivity growth relative to real wages). They were not about the absolute purchasing power of workers, but rather their limited purchasing power as a share of total (actual and potential) output.

Second, our arguments did not rest simply on the value of the export/GNP ratio. We recognised, as the quote above makes clear, that high rates of investment were crucial to maintaining high rates of productivity *and* effective demand growth during Japan's high-growth period. But we also showed that

⁴ Burkett and Hart-Landsberg 2000, p. 23.

⁵ Kincaid 2001, p. 93; emphasis in original.

⁶ *Ibid.*

these high rates of investment were closely associated with the export performance of the manufacturing sector, which was the leading sector of Japanese industry in the post-World War II era. In short, Kincaid grossly oversimplifies the context for our discussion of the role of exports, and of trade conflicts with the US and Europe, as factors influencing the rate and pattern of Japanese capital accumulation, including its rapid regionalisation beginning in the 1980s.⁷

These two misrepresentations are related to other substantive disagreements we have with Kincaid. In particular, he argues against the view that 'The industrial success of post-war Japanese capitalism was based on high levels of exploitation'.⁸ It is strange to read a Marxist arguing that rapid capital accumulation is not based on intensive exploitation of labour, and the shakiness of his argument is reflected in the weak evidence he brings to bear to support it.

First, Kincaid suggests that we underestimated the revived combativeness of Japanese workers in the 1960s and early 1970s. But our analysis emphasised wage (and exchange rate) pressures on competitiveness (as well as US and European protectionism) as a factor promoting repeated industrial restructurings in Japan – a process which, following the late Rob Steven, we termed 'scrap and build'.⁹ As part of this analysis, we showed that scrap and build was carried out in such a way as to undercut wage-based demand relative to domestic productive capacity, thereby increasing the dependence of industrial capital accumulation (especially in leading sectors) on export growth. Japanese industrial capital maintained and even increased its international competitiveness in the face of two large oil shocks as well as a large appreciation of the yen in the late 1980s, largely through its ability to flexibly adjust wages and work conditions and move production offshore to lower wage areas with currencies pegged to the US dollar.

Second, Kincaid says we failed to consider why 'employers' continued to concede life employment systems even to a minority of Japanese workers. He apparently sees this as indirect evidence against our emphasis on the intensively exploitative nature of Japan's post-war accumulation régime. As we showed in our book, it is a distortion of the historical record to view the

⁷ Burkett and Hart-Landsberg 2000, Chapters 9 and 10.

⁸ Kincaid 2001, p. 92.

⁹ Steven 1990; Burkett and Hart-Landsberg 2000, Chapter 9.

lifetime employment system as a 'concession'; it was designed by corporate capital and its state functionaries, not workers.¹⁰

In close conjunction with seniority-based pay, company welfare programmes (crucial given Japan's minimalist welfare state), and the integration of enterprise unions into corporate management hierarchies on a strictly subordinate basis (there were and are no industrial unions to speak of in Japan), the lifetime employment system functions primarily to maintain worker loyalty (and labour intensity) by increasing the cost of job loss. Moreover, lifetime employment was never worklife-long even for the workers 'enjoying' it; workers have been forced into early retirement or less desirable positions whenever corporations needed to downsize or reallocate their labour forces.

Third, Kincaid cites World Bank data indicating that among developed nations Japan has one of the world's most equal income distributions and highest life expectancies. He gives the misleading impression that our analysis was based simply on a discounting of available data. In fact, we cited several studies, including studies by Japanese social scientists, which conclude that Japan's distributions of income and wealth are similar to, if not less equal than, the average of other OECD countries.¹¹

Our more general argument about the exploitative nature of Japanese work relations was also supported by studies which showed large reductions in real productivity adjusted wages.¹² We also referred to high housing costs and the minimal welfare state as factors maintaining a high rate of exploitation through downward pressure on the socially determined value of labour-power.¹³ We also documented Japan's extremely long worktimes – a

¹⁰ Burkett and Hart-Landsberg 2000, pp. 52–3, 74–8, 103–4.

¹¹ See Burkett and Hart-Landsberg 2000, pp. 145–6. The studies we referred to are Ishizaki 1985–6, Ozawa 1985–6, Bauer and Mason 1992, and Minami 1998. It should be added that the latest quantitative research comparing the concentration of total household savings among high-income and high-wealth households in Japan and the US also tends to support our book's discussion. Campbell and Watanabe 2001, for example, find that the top 12 per cent of all savers in Japan account for more than three-quarters of all household saving. They also find that the wealthiest 0.5 per cent of Japanese households (that is, one half of one per cent) account for 72 per cent of net savings (accumulation of net worth). For the US, estimates show that the share of net savings accumulated by the wealthiest 0.5 per cent of households is much lower, at 42 per cent. The authors 'conclude that, as far as saving goes the Japan-is-different hypothesis is dead' (p. 243).

¹² See Burkett and Hart-Landsberg 2000, pp. 79–80, 145, 224. The studies referred to include Ohkawa and Rosovsky 1973 and Itoh 1994.

¹³ In this respect, our analysis was consistent with the theoretical approach to the value of labour-power suggested by Saad-Filho 2002, pp. 48–53.

phenomenon that Kincaid apparently sees as unrelated to the point at issue here, namely, the limitation of wage-based demand compared to productive capacity in Japan.¹⁴

In this connection, we found Kincaid's appeal to the work of Itoh¹⁵ to be highly selective. He cited Itoh's contention that during the post-war high-growth period Japan's economy was not very reliant on exports. We have already addressed this contention. However, Kincaid ignores other arguments made by Itoh in his recent work. The most relevant are that Japan's capital accumulation process is highly dependent on the intensive exploitation of labour. This makes it unstable because of emerging labour supply constraints, the weakening and exhaustion of Japanese working people due to long and intensive worktimes, and problems of effective demand shortage in the wake of the bubble economy – problems worsened by the increased rate of exploitation along with the hollowing-out of Japanese industry.¹⁶ These elements were all incorporated into our analysis of Japan's current crisis as a crisis of capitalist maturity, which insures a worsening trade-off between economic stagnation on the one hand, and the exploitative, wasteful, and destructive utilisation of Japan's productive capacity on the other.¹⁷

Kincaid's misrepresentation of our work and confusion about the Japanese political economy is also reflected in his own explanation of Japan's crisis. Drawing on his understanding of Marxist crisis theory, Kincaid asserts that the root cause of Japan's economic problems must be a supply-side squeeze on the rate of profit caused by competitive overinvestment in fixed capital, not demand-side constraints on the realisation of surplus-value. However, he is unable to bridge the yawning gap between his chosen abstract theory of crisis and the historical development of Japanese capitalism without eclectically (that is, uncritically) adopting various perspectives from the mainstream (including neoliberal) literature on Japan.

For example, after criticising our view that class-based demand constraints have played a major role in Japan's accumulation and crisis dynamics, Kincaid nonetheless goes on to claim that the Japanese economy does indeed suffer from a shortage of demand. His contribution is to argue that the cause is not

¹⁴ Burkett and Hart-Landsberg 2000, pp. 143–5.

¹⁵ Itoh 1994, 2000.

¹⁶ See Burkett 2001 for a more complete discussion of Itoh 2000.

¹⁷ Burkett and Hart-Landsberg 2000, Chapter 10; see also Burkett and Hart-Landsberg forthcoming.

a high rate of exploitation, but trade protectionism and economic dualism, both of which lead to high prices and thus reduced purchasing power for Japanese consumers.¹⁸ The implication of his argument seems to be that, if Japan were to adopt neoliberal reforms including domestic deregulation and freer trade, then prices would come down and the demand problem would be greatly reduced.

He also draws on a number of mainstream views of Japan's economic problems to highlight the difficulties faced by the Japanese state. He endorses the view of the neoliberal economist, Paul Krugman, that the country's high and rising savings rate demonstrates that Japan is in a Keynesian 'liquidity trap' but that government spending is counterproductive. Then, he argues that adopting Krugman's preferred strategy of increased money creation to stimulate demand would also prove counterproductive because it would 'weaken the pressure on companies to restructure and become more efficient in their use of capital'. To show just how complicated the situation is, he also shares the warning of the *Financial Times* that while restructuring is a desired goal, the process would likely lead to mass layoffs and a further reduction in demand that would only deepen the stagnation.¹⁹ He takes us to task because we 'convey no sense of the painful contradictions in which the Japanese state is enmeshed as it struggles to cope with the present crisis'.²⁰

There are several problems with Kincaid's approach. One of the biggest is that he does not recognise the flaws in many mainstream assertions. His support for Krugman's argument is a case in point. For Keynes, a liquidity trap involves an intense desire to hold money rather than non-monetary financial assets, not an increase in saving as such. And, for Keynes, a shortage of demand (excess savings) near full employment *can* be filled by higher government spending. To put it differently, from a Keynesian perspective, it is not true that government spending has failed to increase demand in Japan; without increased government spending the economic stagnation in Japan would have been even worse.

Krugman's misappropriation of the term 'liquidity trap' is motivated in large part by his basic opposition (on 'efficiency grounds') to any further increase of public sector spending as a way of maintaining or increasing

¹⁸ Kincaid 2001, p. 101.

¹⁹ Kincaid 2001, pp. 102–3.

²⁰ Kincaid 2001, p. 102.

demand. Kincaid's misunderstanding of Krugman's argument, and his apparent belief that government spending no longer increases demand, leads to the view that socialists should not oppose fiscal austerity in Japan even though such austerity could very well lead to a catastrophic depression – and even though a principled opposition to this austerity could be built on a programme of reorienting government spending and taxation priorities toward worker and community needs rather than the needs of capital.

This last point illustrates how Kincaid's uncritical appropriation of mainstream diagnoses of Japan causes him to lose political focus. We have no quarrel with using mainstream sources to uncover trends and highlight contradictions. But Kincaid appears to promote their arguments in ways that uncritically endorse their goals of boosting productivity and profits as a means to overcome the crisis. This certainly is consistent with his criticism of us for not adopting the perspective of and having greater sympathy for the problems facing the Japanese state. In contrast, we remain convinced that Japan suffers from a crisis of capitalist maturity and that our goal should be to promote this understanding and the development of movements that seek to overcome the limits imposed by capitalist imperatives.

Misrepresentations and disagreements: imperialism and crisis in East Asia

As stated above, a central goal of our book was to develop a critique of, and alternative to, the mainstream development debate over how best to explain the experiences of Japan and East Asia *considered as a region*. We tried to show how the various mainstream approaches, due to their uncritical stances toward capitalist relations (failure to recognise the class-exploitative and anarchically competitive character of these relations), tended to bypass and idealise important tensions, conflicts, and crisis tendencies built into the region's development dynamic. We argued that the exploitative and unsustainable nature of the region's development 'miracles' was mystified not only by neoliberalism, but also by other non-Marxist approaches that had become fashionable among leftists in the 'post-communist' era – including the structuralist, flying geese, Greater China, and dependency approaches.

A key feature of this dimension of our analysis was a critique of the regional influence of Japanese capital. Most mainstream analyses of East Asian development downplay the role of Japanese regionalisation in creating the

conditions for the Asian crisis. In fact, they usually treat Japan's regional investment and trade activities as a purely positive developmental factor. Even dependency theorists tend to idealise Japanese international activity as being inherently more productivist and stable than Western (especially US) imperialism, due to the former's more co-operative and state-interventionist (and less militarised) character.

We challenged this understanding of Japan's regional role by demonstrating that Japan's capitalist development, largely instigated and shaped by the country's contact with Western (US and European) imperialism, was itself imperialist from the very beginning. This historical approach enabled us to show how Japan's post World War II industrialisation *and* growing regional economic presence would have been impossible without Japan's co-operation with US imperialism – including Japan's economic involvement with (and benefits from) the Korean and Vietnam wars. It also allowed us to show how the 1997–8 Asian crisis cannot be understood apart from the changing regional influence of Japanese capitalism, especially the regionalisation of Japanese industrial capital and accompanying tendencies toward regional trade imbalances and overproduction, which began in earnest in the 1980s.

This restatement of our focus on regional dynamics is necessary because it is more or less ignored by both Bousfield and Kincaid. Instead, our two critics chide us for not moulding our analysis to fit some abstract theoretical framework possessing no particular *regional* content. While Bousfield's preference is for the Poulantzian theory of imperialism, Kincaid – once again – argues for an analysis structured by his favoured falling rate of profit theory of accumulation and crisis.

Bousfield complains that 'a theoretical understanding of imperialism is never brought forward' in our book.²¹ If by 'brought forward' he means that we do not have a separate chapter or chapters setting out a predetermined theoretical framework that shapes our analysis, then he is right. But, if by 'brought forward', he means that we advance no concept of imperialism in our historical narratives, i.e. there is no development of theoretical understandings through their constant interplay with historical data, then Bousfield's complaint is false.

In reality, what is at issue here is not the extent to which our book wore a 'high theory' of imperialism on its sleeve, but rather substantive disagreements

²¹ Bousfield 2001, p. 437.

over the most useful analytical focus as well as the realities of imperialism on regional and global levels. Bousfield seems to take as given the historical accuracy (both in general and for Japan and East Asia in particular) of a Poulantzian approach based on 'the dominance of American capital in the global capitalist system', especially the ability of US capital to shape 'class strategy within nation-states' around the world.²² However, such a uni-dimensional focus would, in our view, have drawn attention away from our book's important concern with a critical analysis of the power and influence of *Japanese* capital in East Asia.²³

It is by no means obvious to us that US capital (and its state functionaries) is overwhelmingly dominant, compared to Japanese capital (and its state functionaries), in East Asia in the Poulantzian sense described by Bousfield. In fact, a good part of our regional analysis (especially our discussion of the flying geese, Greater China, and dependency approaches, and the dynamics of growth and crisis in South Korea, Thailand, Malaysia, and Indonesia) was oriented toward demonstrating the power of Japanese (industrial, merchant, and financial) capital in East Asia.²⁴ Bousfield provides no contrary evidence undercutting our empirical work.

In reality, our sin is not that we failed to emphasise the influence of US imperialism in Japan and East Asia, but rather that our emphasis was not structured by Bousfield's preferred model of imperialism. Anyone who has read our book knows that its account of Japan's development, both before and after the Second World War, places great emphasis on how this development was shaped by Japan's tension-filled relationship with Western imperialism, as well as by the economic opportunities opened up by this relationship. Indeed, our book's analysis of post-war Japanese and East Asian

²² Bousfield 2001, p. 438. It is worth noting that Poulantzas's broader claims regarding the international hegemony of US capital were hotly disputed as soon as they were first published. For a reasonable account of that debate see Brewer 1990, pp. 265–72.

²³ Indeed, in at least one instance raised by Bousfield, it seems to us that his Poulantzian emphasis on singular hegemony as a structural characteristic of imperialism on a world scale is downright misleading. We have in mind his suggestion that 'without a theoretical framework, referring to Japanese imperialism during World War II and American imperialism during the same period (as Burkett and Hart-Landsberg do) is conceptually confusing' (2001, p. 437). If anything is confusing here, it is Bousfield's apparent lack of intuition for the historical fact that world wars are generated by antagonistic conflicts among competing imperialisms – conflicts such as those highlighted by our book's analysis.

²⁴ Burkett and Hart-Landsberg 2000, Chapters 2–3 and 11–12.

capitalism incorporates all the ‘manifestations of American imperialism’ suggested by Bousfield.²⁵

The US occupation of Japan plays a key role in our analysis of the reconstitution of the Japanese accumulation régime during and after 1945.²⁶ The underwriting of the ‘export-led model of East Asian growth,’ beginning with the Japanese ‘miracle,’ by ‘the US desire to have a market based bulwark against communism in East Asia’ is a key element of our book’s analysis of post-war Japanese and East Asian development.²⁷ The gradual erosion of this priority, culminating in the post-Cold-War neoliberal era, is incorporated into our book’s analyses of the instability of Japanese growth, Japan’s recent policy dilemmas (for example, in agricultural policy), and the East Asian crisis and its aftermath.²⁸ And Bousfield is just plain wrong when he asserts that we ‘refrain from integrating’ the 1985 Plaza Accord as an ‘attempt by the United States to use its imperial position to reduce its continuing trade deficit with Japan’ – since this is exactly what our book does.²⁹

In short, the issue here is not who has ‘a more rigorous concept of imperialism’, but, rather, the actual historical developments and how best to interpret them: through a predetermined abstract theory or through an active interplay of theoretical constructs and historical data developed into a coherent (and, hopefully, politically resonant) historical narrative.³⁰ Our attempt at the latter approach does have its flaws (especially in terms of its regional comprehensiveness and depth of detail), but atheoreticism is not one of them.

Kincaid agrees with us that the 1997–8 Asian crisis should not be understood simply or even mainly as a financial crisis (as claimed by most structuralist accounts). But he criticises our regional analysis for being inconsistent with the logic of his chosen crisis theory, which is structured in terms of the following linear sequence: accumulation – falling rate of profit – crisis – devaluation of capital – recovery of accumulation. In particular, he argues that our analysis does not deal adequately with ‘the *interrelationship of finance and industrial capital*’ as a factor determining both the rate and pattern of

²⁵ Bousfield 2001, p. 438.

²⁶ Burkett and Hart-Landsberg 2000, Chapter 7.

²⁷ Burkett and Hart-Landsberg 2000, Chapter 8.

²⁸ Burkett and Hart-Landsberg 2000, Chapters 9–10 and 13; see also Burkett and Hart-Landsberg, 1998 pp. 440, 444–5, 451–2; 2001, pp. 29–30.

²⁹ Burkett and Hart-Landsberg 2000, pp. 29, 116–17.

³⁰ Bousfield 2001, p. 437.

accumulation as well as the timing and pattern of crisis and capital devaluation once the rate of profit inevitably falls.³¹

Despite the impression given by Kincaid, one does not need to adopt his crisis theory to deal with the finance-industry interrelationship. For example, our analysis includes all the main connections that Kincaid himself mentions in his review: the use of cheap bank credit (along with domestic protectionism and other subsidies) to fuel export-led accumulation with low profit margins, especially in South Korea (including the key role of the *chaebol*); the unsustainability of this strategy in the face of declining competitiveness, over-production, and falling profitability; the attendant reorientation of money capital investments (and credit flows) toward speculative activities, especially real estate (and here we also incorporated the increased use of foreign currency loans for speculative purposes); and the collapse of property markets and currency values as the trigger of the crisis.³²

The problems generated by Kincaid's theoretical inflexibility are well illustrated by his claim that our analysis of 'the regional effects of Japanese direct investment . . . invoke[s] a variant of dependency theory'.³³ Kincaid offers two pieces of evidence for his claim. First, he says that we 'see a direct alignment between positions on the chain of value-added and economic success', with success defined as 'profitability'.³⁴ But this criticism reflects Kincaid's *problematique*, not ours. Our concern was not with success as measured by profitability but with success as measured by industrial development.

Second, Kincaid says that we 'are careful not to use variants of dependency theory which suggest that "countries" exploit other countries' (in truth, we strongly criticise such approaches), and that we 'emphasise that it is Japanese companies which are exploiting workers in follower geese countries' (actually, for us, it is classes, not companies, that do the exploiting, but let that pass too). Yet he complains that we 'seem to relapse into the version of dependency theory which [we] oppose,' when we 'suggest . . . that this exploitation shows up as a Japanese trade surplus with the subordinate country'.³⁵

³¹ Kincaid 2001, p. 111; emphasis in original.

³² Burkett and Hart-Landsberg, 2000, pp. 7, 16–17, 153–6, 160–4, 173–6, 184–5. See Hart-Landsberg and Burkett 2001 for our recent work on South Korea, which includes a somewhat more detailed discussion of the role of credit during the country's industrialisation 'miracle' as well as the breakdown of the high-leverage accumulation strategy under conditions of declining competitiveness and profitability.

³³ Kincaid 2001, p. 109.

³⁴ Kincaid 2001, p. 110.

³⁵ Kincaid 2001, p. 111.

We see no reason to dismiss trade surpluses and deficits as unimportant because they do not directly measure the rate of exploitation and thus satisfy Kincaid's desire to satisfy his chosen Marxist orthodoxy. One would think that a basic purpose of a Marxist analysis would be to show how important phenomena such as Japan's trade surpluses with other East Asian countries are related to, indeed underpinned by, essential relations of class exploitation – that is, to demystify reality in a politically resonant way. Otherwise, Marxists would be abdicating their responsibility as public intellectuals to intervene in contemporary policy debates on the side of workers and communities.

Political understandings and strategies

Perhaps not surprisingly, given the above misrepresentations and disagreements, both reviewers also find our 'political conclusions . . . open to question'.³⁶ In fact, Kincaid claims he can find no clear sense of our politics. He says we take no stand concerning globalisation, free trade, and state regulation. Actually, we are quite explicit in our strong opposition to both statist and neoliberal development thinking and strategies, as well as to the nationalistic strains in dependency theory. Our entire book highlights the ways in which capitalism has structured globalisation, free trade, and state regulation to the detriment of working people throughout the region, and argues for a struggle against all capitalist forms of economic organisation regardless of whether they are state-directed or not. It also repeatedly emphasised the effects of the crisis on working-class conditions as well as the need for working-class resistance.

Our book's final chapter focused specifically on the question of tactics and strategy, arguing that the struggle to overcome the crisis must be waged nationally within a framework that highlights the commonality of the pressures facing working people throughout the region – pressures generated by the previously highlighted regional accumulation dynamics. After examining developments in Thailand, Indonesia, and especially South Korea, we offered specific criteria for a national organising strategy capable of building that necessary class perspective. In this regard, Kincaid is way off the mark when he claims that our work 'can be read as support for basic resistance to foreign direct investment'; we specifically called attention to the political dangers of

³⁶ Kincaid 2001, p. 113.

such a uni-dimensional stance, with reference to anti-privatisation struggles in South Korea and Thailand.³⁷

After criticising our politics, Kincaid then offers his own political strategy for advancing a workers' movement. Citing Marx's opposition to the protectionist movements of his day, Kincaid endorses the benefits to workers from increased globalisation. He declares that we should oppose any tariffs and automatic restrictions on foreign direct investment.³⁸ We find this declaration a political non-starter in terms of any critical engagement with the strategy and vision that we advanced in our book.

We find Bousfield's political contributions just as puzzling. He cites our critical examination of oppositional strategies and movements in East Asia and our 'class-based approach to incorporate and channel the energy and dynamism that the crises have produced'. But, then, he criticises us because 'these strategies for change are directly primarily at the Korean labour movement'.³⁹

The problem for Bousfield is that the Korean labour movement is the most advanced in the region and he faults us for doing nothing to address the challenges faced by workers in other countries in the region. He concludes: 'Hopefully, the reassertion of a theoretical but easily recognisable concept like imperialism will be able to unite the goals of the working class across nations, while exposing the interests of the bourgeoisie both at home and abroad; and create the necessary linkages for a sustained challenge to global capitalism'.⁴⁰ Apparently, Bousfield believes that all that is needed for advancing worker resistance is the introduction of a master narrative based on a Poulantzian understanding of imperialism.

In contrast, we believe that there is nothing automatic about the process of working-class radicalisation and organisation. Activists face enormous challenges in building strong movements capable of projecting and fighting for a new social vision, and these challenges will vary by country and time period. But, as we stated in our book, 'while there are no simplistic formulas for building an effective response to the crisis, a Marxism that critically engages with . . . popular struggles does offer valuable political and ideological weapons.'⁴¹

³⁷ Ibid.

³⁸ Ibid.

³⁹ Bousfield 2001, p. 440.

⁴⁰ Ibid.

⁴¹ Burkett and Hart-Landsberg 2000, p. 189.

We therefore sought to offer an example of how we would apply the lessons of Marxism to movement building in one concrete situation, contemporary South Korea. We chose South Korea precisely because we thought a critical engagement with the region's most advanced and militant labour movement would best illuminate and help clarify the choices faced by activists everywhere in advancing class-based national organising that is linked to regional and global forms of worker organisation and struggle. We continue to hope that our book, by exposing the ideological limits of the mainstream development debate and the real nature of East Asian capitalist dynamics, will prove useful to those working for social transformation in and outside of East Asia.

References

- Bauer, John and Andrew Mason 1992, 'The Distribution of Income and Wealth in Japan', *Review of Income and Wealth*, 38, 4: 403–28.
- Bousfield, Dan 2001, 'Review of *Development, Crisis, and Class Struggle: Learning from Japan and East Asia* by Paul Burkett and Martin Hart-Landsberg', *Historical Materialism*, 8: 433–41.
- Brewer, Anthony 1990, *Marxist Theories of Imperialism: A Critical Survey*, Second Edition, London: Routledge.
- Burkett, Paul 2001, 'Review of *The Japanese Economy Reconsidered* by Makoto Itoh', *Capital & Class*, Special Book Review Supplement, Autumn: 125–8.
- Burkett, Paul and Martin Hart-Landsberg 1998, 'East Asia and the Crisis of Development Theory', *Journal of Contemporary Asia*, 28, 4: 435–56.
- Burkett, Paul and Martin Hart-Landsberg 2000, *Development, Crisis, and Class Struggle: Learning from Japan and East Asia*, New York: St. Martin's Press.
- Burkett, Paul and Martin Hart-Landsberg 2001, 'Crisis and Recovery in East Asia: The Limits of Capitalist Development', *Historical Materialism*, 8: 3–47.
- Burkett, Paul and Martin Hart-Landsberg forthcoming, 'The Economic Crisis in Japan: Mainstream Perspectives and an Alternative View', *Critical Asian Studies*.
- Campbell, David W. and Wako Watanabe 2001, 'Household Saving in Japan', *Japanese Economic Review*, 52, 2: 243–50.
- Hart-Landsberg, Martin and Paul Burkett 2001, 'Economic Crisis and Restructuring in South Korea: Beyond the Free Market-Statist Debate', *Critical Asian Studies*, 33, 3: 403–30.
- Ishizaki, Tadao 1985–86, 'Is Japan's Income Distribution Equal? An International Comparison', *Japanese Economic Studies*, 14, 2: 30–55.
- Itoh, Makoto 1994, 'Is the Japanese Economy in Crisis?', *Review of International Political Economy*, 1, 1: 29–51.
- Itoh, Makoto 2000, *The Japanese Economy Reconsidered*, London: Palgrave.
- Kincaid, Jim 2001, 'Marxist Political Economy and the Crises in Japan and East Asia', *Historical Materialism*, 8: 89–117.

- Minami, Ryoshin 1998, 'Economic Development and Income Distribution in Japan', *Cambridge Journal of Economics*, 22, 1: 39–59.
- Ohkawa, Kazushi and Henry Rosovsky 1973, *Japanese Economic Growth: Trend Acceleration in the Twentieth Century*, Stanford: Stanford University Press.
- Ozawa, Masako 1985–6, 'Myths of Affluence and Equality', *Japanese Economic Studies*, 14, 2: 56–99.
- Saad-Filho, Alfredo 2002, *The Value of Marx*, London: Routledge.
- Steven, Rob 1990, *Japan's New Imperialism*, Armonk: M.E. Sharpe.

Copyright of Historical Materialism is the property of Brill Academic Publishers and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.