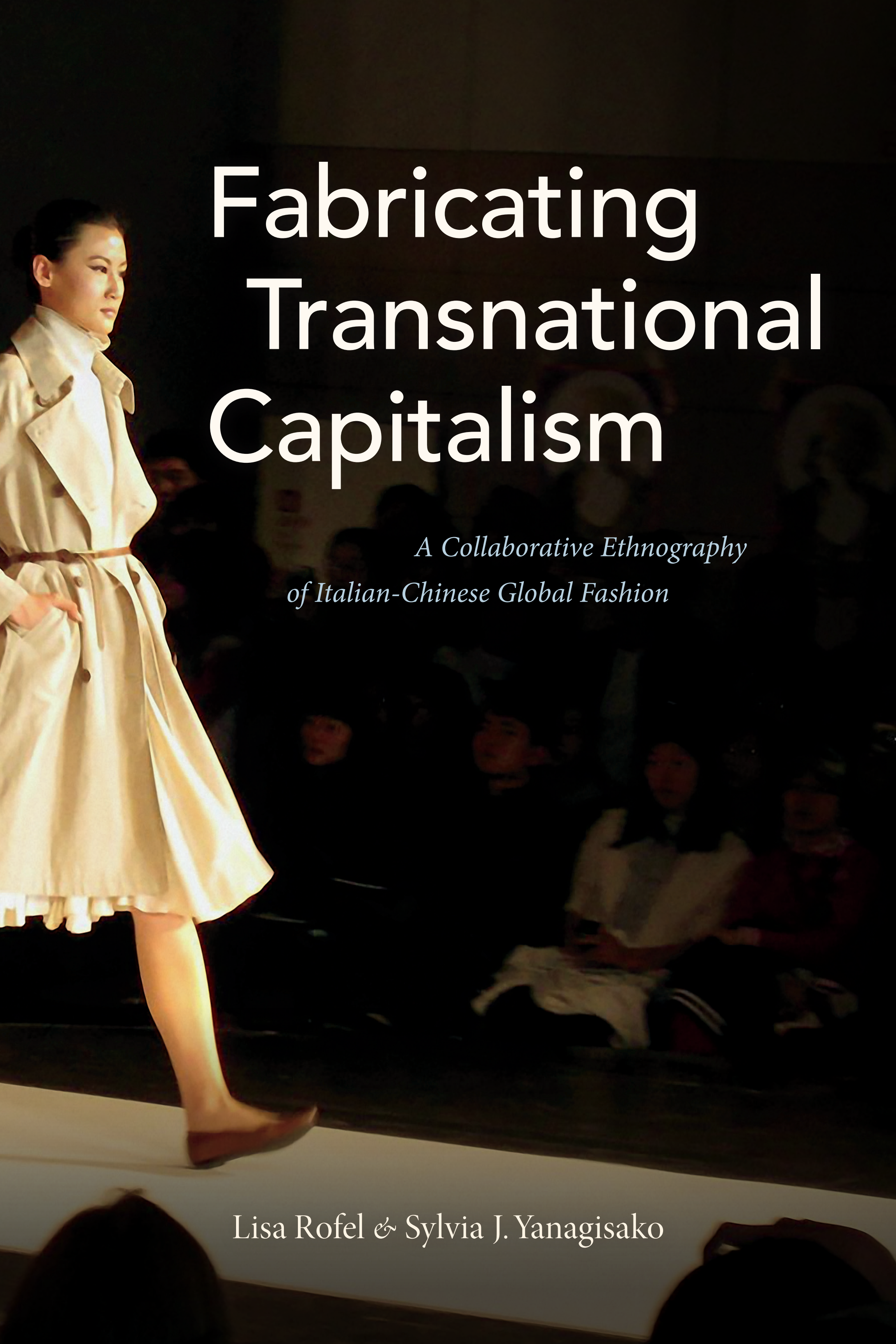

Fabricating Transnational Capitalism

A Collaborative Ethnography of Italian-Chinese Global Fashion

Lisa Rofel & Sylvia J. Yanagisako

THE

LEWIS HENRY MORGAN

LECTURES

Robert J. Foster & Daniel R. Reichman, Co-Directors

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LISA ROFEL | SYLVIA J. YANAGISAKO

with an essay by Simona Segre Reinach
and a foreword by Robert J. Foster

DUKE UNIVERSITY PRESS *Durham & London* 2019

Printed in the United States of America on acid-free paper ∞
Designed by Matthew Tauch
Typeset in Minion Pro by Westchester Publishing Services

Library of Congress Cataloging-in-Publication Data
Names: Rofel, Lisa, [date] author. | Yanagisako, Sylvia Junko, [date] author. | Segre, Simona, writer of supplementary textual content.
Title: Fabricating transnational capitalism : a collaborative ethnography of Italian-Chinese global fashion / Lisa Rofel, Sylvia Yanagisako ; with an essay by Simona Segre Reinach ; and a foreword by Robert J. Foster.
Description: Durham : Duke University Press, 2018. | Series: The Lewis Henry Morgan lectures | Includes bibliographical references and index.
Identifiers: LCCN 2018020449 (print)
LCCN 2018028965 (ebook)
ISBN 9781478002178 (ebook)
ISBN 9781478000297 (hardcover)
ISBN 9781478000457 (pbk.)
Subjects: LCSH: Clothing trade—Italy—History—20th century. | Clothing trade—China—History—20th century. | Fashion—Italy—History—20th century. | Textile industry—Italy—Prato—History—20th century. | Chinese—Italy—Prato. | Italy—Relations—China. | China—Relations—Italy. | Entrepreneurship—China.
Classification: LCC HD9940.I82 (ebook) | LCC HD9940.I82 R64 2018 (print) | DDC 338.8/87174692—dc23
LC record available at https://lccn.loc.gov/2018020449

Cover art: Student-designed fashion show at Donghua University, Shanghai, 2008. Photo by Sylvia J. Yanagisako.

Contents

Foreword

Lisa Rofel and Sylvia J. Yanagisako visited the University of Rochester as the Lewis Henry Morgan Lecturers for 2010, continuing an annual tradition that began in 1963 with Meyer Fortes's inaugural lectures on kinship and the social order. They delivered a public talk on the evening of October 20, taking turns reporting on eight years of joint research into how Italian textile and clothing firms since the 1980s have relocated manufacturing to China and, more recently, turned to China as a growing consumer market for Italian fashion brands. On the following day, Rofel and Yanagisako participated in a lively workshop devoted to consideration of an early draft of two chapters of their manuscript-in-progress. Robert Foster, Harry Groenevelt, Eleana Kim, and John Osburg from Rochester and David Horn (Ohio State), Rebecca Karl (New York University), and Andrea Muehlebach (Toronto) served as formal discussants.

Fabricating Transnational Capitalism is the culmination of Rofel and Yanagisako's project, a creative ethnography of Italian-Chinese collaborations in the global fashion industry. It is a much-anticipated and most welcome addition to the book series associated with the Lewis Henry Morgan Lectures. Morgan (1818–81) was an attorney, scholar, and founding figure in American anthropology who enjoyed a close relationship with the University of Rochester, to which he bequeathed a sizeable estate and impressive personal library. He might have appreciated this book as someone who believed that commerce promoted social progress and who himself had experienced both the failures and rewards of several business partnerships. Readers today will readily appreciate the book's innovative methodology and critical reframing of the study of capitalism.

The role of transnational commodity chains in the expansion of capitalism has long been recognized, and their proliferation also acknowledged as a defining feature of economic globalization. Until recently, however, anthropologists have not taken up the serious methodological challenge that such commodity chains present to the convention of a sole anthropologist doing fieldwork in a single place. *Fabricating Transnational Capitalism* advances the move toward collaborative, multisited ethnography by grounding itself in the long-term engagements of Rofel and Yanagisako with China and Italy, respectively. It is difficult to imagine a team of two anthropologists, assisted by a fashion studies scholar (Simona Segre Reinach), better equipped to meet the logistical and conceptual demands of a historically informed, thickly described account of capitalism in the making.

The historical depth of Rofel and Yanagisako's perspectives makes it difficult to see the manufacture of Italian luxury fashion in China as the sign of a new neoliberal economic order of outsourcing and privatization. There are no radical ruptures of world-historical significance here. Instead, Rofel and Yanagisako offer insight into how particular historical legacies of Chinese socialism and Italian state enterprise shape the ways in which an array of actors—managers, owners, and workers—do business with each other in the present. These actors bring different concerns and capacities to their uneasy encounters, a double-sided condition that Rofel and Yanagisako were well positioned to appreciate through on-site interactions in China and Italy, and extensive interviews conducted in Chinese and Italian as well as English. *Fabricating Transnational Capitalism* thus renders in unusual detail, as described in the introduction, "the actions and reactions, interpretations and misinterpretations, understandings and misunderstandings through which the Italians and Chinese in . . . transnational business collaborations reformulate their goals, strategies, values, and identities."

Doing business is often messy, and it is this messiness that a feminist substantivist approach to capitalism refuses to erase (see Bear et al. 2015). Put differently, Rofel and Yanagisako choose to treat capitalism as something other than a singular logic. They emphasize, rather, the contingent convergence of various life projects, pursued across domains not always recognized as "economic," out of which the accumulation and distribution of capital emerges. Take kinship, for example, a domain of obvious importance for understanding the operation of family firms. Think of how the transfer of inherited wealth underscores the significance of kinship in reproducing and nurturing twenty-first-century income inequality. Or, more pertinently, think of how an Italian manager of a joint-venture fashion firm prefers to raise his young daughter in Shanghai in order to endow her with the cultural capital and cosmopolitan sensibilities deemed necessary for future success. Actual situated practice—entangled with family and fortune as well as race, gender, and nation—eclipses the clean abstractions of both the economists ("the market") and their critics ("post-Fordism" or, for that matter, "the Law of the Tendency of the Profit Rate to Fall"). Separating the economic from the noneconomic makes no sense (other than ideological) in this analysis.

If capitalism is to be understood as made and remade in actual situated practice, then attending to the specificity of such practice is crucial. The same can be said for transnational collaborations. The collaborations at issue in *Fabricating Transnational Capitalism* are not only Italian-Chinese collaborations but also fashion industry collaborations that entail a specific asymmetry between China's reputation as a source of cheap labor and Italy's reputation as the home of tasteful design. This asymmetry defines a struggle that inhabits Italian-Chinese collaborations in the production, distribution, and marketing of clothing. Different commodity chains, different asymmetries. As the authors explain in the introduction: "Had we studied the production and distribution of computers, cell phones, steel, automobiles, or solar panels, these asymmetries would have been significantly different."

Rofel and Yanagisako's observation bears upon the enduring question of how value is created in capitalism. Their compelling discussion of the negotiation of the relative value of managerial labor, with which the book opens, illustrates what ethnography can contribute in this regard. Italian managers attempt to assert the primacy and superior value of their own embodied *Italianità*, which Rofel and Yanagisako describe as "an intuitive feeling for design, fashion, and, more broadly, aesthetics that they construe as having acquired by growing up in Italy." Chinese managers (and "entrepreneurs") in return assert their own cosmopolitanism, worldly knowledge that "encompasses their abilities to transcend culture to embrace the seemingly universal aspects of capitalist business practices" and thus to facilitate business with foreigners. Rofel and Yanagisako in effect reveal an ongoing competition played out under the guise of working together—a tension that surfaces, for instance, in Chinese owner Huang Huaming's angry response when Rofel inadvertently mentioned that his Italian partners were seeking other joint ventures. Both Italian and Chinese managers seek to qualify not only the products and brands associated with luxury fashion but also themselves as particular kinds of laboring subjects. These qualifications of themselves and each other, moreover, frequently obscure the labor of other subjects to whom the managers are connected in the same commodity chain.

For Karl Marx, the question of value in capitalism was one of extraction, that is, of how to extract ever-greater surplus value from the peculiar and generic commodity called labor power when that commodity is put to use, regardless of the particular use. It is a question of more or less. For Rofel and Yanagisako, the use value of labor power matters. This use value is not given but is actively negotiated, for example, through the invidious comparisons that Italian and Chinese managers make in their encounters with each other. It is a question of defining and ranking the qualitatively different resources—Italianità or cosmopolitanism—that are converted or translated into luxury fashion through transnational collaboration.

These two approaches are neither mutually exclusive nor contradictory, but Rofel and Yanagisako's approach considerably broadens the scope of what one must address in taking up the question of value. By insisting on looking beyond the so-called economic domain for what motivates the heterogeneity and mutability of use values, *Fabricating Transnational Capitalism* demonstrates the centrality of history and culture and therefore anthropology to the study of contemporary capitalism.

Robert J. Foster

Codirector, Lewis Henry Morgan Lecture Series

Acknowledgments

This book has benefited enormously from the support of numerous friends, colleagues, and institutions. We thank the Wenner-Gren Foundation and the National Science Foundation for the generous grants that made this research possible. We are also grateful to our respective institutions, the University of California, Santa Cruz, and Stanford University, for the faculty research funds that supported the preliminary research for this project. Fellowships from the Stanford Humanities Center and the Michelle R. Clayman Institute for Gender Research provided crucial support for Sylvia Yanagisako's writing. The Shanghai Social Sciences Institute was an ideal host for our research in Shanghai. We especially thank Li Li for help with introductions.

The invitation to present the Lewis Henry Morgan Distinguished Lecture of 2010 gave us the opportunity to present an early analysis and framing of our ethnographic material. We thank Robert Foster and Thomas Gibson and their colleagues in the Department of Anthropology at the University of Rochester for extending this invitation to us. The astute commentaries on our Morgan Lecture by Robert Foster, David Horn, Rebecca Karl, Eleana Kim, John Osburg, and Andrea Muehlebach were invaluable in the development and writing of this book.

Donald Donham, Leiba Faier, James Ferguson, Gillian Hart, Gail Hershatter, George Marcus, Megan Moodie, Donald Moore, Anna Tsing, and Mei Zhan read various chapters and gave the kind of honest feedback that makes all the difference. Conversations with Gopal Balakrishnan, Laura Bear, Christopher Connery, Karen Ho, Dai Jinhua, Keir Martin, and Massimilliano

Mollona invigorated our analyses of transnational capitalism. Our graduate students engaged in lively discussion with us and offered support in numerous ways: at the University of California, Santa Cruz: Patricia Alvarez, Gillian Bogart, Zachary Caple, Rebecca Feinberg, Alix Johnson, Caroline Kao, Sarah Kelman, Kali Rubaii, and Aaron Wistar; and at Stanford: Hannah Appel, Hilary Chart, Eda Pepi, Maron Greenleaf, and Vivian Lu. Elena Glasberg served as Lisa Rofel's writing angel. We especially thank Vivian Lu and Eda Pepi for their tireless work in getting this manuscript in order.

The audiences' lively engagement and questions in response to our talks at the following universities and institutes led to important revisions in our analysis and the writing of this book: Autonomous University of Barcelona, University of Bergen, Cornell University, University of California, Berkeley—variously at their Department of Anthropology, Center for Critical Theory, and Center for Chinese Studies—University of California, Davis, University of California, Irvine, University of California, Los Angeles, Centre National de la Recherche Scientifique in Paris, Centre Norbert Elias of the École des Haute Études en Sciences Sociales (Paris and Marseille), Chinese University of Hong Kong, University of Colorado at Boulder, Duke University, Fromm Institute at University of San Francisco, Harvard University, Johns Hopkins University, Leiden University, London School of Economics, Nanjing University, New York University, Norwegian Institute for Social Research, University of Oslo, Shanghai University, Southern Methodist University, University of Texas, Austin, and University of Virginia. Sylvia Yanagisako's participation in the following workshops and conferences provoked critical thinking of how this study fit into broad areas of scholarship on labor, kinship, capitalism, and transnationalism: the workshop on Kinship and Modernity at the School of Advanced Research organized by Fenella Cannell and Susan McKinnon, The Reconfiguring of Labor at the University of Oslo organized by Christian Krohn-Hansen and Penelope Harvey, Global Relations: Kinship and Transnationalism at Brown University organized by Jessaca Leinaweaver, Speculation: New Vistas on Capitalism at the London School of Economics organized by Laura Bear, and Risk and Uncertainty in the Economy organized by Jens Beckert and Hartmut Berghoff.

Our collaboration with Simona Segre Reinach has been crucial to the research we conducted in China and Italy and to the writing of this book. Her deep understanding of the history of fashion, Italian fashion, transnational and global fashion, and fashion studies scholarship contributed enormously to our understanding of the Chinese-Italian joint ventures we studied. We are grateful for her patience and generosity in tutoring us in the contemporary fashion industry.

Last but not least, we thank our partners and families for their love, support, and understanding of the amount of time it takes to conduct ethnographic research and write a book. Lisa thanks Graciela Trevisan, and Sylvia thanks John Sullivan, Emi Sullivan, and Nathan Sullivan.

Introduction

The women and men were tall, thin, and dressed in the latest Italian fashion. They paraded in a circle on the stage to the beat of blaring rock music with the identical expression of stern hautiness that was de riguer among professional models at the time. With the exception of two Italians, all were Chinese. The audience of about one hundred was itself almost entirely Chinese—women and men from the world of textile and garment production who had been invited to this event in the spring of 2007, held at the swankiest, new luxury hotel in Shanghai. By good fortune, this fashion show, titled Prato Excellence, coincided with the first week of our longest stint of fieldwork in Shanghai. Alessandro Panerati,[1] the director of international relations at the Confartigianato (the association of artisans and small businesses) of Prato, a textile-producing city in Tuscany, Italy, had invited us to the show. For several years, Panerati's job had been to develop Prato's business ties with China, and Prato Excellence was the culmination of a collaboration between the Confartigianato, Prato's Chamber of Commerce, and Polimoda, the premier fashion school in the nearby city of Florence.

Just before the fashion show, we chatted with Panerati and the president and vice president of the Prato Chamber of Commerce at a reception in which wine, risotto, and other artisanal products from the Prato area were displayed. The reception served double duty: first to set the stage for the Italianness of the fashion show, which featured clothing made from Prato's textiles; and second to introduce the Chinese in attendance to products from Prato and the region of Tuscany. Panerati and the officials from the Chamber of Commerce

Intro.1 Prato Excellence fashion show, Shanghai, 2007.

were eager to promote these products for the sake of the region, whose economy had recently been in decline. In case the Italian origins of the products had been lost on the guests, the dinner between the reception and the fashion show had begun dramatically with waiters sweeping in bearing steaming plates of pasta to the strains of "La donna e mobile," the lyric aria from Verdi's opera *Rigoletto*.

While the clothing modeled at the fashion show had been designed by students of Polimoda, Prato itself had never been known as a site of Italian fashion design. Instead, it had a long history of textile production.[2] Indeed, it was not until the arrival of Chinese immigrants in the 1990s that garment manufacturing flourished in Prato. Hired initially as workers in textile manufacturing, in most cases in small subcontracting firms, the Chinese moved quickly to producing ready-to-wear clothing for the lower-middle range of the European clothing market. By the time of the Prato Excellence fashion show, there were around 1,900 Chinese firms in this sector and approximately 20,000 Chinese people in the city and its environs. Despite being widely resented by many Pratesi (inhabitants of Prato) for having displaced the local labor force, the Chinese, Panerati explained, had initiated an entirely new sector of production, thus completing the fashion production chain in Prato.

Some of these Chinese firms had taken the spaces vacated by the textile firms, however, adding to the local perception of displacement. Given the resentment toward the Chinese in Prato, the irony of the leaders of Prato's business associations drumming up business in China was not lost on us or on Marco—a Chinese import-export entrepreneur we had met in Prato—who was attending the event in the interest of hiring students from Donghua University's fashion institute as designers.

We happened to sit at the table of Professor Hu Jihong, whom we later spoke with many times, who taught about regional factors in the textile industry at the business school at Donghua University. Donghua, which had been the textile engineering school in the socialist era, had become not a fashion design institute but a business school. Around Professor Hu were arrayed his former students, all of whom were working in one phase or another of textile and garment production for export. We later got to know them as well. Indeed, everyone at the table—ourselves included—was exchanging business cards to facilitate future connections or, as they say in Chinese, *guanxi*. After all, Chinese entrepreneurs need connections with one another to do any sort of business in China and classmates are the ideal sorts of guanxi.

Prato Excellence exemplified the not-always realized hopes, fantasies, and expectations motivating the Italian-Chinese collaborations we analyze in this book. Panerati and the other representatives from the Prato business associations hoped to entice Chinese companies to buy Prato's textiles to produce garments in China and in doing so to revitalize a manufacturing industry that had declined as a result of competition from China. The Chinese in the audience were hoping to find Italian partners with whom they could collaborate to manufacture clothing in China that could then be exported to Europe through these Italian firms, some of which had sent representatives to the fashion show. The latter were on the lookout to build the guanxi they needed with Chinese to conduct business in China. Over the years that we conducted research for this book, some of these hopes and fantasies were realized, sometimes in unexpected ways; others were not.

This book is a collaborative ethnography of Italian-Chinese ventures in the fashion industry that offers a new methodology for the study of transnational capitalism in a global era. It offers an innovative approach to analyzing the transnational capitalist processes that are shaping people's lives around the globe. We investigate how transnational relations of production and distribution are forged by people with different historical legacies of capital, labor, nation, state, and kinship. Rather than begin with a focus on presumed core structural features of capitalism, we ask what the Chinese and Italians who engage in these transnational ventures seek in them and how the constantly shifting asymmetrical field of power in which they interact leads them to reconfigure their goals, strategies, and practices.

Let us be very clear: this is not a comparative study of Italian and Chinese capitalisms but a study of the coproduction of Italian-Chinese transnational capitalism.[3] Indeed, what we offer here is an alternative to the conventional comparative method in anthropology—one that is better suited to the modes of cultural production and transformation prevalent in the world today. Instead of comparing different "cultures" or "cultures of capitalism"—a methodology that has proven as unfruitful as the static, bounded model of culture in which it is rooted—we offer a historically informed, ethnographic analysis of the formation of Chinese-Italian transnational capitalism. We do not envision these transnational ventures as the negotiated outcome between two distinct "dreams of capitalism." Rather than essentialize "Chinese capitalism" and "Italian capitalism" as distinctive cultural forms and thereby merely assert that the core features of capitalism are instantiated in culturally diverse ways, we argue that in these collaborations between Italian and Chinese entrepreneurs, new forms of value, accumulation, inequality, and identity are created, and eventually new projects are generated.

Our study demonstrates the ways in which specific national/transnational histories and legacies shape transnational capitalist engagements and collaborations, including their modes of engagement, conflicts, and shifts in relations of production over time. Both Italy and China developed their industrial production capacities through transnational engagements with markets and resources, as Immanuel Wallerstein's early insights (1974, 1980, 1989) about the modern world-system of capitalism predicted. Wallerstein's analysis, however, emphasized how the relations between core/semi-periphery/periphery reproduce the world system structure, with less concern for the historical contingencies that led particular places outside Europe to end up in any of those categories.[4] He argues (1989) that a previously "external" place becomes incorporated as the periphery when it becomes a source of raw materials. Although Wallerstein emphasizes that this process of incorporation is relational, he places the initiative with European countries without examining how the histories of specific places play a role in this process. In contrast, our study shows how the specific histories of capitalism, industry, state, and kinship in Italy and China have shaped their changing relations over time in ways that cannot be contained within a core/semi-periphery/periphery model of the modern world-system of capitalism.

This book advocates a new methodology for studying capitalism in a global era. We argue that collaborative research of the sort we have pursued generates analytical insights that lead to the reconceptualization of transnational capitalism in the current era. We offer and advocate here not merely a method but a methodology that is more than a strategy for data collection. It is an approach to the study of cultural production that entails both methods and concepts. Critical to this collaborative research is the ethnographic capacity to listen to and understand the multiple parties engaged in transnational capitalism. Until the present, almost all anthropological research on transnationalism, whether focused on capitalism, religion, or media, has been conducted by one ethnographer.[5] In these studies, the lone ethnographer focuses primarily on one of the parties in the encounter, thus overlooking (or even misconstruing) the goals, commitments, and historical legacies of the other parties. Few researchers, after all, have the linguistic skills to engage in dialogue and participant observation with more than one set of participants in transnational encounters who are not from their own background, let alone the area expertise to understand the historical legacies they bring to the encounter. Collaborative research by two or more anthropologists with complementary linguistic skills and area expertise provides a more robust way to investigate these transnational encounters. In the current case, Lisa Rofel's (1999, 2007) area expertise and past research in China and Sylvia Yanagisako's (2002, 2012) area expertise and past research in Italy provided us with knowledge of the legacies of capital, labor, kinship, gender, politics, and the state crucial to a comprehensive ethnographic analysis of Italian-Chinese ventures.

We have pursued this collaborative ethnographic research over more than a decade by following Italian firm owners, Chinese and Italian production and distribution managers, and Chinese entrepreneurs, officials, factory workers, retail clerks, and consumers engaged in these ventures. During this time, much has changed, including the transnational field of power in which these Chinese and Italians are situated. As a result, we have become especially interested in how relations between these Italians and Chinese have been shaped by the shifting asymmetries of power between them. Transnational capitalism, after all, is a historically situated form of unequal social interdependence in which people produce forms of labor, value, inequality, and identities, along with commodities. All of these are mediated by the form of their social interdependence. We ask rather than assume which processes of social mediation are being constituted in these transnational relations of production. Thus, rather than emphasize capitalism's unity or how it reproduces itself—an analytical approach that assumes capitalism has a stable core—we focus on the dynamics of capitalism that are key to transformations in a particular historical moment and how the people who participate in these transformations are also changed by them. Our approach addresses inequalities produced through capitalism in the same way: we do not assume a fixed basis to the forms of inequality that emerge in transnational capitalist relations but rather examine how they are constituted through diverse processes.

Our analysis highlights the ways in which capitalist practices emerge in relation to nationalism, gender, kinship, politics, the state, and social inequality. While this point has been made by others, these supposedly "noneconomic" relations and practices generally tend to be treated as either historical backdrop or as determined by "capitalism" reified as a social actor. Neither do we hew to a classic dialectical materialist approach (e.g., Harvey 2005) in which history plays an important role but then is overcome in a new era of capitalism. Rather, we argue that historical legacies play a key role as Chinese and Italians bring reinterpretations of their pasts—including past social inequalities and transnational histories—into their formulations of capitalist action. We do not, moreover, merely demonstrate how the distinctive histories of Italian and Chinese entrepreneurs form an assemblage or are articulated in these transnational collaborations. Our collaborative research enables us to show how their interactions also produce the significance and meaning of these histories.

Our approach both overlaps with and diverges from the recent emphasis on how economic knowledge practices produce economic reality, the ontologies of subjects who enact these realities, and value (Callon 1998; Stark 2009). We do not take for granted what counts as or should be included in "the economic." Nor do we assume there is a singular logic of value being enacted. Indeed, our collaborative research on the transnational negotiations over what gets to count as "value" emphasizes the ongoing processes that bring together different historically and culturally informed knowledges into these negotiations. We do not assume that one need only understand formal economic models and market devices to understand capitalism. Informed by feminist analyses, we bring together processes within and outside what conventionally gets bounded as an economic domain with a singular logic. Bear et al. (2015) call these "conversion processes between diverse life projects."[6] In what follows, we discuss the key processes on which this book focuses, the historical context of these Chinese-Italian collaborations, including our own research collaboration, and the major themes of the book's three sections.

Five Dynamic Processes in Italian-Chinese Transnational Capitalism

In contrast to economistic analyses of global and transnational capitalism, we approach capitalism as an assemblage of cultural practices in which culturally mediated human capacities—including beliefs, sentiments, values, and knowledge—operate as forces that incite, enable, constrain, and shape production. Rather than treat transnational capitalism as structured by a single logic or as the articulation of several distinct logics, we view it as an unstable, contingent assemblage of heterogeneous and sometimes conflicting visions of capital, labor, inequality, accumulation, property, kinship, and personhood that are continually being reformulated—in this case by both Italians and Chinese. The unfolding of capitalist dynamics between Italians and Chinese is contingent, as is all capitalism. Indeed, we posit that there is no universal capitalism or singular "modal" form stripped of multiple social, cultural, and political dynamics. Just as anthropologists have realized the analytic futility of identifying the universal or essential form of the family, marriage, and gender, so we contend that there is no pure form of capitalism or even neoliberal capitalism that can be usefully abstracted from historically specific relations. If there is no pure form of capitalism, it follows that there are no invariable elements that are always and everywhere key to it or its emergence and transformation.

Regnant theories of capitalism commonly identify four structural features that lie at the core of capitalist relations: the wage-labor relation, the pursuit of profit, private property, and inequality. Our study challenges the idea that these four features constitute a universal core or that they are instituted in a culturally homogeneous manner. Rather than begin with these structural features, we focus on five key dynamic processes that we discovered to have been central to the Italian-Chinese transnational collaborations we studied. In tracing these dynamic processes, we do not intend to merely replace core structural features with dynamic processes. Rather, our aim is to demonstrate how eschewing a structural model of capitalism opens up our analytic frame to render these key dynamic processes visible. These processes are so closely intertwined that by identifying them, we risk a misreading of them as distinct dynamics. Yet we think that the analytic benefits of our discussion below outweigh this risk.

The five key dynamic processes are privatization and the public/private division, the negotiation of labor value, the rearrangement of accumulation, the reconfiguration of kinship, and the outsourcing of inequality. Attending to these processes highlights the contingent nature of capitalist activity and the nondeterministic manner in which capitalist actions and relations are forged. At the same time, we show that none of these processes are independent of the state. On the contrary, the state is integral to all of them. While our research did not initially focus on the state, we found it to be critical to understanding the formation of Italian-Chinese capitalism, especially as both Italy and China have undergone marked transformations since the 1960s with regard to the role of the state in the pursuit of profit, capital accumulation, labor-capital relations, forms of inequality, and private property.

Privatization and the Public/Private Division

The concept of "privatization" has often been invoked to describe a new relationship between private economic interests, public resources, and the state since the beginning of what has become known as the neoliberal era (Heynen et al. 2007; Linder 1999; Mansfield 2009; McCarthy 2004). More recently, detailed studies have revealed rather complex private/public arrangements around the world, moving away from claims of wholesale "privatization" toward an emphasis on hybrid forms.[7] These studies demonstrate how the public sector has become financialized and thus profoundly oriented around profit-seeking. They also point toward a wide range of private/public relations, with different aims, meanings, and understandings of "partnership."[8]

Yet most of these more nuanced studies continue to assume that this hybridization indicates a novel trend toward a greater insertion of private interests into the goals and management of public resources and institutions. They tend to assume, moreover, that what counts as "private" and what counts as "public" are analytically distinguishable, if difficult to disentangle. They trace, for example, how a "private" company pairs with a "state," which is supposed to represent the public.

Our research challenges these assumptions. Our argument is not merely that there exist hybrid entities of public/private arrangements. We have two related arguments. We argue first that there is a history of state-private enterprises that long predates neoliberalism. We offer Italy's post–World War II industrial history as an example (see chapter 5). Second, we argue that in contemporary China, these are not simply "hybrids." More importantly, it is often impossible to assess or distinguish, much less disentangle, which aspect of a corporation is "public," or the state aspect, and which is "private." This blurring of the distinction is a deliberate strategy for multiple reasons (see chapter 2).[9]

Our analysis of "privatization" draws on the long-standing critique of the distinction between the private and the public developed by feminist anthropologists, other feminist theorists, and feminist activists. While some initial explorations of gender inequality were framed by a domestic/public distinction (Rosaldo 1974), there soon emerged a consensus among feminist anthropologists that this dichotomy was analytically unproductive and empirically unfounded (Rapp 1978, 1979; Rosaldo 1980; Yanagisako 1979).[10] Rayna Reiter (1975), for example, presented a compelling ethnographic analysis of how this ideological distinction legitimized both the authority of men in the "private" domain of the family and of the French state in the "public" domain. Studies of women's "domestic" activities disclosed them to have political as well as social reproductive consequence, leading to the conclusion that the dichotomy was "a cultural statement masking relations which are highly problematic" (Rapp 1979).[11] The assertion that it was invariably men who linked women to people outside their domestic group was refuted by studies of women's involvements in exchange transactions, informal women's communities, and kin networks (Guyer 1984; Stack 1974; Wolf 1972; Yanagisako 1977). Domestic relationships, moreover, were often so inextricably intermeshed with political alliances that to separate the domestic from the political was to misconstrue them (Strathern 1988). Feminist activists and theorists challenged the ideological constructions of private/public by drawing attention to the public import of actions ranging from domestic violence to sexuality in the seemingly private sphere of the home.[12] Black feminist scholars further highlighted how the "private" was never an attainable sphere for black women and families in the United States.[13] These findings led to the realization that the concepts of "domestic sphere" and "domestic relations" are part and parcel of the political ideology of a society. In addition, both John Comaroff (1987) and Yanagisako (1987) argued that the domestic/public distinction was rooted in a tautology that defined "domestic" as the activities of mothers and children, thereby constructing an inherently gendered dichotomy between domestic and public that made it analytically impossible for women to escape.

Feminist historians reached a similar conclusion, reevaluating histories of what were called "separate spheres" and showing that this metaphor always involved exclusions as it was based largely on white, middle-class women's experiences (Kerber 1988).[14] Antoinette Burton (1998) further challenged feminist historiography by emphasizing the centrality of colonialism to ideas about emancipation of women from the domestic/public division. Burton argued that racial anxieties in nineteenth-century Britain that centered on women's neglect of upholding the race if they entered the public sphere, and feminist responses to that anxiety, relied on a clear sense of distinction from and superiority to colonized female subjects. By the 1980s, scholars and activists engaged in the "Wages for Housework" movement had effectively challenged the ideological distinction between "reproductive" labor and "productive" labor, arguing that both produce value and, indeed, productive labor depends on reproductive labor.[15]

Curiously, however, when social analysts turn to the private/public division in capitalist socioeconomic relations, they assume they know precisely what this division means without further investigation. While there certainly are compelling historical studies of the privatization of public commons (Boyle 2003; Thompson 1974), and these processes continue today, we still tend to assume that once undertaken they are fully realized and that what counts as private is clearly delineated from what counts as public. This distinction, after all, is often inscribed in law.

Our ethnographic research, informed by these feminist analyses, led us to question the existence of a clear division between private and public in capitalism. Instead we realized that what counts as private and what counts as public are forged by historically specific processes, including the formation of differentiated transnational capitalist projects. This enables us to see that "privatization" is not as clearly delineated a project, nor as singular in its meaning, as is often assumed (even by those who disagree about the extent of privatization that has occurred in recent times). Rather, "privatization" has multiple meanings and can be instituted in various ways, which must be examined by historically and ethnographically informed studies.[16] In the current case, the transnational relations of production between Italian firm owners and managers and Chinese entrepreneurs and managers are central to how private and public relationships are evaluated, debated, and arranged.

In our ethnographic encounters with Chinese companies that do business with Italian textile firms, we found a range of situations along the spectrum from fully private to hybrid public/private to completely ambiguous and blurred statuses. In their interactions with Italian firm owners and managers, for example, Chinese managers in state-owned enterprises often portray their company as having "privatized." Yet, upon close examination, the situation is revealed to be more complex. For example, former state-run factories, the lowest strata of state bureaus under the socialist planned economy, have been sloughed off by the state, "sold" to former managers who became the owners and were made to be fully responsible for their own profits and losses. This process represents what we conventionally understand as "privatization." At the same time, however, state bureaus themselves have incorporated and become profit-seeking entities still situated within the state. Along with the import-export companies under their aegis, they have become blurred entities in which profit-seeking is central to each semiautonomous office within these corporations, yet the corporation is owned by the state.

The division between the private and the public, moreover, is often ambiguous. As much literature on China has pointed out (Ernst and Naughton 2008; Green and Liu 2005; Guthrie 1999; Hsing 2010; Huang 2008; Naughton 2007, 2008; Naughton and Tsai 2015; Nee and Opper 2012)—and sometimes decried—the state is very much involved in capitalist activity and the line between public and private, or state-owned and independently owned, is much less precise than one would assume from an analysis based on a supposed modal type of capitalism.[17] For that reason, there is a great deal of debate among scholars about the exact role of the Chinese state in the development of the Chinese economy. Some stress the ongoing dominance of the market economy by the state (Huang 2008). Others emphasize the increasing importance of private firms in stimulating economic growth (Lardy 2002).[18] Indeed, the reliance on an ideal type model of capitalism has hindered studies of capitalism in China, leading to the conclusion that China presents a special case of capitalism by virtue of the state's deep involvement in the market economy.

We found, moreover, that Chinese state officials have pursued projects of "privatization" to prove their worthiness to foreign investors by demonstrating they are not entangled in a state bureaucracy that is a holdover from the socialist past. This process has created entities that blur the line between the "private" and the "public." Blurring this distinction is the means by which government officials move beyond the socialist past while retaining some of its institutional legacies. The legal definitions of social relationships, however, do not wholly define the reality of those relationships. Indeed, legal definitions are often ideological statements of dominant beliefs that leave a great deal of room for interpretation. The motivation to ensure that China is not overtaken by the International Monetary Fund (IMF) or World Bank—or more broadly is not undone by the dictates of the world economy—leads many in China to hold onto certain legacies of the socialist past, particularly a strong state. Privatization is thus not as unambiguous or uniform a process as is often assumed in discussions of neoliberalism. Further, the search for "true" private capitalism in China or elsewhere can turn into a red herring in investigations of exactly how profit-seeking occurs. This deep blurring of the distinction means measuring China against such an ideological model might be a distraction from examining actual capitalist practices, which are always inventive.

China is hardly unique in this regard. While China's historical legacies have shaped the manner in which the state is involved in the market economy, this does not make for a special kind of "Chinese capitalism." The state, after all, is involved in structuring capitalist relations in myriad ways—whether through financial institutions and regulations, state-owned enterprises, or private-public collaborations (W. Brown 2001, 2015; Harvey 2005; Polanyi [1944] 2001). The widespread notion among both scholars and the popular media that the state ownership of enterprises (whether wholly state-owned or mixed state-private) in China represents a unique form of capitalism is not surprising, especially from the perspective of the U.S., where mixed private-public ownership of business has been rare, at least until the 2008 financial crisis. As Mariana Pargendler (2012, 2942) points out, however, while China is the site of the "most recent large-scale experiment" with state-operated enterprises, it is far from alone in this. State-owned enterprises have figured prominently in twentieth-century Europe, for example, where in 1997, 38 percent of the top fifty largest industrial companies in Europe were state owned (Pargendler 2012, 2948).

The Italian state, like many other European states, has been deeply involved in structuring capitalist enterprise. This has entailed not only regulating markets, banks, and labor-capital relations but also operating state enterprises. State enterprises and mixed state-private companies have played a major role in Italian capitalism, including the launching of the Italian "miracle" of economic development after World War II (Ginsborg 2003, 214). As early as 1907, in response to a liquidity crisis, the Italian state took over industries, including railroads, banks, and insurance, which had been previously run by private companies. In 1933 the state's share in private enterprise increased significantly when three of the most important banks in Italy were nationalized and their shares in private enterprise companies were transferred to the Istituto per la Ricostruzione Industriale (IRI) (K. Holland 2012, 1). IRI's main activities were steel, engineering, shipbuilding, electricity, and telephones. It was also a highly diversified, multisectoral holding company with a controlling interest in three of the largest national banks, Alitalia airline, Italy's main shipping companies, Italian radio and television (Radio Audizioni Italiane, RAI), a large part of the Italian telephone system, and the Alfa-Romeo automobile company. What was envisioned initially as a temporary response to economic crisis (Pargendler 2012, 2948) created enduring public-private enterprises in modern manufacturing and services (S. Holland 1972, 1). As Europe's "largest market-disciplined public enterprise" (Layton 1972, 47), IRI attracted considerable international attention after World War II as a model of state enterprise in a democratic, capitalist society. Indeed, in the 1950s and early 1960s it was touted as an example of state enterprise that was as efficient and dynamic as private enterprise, and its model of procuring the majority of its financing on the open market rather than from government grants was deemed a success (Ginsborg 2013, 283; S. Holland 1972, 1). During this period, public managers and entrepreneurs with close ties to the dominant political parties formed what Guido Carli, the governor of the Bank of Italy from 1960 to 1965, called "a state bourgeoisie" (Ginsborg 2003, 284).

State ownership declined significantly in the late 1960s (Ginsborg 2003, 283) when the major programs developing steel and the building of the national highways came to an end and IRI became mired in failure. Although scholars continue to debate the reasons for this decline, there is no doubt that between 1990 and 2005, the state's overall equity interest in publicly traded companies nearly halved. In spite of this, in 2001 the publicly listed firms controlled by the Italian government still accounted for 22.4 percent of total market capitalization (Pargendler 2012, 2951). While this is considerably less than the 80 percent of market capitalization held by government-controlled firms in China (Pargendler 2012, 2918), the difference is one of degree rather than of two entirely different types of relations between state, private enterprise, and market.

In the case of the Italian textile and clothing sector, however, state involvement has been limited to labor regulations, import-export controls, and taxation. The vast majority of financing for textile and clothing firms has come from family loans and firm profits, and there have been no state enterprises or mixed state-private firms. Indeed, Italian firm owners and managers in this sector are quick to contrast their independence from the Italian state with the involvement of the Chinese state in their partners' firms. Entrepreneurial autonomy is central to their claims about the value they bring to their joint ventures with Chinese. At the same time, as we shall see in chapter 3, the history of state enterprise in Italy is an integral part of the legacy that these firm owners and managers have brought with them to China.

In sum, together, feminist theory and our own ethnographic research lead us to emphasize that "public" and "private" are historically contingent ideological and political categories that obscure their deep entanglement, whether they refer to domestic and public life or capitalist processes. Our study includes a discussion of the blurring of this distinction as an important ethnographic aspect of the transnational encounters and negotiations among the Italians and Chinese involved in producing Italian fashion.

The Negotiation of Labor Value

Our conceptualization of the transnational production of "Italian" fashion in China as a particular form of social interdependence that shapes people's practices, dispositions, and identities led us to scrutinize the processes through which workers' labor power and value are constituted. We soon recognized that we could not understand these processes without bringing managers into the picture. Although Marx was not concerned with the labor power of managers, we discovered that an analysis of managerial labor power was indispensable to understanding the production of both value and subjectivities among managers and workers. In part I, we expand on Marx's argument that commodities are not the only things made in the production process. These include, as well, labor power and value, inequality, and identities. Critical to the transnational collaborations of the Chinese and Italians are the processes through which people actively assert, evaluate, contest, and renegotiate their respective contributions to the production and distribution of commodities. The continually changing field of power in which negotiations over the value of their labor take place, and which shape these negotiations, does not only include the asymmetrical power relations between the Chinese and Italians. It also includes those among the Italian managers and firm owners, among different types of Chinese managers and entrepreneurs, and between all of these different social actors and Chinese workers.

Although the story that Italian managers and Chinese entrepreneurs tell themselves is that they came to the work encounter with preexisting skills and knowledge, we contend that their labor power is constituted through the specific relations of their transnational collaboration. Our analysis reconfigures the conventional Marxian approach to the relation between labor power and value. Rather than begin with a conception of labor power as a transhistorical force of production through which value is produced, we trace the way in which labor power is produced through negotiations and contestations over labor value. We show that it is in the negotiation over the value of their respective contributions to the production and distribution of commodities that the knowledge and social powers of Italian managers and Chinese entrepreneurs congeal into their respective labor powers. Instead of being guided by Marx's idea that capital imposes and requires the abstraction of labor in order to make possible the generalized exchange of commodities, we focus on the processes through which people situated in asymmetric fields of power formulate and impose abstract categories of labor on both themselves and others as they negotiate and struggle over their comparative value. The heterogeneous skills and knowledge of Italian managers crystallize into a culturally specific labor power through negotiations over the value of their contribution to the Chinese production of commodities infused with Italianness. Chinese entrepreneurial labor, on the other hand, is made through a discourse of cosmopolitanism that they view as essential for transnational capitalism in China. Thus, Italian and Chinese managerial and entrepreneurial labor power and value are forged through transnational encounters rather than being brought to their collaboration already formed.

Our research demonstrates that the production of capitalist value is always a process of negotiation. This process is not simply a direct effect of capitalist investments or the result of a global stage of capitalism in which the presumed stable core of the production of value has become unhinged but rather an outcome of how people assert the value of their cultural capital, including their identities, knowledge, and habitus.[19] Our interest in the negotiation of value is thus focused not on the exchange value of the textile and clothing commodities they produce but on the relative value of the skills and knowledge, identities, classes, and cultures that are produced through their production relations.[20] We eschew a functionalist approach that characterizes differences as existing to serve capitalism, and argue instead that capitalism does not merely appropriate local difference, nor does it just link different cultural histories. Instead, we show that difference is both brought together in unequal transnational relations and hierarchies of value and generated in the process of creating and maintaining these production relations and hierarchies.

We see several advantages to the approach to labor power that we employ in this book. First, it avoids an objectivist perspective that treats labor as commensurable and measurable by a universal standard. We argue that labor power—whether managerial, entrepreneurial, or that of workers—exists neither independently of specific relations of production nor apart from culturally meaningful processes of formation. Second, the approach we have employed brings "power" into the concept of labor power, which is ironically absent in many Marxian uses. Labor power, we contend, is not a universal, transhistorical force of production but is itself culturally produced within a field of power. Third, our analysis of how inequalities of labor power and value are themselves shaped by the historically and culturally specific manner in which production relations are developed enables us to bring the state, which has not received sufficient attention, into the picture.

The Rearrangement of Accumulation

The accumulation of capital to invest in the pursuit of further wealth is generally considered to be the core of capitalism. A common approach in analyses of capitalism is to emphasize how the domination of this goal over others leads to the rearrangement of social life, which in turn creates specific relations of inequality. Virtually all aspects of social life in capitalist societies are viewed as being shaped by the pursuit of profit and the primary goal of capital accumulation. Certainly, much of social life has been rearranged in China to encourage the accumulation of wealth, including, most importantly, relations of inequality and class. Yet our approach and, in particular, our analyses in part II emphasize the multiple facets of this process, highlighting how the accumulation of wealth is itself rearranged in the pursuit of culturally meaningful goals.

The accumulation of wealth in China occurred under socialism as well, although it was directly organized by the central government and distributed in quite a different way. An overriding goal of the Chinese Communist Party (CCP) in the post-Mao era has been to keep itself in power, and one of its means for doing so after the 1989 Tiananmen demonstrations has been to encourage both nationalism and consumer culture. After those demonstrations, the Chinese state rearranged the means for the accumulation of wealth in order to avoid political upheaval. They thus further encouraged the devolution of some of the central government controls over wealth accumulation and distribution to local governments, the emergence of independent enterprises, and the production of consumer goods. With a novel emphasis on consumption, the government also promoted the rearrangement of social life, including the privatization of real estate and the development of consumerrich middle-class aspirations. After China's 2001 entry into the World Trade Organization (WTO), even as local governments continued their control over local economies, central government bureaus reasserted their hegemony in key sectors over the accumulation of wealth, this time as corporate entities and without the accompanying commitment to wealth distribution prevalent under socialism.

While the political goals of the state mediate the way they encourage wealth accumulation, ordinary citizens still harbor a diffuse sense of the need to address inequality. This is reflected in the heated debates about corruption, especially corruption among party officials, which has led to constant rearrangements—on the part of citizens as well as the state—of licit and illicit means for accumulating wealth. "Corruption" is a key discourse that addresses new forms of inequality, the issue of guanxi, or social relationships of mutual advancement, and the role of family and kinship in wealth accumulation. Hence, the rearrangement of accumulation in China has been mediated by ongoing negotiations over proper and improper family and other relations of social interdependence. In response to numerous protests by rural and urban citizens, moreover, the state has brought back some of the welfare provisions it had discarded. The pursuit of transnational Italian-Chinese collaborations in the fashion industry is also motivated by Chinese entrepreneurs' and managers' nationalist desire for cosmopolitanism as signified by fashionable clothing as well as relations with a European nation. Thus in China, the rearrangement of social life and the pursuit of culturally meaningful social goals have overlapped as China has embraced a capitalist world economy.

The Reconfiguration of Kinship

As mentioned above, family and kinship have been pivotal in the negotiations over acceptable forms of the accumulation of profit and wealth in China. In light of the different historical legacies of the Chinese and Italians engaged in the transnational business ventures we studied, the ways in which kinship shapes the accumulation of profit among them varies. As will be seen in part III of this book, the Chinese and Italians hold different conceptions of the proper relation between family, business, and the state. These extend to their very definition of a "family firm" or "family business." Yet, in spite of these differences, kinship pervades their transnational business ventures and is an inextricable part of the processes through which financial, cultural, and social capital are converted into each other. Hence, it is crucial to the development of inequality and the reproduction of social class among both Italians and Chinese.

The pursuit of profit and accumulation of wealth by the Italian family firms engaged in collaborative ventures with Chinese partners is constituted by powerful kinship and gender sentiments and commitments. Kinship has been central to capitalist accumulation and a force of production in Italy for centuries and continues to be so today in a country where family firms constitute an overwhelming majority of all registered firms.[21] It is no less central in the transnational expansion of Italian family firms in the fashion industry that have outsourced manufacturing to Chinese factories, forged joint ventures with Chinese firms, and set up distribution chains in China. Indeed, Yanagisako argues that Italian family firms are as much "kinship" projects as "economic" ones. Thus, while transnational expansion has created more managerial positions for nonfamily members, it has not resulted in a shift toward control by professionally trained nonfamily members. Those firms that have been successful in transnational expansion have been able to incorporate more generations, thereby postponing division of the firm and its patrimony.

Kinship is likewise central to aspirations of accumulation among the Chinese engaged in these transnational enterprises. Given their recent socialist legacy, however, the link between family and business is fraught with ambivalence and the potential for accusations of corruption. This is especially true of firms that have developed out of formerly state-run enterprises, where the involvement of family members treads on connections between family and state that are seen as a major cause of corruption. A "family firm" in and of itself can thus be viewed as a sign of corruption. These accusations of corruption, in turn, are a central aspect of debates in China about novel relations of inequality that emerged with the introduction of the market economy. The Chinese firms that engaged in collaborative ventures with the Italians thus felt pressed to provide narratives addressing these potential accusations. Rofel found that these narratives were sometimes surprising and unexpected. They ranged from denials that they were family firms (despite having family members working in the firm), to denials that they had evolved from state-owned enterprises (despite clear evidence to the contrary), to claims of regional cultural essentialism. Only those firms that had been started by Chinese who had lived in Italy—what Rofel calls Chinese-Italian Chinese firms—felt relatively at ease about displaying the fact that they were indeed family firms.

The centrality of kinship to these profit-seeking transnational business ventures challenges models of capitalist modernity that posit the separation of kinship from the economy. Although kinship had been central to earlier anthropological models of social structure, when the discipline expanded its scope to include capitalist societies, kinship was relegated to the margins of social theory and located firmly outside the economy. In doing this, anthropology too readily accepted dominant theories of modern capitalism—whether Durkheimian, Weberian, or Marxist—that posited the decline in the significance of kinship in the face of the emergence of a rational market and modern institutions of governance despite the continuing prevalence of family businesses in many societies and the fact that many leading transnational corporations (e.g., Walmart, Murdoch News Corporation) are family firms. Our study demonstrates unequivocally that kinship continues to be a constitutive force in contemporary capitalism.

The Outsourcing of Inequality

The dynamic processes discussed above have also shaped the formation and interpretation of inequalities in both Italy and China since the 1980s. This highlights our point that we cannot begin with a foundational premise about capitalist inequalities, such as the capital/labor relationship, but must instead investigate how this relationship is shaped by other key political, social, and cultural dynamics. The ongoing negotiations over the value of the various contributions of Italians and Chinese to their relationship both indexes and constructs transnational inequalities. The ability to impose abstract categories of labor and hence shape inequalities takes place in a constantly shifting field of power. While the Italians (at least initially) brought the capital, Chinese managers and entrepreneurs insist on the fact that without their contribution, the production of "Italian" fashion in China could not proceed. The exploitation of Chinese workers' labor occurs in multiply mediated commodity chains, enabling a displacement of the source of their exploitation.

As we stated above, this includes the significant role of the state. The "privatization" process in China, which in fact blurs the boundary between private and public, is one means by which state corporations and government officials take advantage of their positions to garner a great deal of the new wealth. Paradoxically, the way in which a majority of citizens have been led to accept capitalist means of creating wealth and its attendant inequalities is to displace a critique of inequality onto the socialist past.[22] The widespread anger about corruption focuses on the wealth accumulation of officials' families and kinship networks, which is said to be a holdover from that past.

The state, moreover, has been central to the way in which foreign investment has evolved in China. The Chinese state first set the terms of that investment, delineated its parameters, and gradually changed the means and mode of that investment. The Chinese state evacuated its socialist protection of workers in the interest of increasing this investment. And it has been state policies, dating back to the 1950s, that have instituted inequality between rural and urban areas in China in the interest of rapid industrial development. The continuing division between rural and urban has made urban workers more highly valued than rural migrant workers. In the current era, it has created a pool of cheap labor as migrant workers from the countryside fill the multinational factories. Yet urban residents blame these migrant workers for being "backward" (*luohou*). With few exceptions, they do not identify with migrant workers' dilemmas. It is not uncommon for urbanites to treat them as if they literally come from another country (an impression fostered by the numerous dialects people from different regions speak). But again, it is the state that has protected China from becoming dominated by Western countries and the international organizations the latter have constructed in the name of free trade.

State policies that have favored foreign direct investment (FDI), including tax holidays and gifts of real estate, along with China's entry into the WTO, have meant that China's domestic economy has become inextricably intertwined with the global economy. The nationalism fostered by the state in the wake of Tiananmen along with histories of the colonial past have led Chinese entrepreneurs to blame current inequalities on their international partners, including the Italians, who often bring the capital, while Chinese workers, managers, and entrepreneurs supply the labor that has turned China into the workshop of the world.

The Italian firm owners and managers in these transnational ventures, conversely, attribute the inequality between themselves and their Chinese partners to the inexperience of the Chinese in capitalism and their lack of understanding of Western fashion. In conceding to the Chinese the technical skills of manufacturing, they simultaneously deny them the creativity needed to successfully compete in the global fashion industry. Hence, inequalities between Italians and Chinese in these collaborations are viewed as a logical outcome of their different histories and experiences and therefore their different roles in production and distribution. Whether they naturalize this difference as a consequence of Italian and Chinese proclivities or historicize it, they view it as a reasonable basis of inequality.

When it comes to the inequalities experienced in Italy, Italian firm owners and managers once again view this as a consequence of the globalization of the economy and China's role in it. They are fully aware that both workers and managers in Italy face greater job instability and financial vulnerability than they did in the boom years of the 1960s and 1970s. On the one hand, they resent the emergence of China as the preeminent site for the manufacture of commodities, including textiles and clothing, viewing it as a threat to the integrity of both Italian fashion and an Italian way of life that preceded the move toward outsourcing in the 1990s. On the other hand, they blame Italian workers, labor unions, and the regulations of the Italian state for raising the cost of production in Italy and, in their view, driving firms to manufacture in China in order to be competitive in the global market. For them, the divergent trajectories of success and wealth between those Italian family firms that have profited from the outsourcing of manufacturing to China and other countries and those that have not are a collateral effect of globalization. The same is true of their views of the decline in opportunities for creating new family firms.

We call this mutual displacement among Chinese and Italians the outsourcing of inequality. This outsourcing derives both from the way in which commodity chains in the transnational production of fashion have evolved and from the particular histories the Chinese and Italians bring to their encounters.

All five dynamic processes that we discuss here are mediated by powerful cultural sentiments and commitments that are usually excluded from analyses of capitalism. Whether these commitments pertain to kinship, gender, value, nationalism, or identity, the dynamic processes they generate are not embedded in either "economic" or "noneconomic" relations; they are constitutive of them.

Historical Context

Despite popular images of China as a "closed" society that has only recently opened to the West, both the historic silk road and contemporary transnational capitalist relations remind us that China and the West have long been active business partners. Among the many manufacturing sectors and markets connected today by the twenty-first-century silk road are the Chinese and Italian fashion industries, which stand in relation as both competitors and collaborators. In 2008 Italy was the leading European exporter of textiles and apparel and second only to China in terms of global market share. With 50,000 enterprises employing over 500,000 workers, this sector has been a major contributor to Italy's balance of trade, compensating for the negative balance in other sectors such as power and food (Greta and Lewandowski 2010, 20–21). When it comes to luxury fashion, moreover, Italian firms consisted of one-third of this sector (Riello 2012, 153). Ten Italian companies were estimated to control as much of 20 percent of the global luxury market, manufacturing goods valued at 40 billion euros (Greta and Lewandowski 2010, 20–21).

Beginning in the 1980s and increasingly in the 1990s, Italian textile and clothing firms outsourced manufacturing to lower-wage countries, including Romania, Bulgaria, Turkey, and China.[23] More recently, China has become both the major manufacturer of Italian textiles and apparel as well as the most promising market for Italian fashion brands. Yet long before the current era, links between Italy and China were integral to the production of Italian silk, which has been a staple in fashion clothing. Even after the Italians learned sericulture (the raising of silkworms) from the Chinese, the importation of Chinese silk to Italy, which began in the Roman period, continued along both the maritime route around Southeast Asia and the historic silk road through Inner Asia and the Middle East (J. Abu-Lughod 1989; Arrighi, Silver, and Brewer 2003; Rofel 2012). These trade ties continued to be important even after the industrial manufacturing of silk developed in Como in the northern Italian region of Lombardy in the late nineteenth century. European colonialism in the mid-nineteenth century intensified China's economic relations with European countries. Although sericulture was practiced in Como in both preindustrial and industrial periods, raw silk was also imported from Japan and China, and by the 1930s the decline in local sericulture led to the importation of most of the raw silk from these countries. After World War II, Italy relied almost entirely on China for raw silk and increasingly for already spun silk thread. All other phases in the production of silk fabric in Italy continued to be undertaken in Como—including the twisting of silk thread, its texturization and dyeing, and the weaving, dyeing, and printing of fabric.

After China's 1949 socialist revolution, the socialist world economy, especially aid from the Soviet Union, helped China recover from a century of instability and war and pursue industrialization-led development.[24] Owing to the U.S. embargo of China, a dominant assumption in the United States is that in the socialist period (1949–84), China had economic ties only with the socialist and nonaligned Third Worlds. In fact, China had well-developed trade ties with Italy and other European countries as well as Japan through the Ministry of Foreign Trade, exporting mainly textiles and other raw materials (Hsiao 1977; Mah 1971). Hong Kong served as a key conduit of indirect trade with Western and nonsocialist countries (Eckstein 1966). Italy became an even more important trading partner after the 1960 Sino-Soviet split (Eckstein 1977; Hsiao 1977; Mah 1971).

Silk had long been produced in China in household spinning and weaving businesses. Under European colonial organization, silk production, especially in the Lower Yangzi River region of Shanghai, Hangzhou, Jiaxing, and Suzhou, began to take place in large factories geared toward export. After the socialist revolution, all production was moved into large, vertically integrated state-run enterprises (Rofel 1999). In Italy, in contrast, the industrial manufacture of silk was spread over a loosely organized network of firms, the vast majority of which usually undertook only one phase of the production process (Yanagisako 2002). "Converter" firms initiated production by procuring orders from fabric wholesalers and garment manufacturers and then paying subcontracting firms to complete one of the phases in the production process. A move to centralize production in vertically integrated firms was initiated in the 1950s and 1960s, but this was soon abandoned in response to the labor conflicts of the late sixties and the rising labor costs and global recession of the early seventies, all of which underscored the advantages of decentralized but coordinated networks of small firms (Yanagisako 2002, 30). In the 1980s, some Como firms began importing unprinted silk fabric from China, and by the 1990s, they were importing printed fabric.

When Como's silk firms and other Italian textile and clothing firms began moving manufacturing to China in the 1990s, China was on its way to becoming known as the workshop of the world. Like capitalist firms in other countries, Como's silk firms as well as Italian firms producing wool, cotton, and linen fabric and apparel were initially lured to China by the low cost of labor and, subsequently, by its huge potential domestic market. The investment in production and sales in China was a significant shift in the strategy of Italian textile and clothing manufacturers. Even as they began outsourcing production to China, these firms complained about China as a source of inferior products and unfair competition. By the late 1990s, the increasingly favorable environment for foreign investment and trade created by various levels of the

Chinese government made China the most-favored nation for the outsourcing of some or all phases of the production of Italian textiles and clothing. The divergent interests of Italian brand owners and manufacturers became apparent as the number of textile and clothing manufacturing firms declined dramatically in the three decades between 1980 and 2010, while Italian fashion consumption expanded globally.

At the same time, a sea change swept through China since the beginning of the 1990s. This was an acceleration of what in China is known as "economic reform"—a broad set of policies begun in the early 1980s to rid China of Maoist socialism in all aspects of life through the decentralization of economic planning, the end of collective enterprise, the promotion of a market economy, and the steady move toward the domination of social life by profit-seeking, including some privatization (Naughton 1995, 2007; Oi and Walder 1999; Wang Hui 2003; Wank 1998). While the state gradually retreated from a centrally planned economy, it continued to participate strongly in the market economy. Indeed, one striking aspect of economic life in China today is the intimate involvement of all levels of the state in profit-producing enterprises (Naughton 2007).[25] As described above, a large number of profit-oriented businesses are mixtures of government and private ownership and management. These are joined by the vast number of state bureaucracies that own and operate for-profit businesses. Finally, the central government's decision to maintain a strong hold on key resources has led to state monopolies in critical sectors of the economy.[26] Thus the Adam Smithian opposition of the market versus the state does not help us understand the nature of capitalist activity in China today.[27] These changes in the role of the state in the market brought an increasingly visible amount of what gets labeled "corruption" among political officials, as they began to position themselves advantageously in relation to the market economy. The redistribution of some public resources under the rubric of privatization created new inequalities, as the urban/rural divide widened and the gap between the newly enriched classes and the poor grew exponentially.[28]

After the political crisis of June 4, 1989, known in the West as the Tiananmen demonstrations, then leader Deng Xiaoping and his supporters took advantage of the crisis to accelerate market-based profitization. Only during this post–June Fourth period did the state begin to encourage large-scale foreign investment in China.[29] This "opening" of China that Western commentators so frequently describe is more accurately understood as a turn away from post-Bandung commitments to the nonaligned and Third World and toward closer involvement with the United States, Europe, Japan, and the four East Asian newly industrialized countries (Taiwan, Hong Kong, Singapore, and South Korea).

During these early years, the foreign-invested enterprises were kept separate from the domestic economy. All foreign firms were required to invest in joint ventures with the Chinese government, initially with the central government but then increasingly with local state entities. In 1999 the prohibition on foreign economic cooperation with private enterprises in China was lifted (Rofel 2007). By 2000, in a significant reversal, the government stipulated quotas of foreign investment that *all* areas had to fill. With its eye toward joining the WTO, the central government allowed foreign companies to establish wholly foreign-owned enterprises without joint Chinese state ownership. Larger amounts of foreign investment translated into more local financial and political autonomy and greater prestige for local officials.

By 2002, after joining the WTO, China had surpassed the United States as the most favored destination for foreign direct investment (Gallagher 2005, 34).[30] Compared to other large developing countries, China is in a league of its own.[31] These shifts in Chinese policies, along with the 2008 lifting of the WTO import quotas imposed on China in the Multi-Fiber Agreement (MFA), led to a further increase in Italian textile and clothing firms engaged in manufacturing and distributing their products in China, through a variety of forms of collaboration with Chinese partners.[32]

When we began this project, we could not have predicted that China's economy and world economic presence would grow and transform as quickly as it did in the first decade of the twenty-first century. Since Italians began moving production to China, the relations of production, marketing, and distribution have changed faster than perhaps anyone could have imagined. The rapid growth of the Chinese market, the government's emphasis on consumer culture, the rise in the wages of workers as the government enforces a new labor law, the state's recent emphasis, following Europe and the U.S., on developing a "knowledge economy" and the "culture industries," and the increased presence of Chinese state-owned and private companies in all regions of the world have all contributed to the realization by the Chinese and Italians that their relationship, from the beginning of the 1980s, has always been in flux. Yet this much-discussed "rise" of China has not erased China's role in supplying workers in labor-intensive industries, including textiles and garment production.[33] Here we continue to find variegated forms of transnational capitalism emerging in relation to one another.

Collaborative Ethnographic Research

Since 2002, we have been investigating the formation and transformation of the transnational relations of production, distribution, and marketing of "Italian" fashion among Chinese and Italians in the unique historical context we outlined above. Our research has been conducted primarily in two sites: the eastern coast of China around Shanghai, which has served as one of the central locations for Western foreign involvement in China, particularly for labor-intensive industries such as textiles geared for export; and the Como-Milan area of the province of Lombardy in northern Italy, which is the center of the Italian and silk fashion industries. Italian and other foreign firms initially located themselves in Shanghai while establishing enterprises throughout the larger area, including the cities of Hangzhou and Jiaxing. The transnational collaborations we have studied thus link Shanghai and its environs to northern Italy and, through distribution networks, eventually to other areas of Europe and the United States.

Our collaborative project arose through the convergences of our respective previous research. Rofel began her research in Hangzhou's silk industry in 1984, just as economic reform was taking off in China's urban centers. She witnessed the devolution of central planning, the ability of state-run silk factories to pursue profits, the beginnings of hiring migrant labor, and the desires of some of the young urban factory workers to leave the factory and become entrepreneurs (Rofel 1999). These silk factories sold their silk garments and silk quilt covers to a domestic market that was just beginning to develop. They also surreptitiously sold goods through Hong Kong but otherwise had no direct contact with foreign businesses. The city of Shenzhen, on the border with Hong Kong, had just been invented to be the sole, cordoned-off location in China to experiment with foreign direct investment. In the same year, Yanagisako began her research in Como, Italy, on family firms in the silk industry. Like all textile industries in Italy, Como's silk industry had been composed almost entirely of family firms throughout both its preindustrial and industrial history.[34] Although the industry was thriving in this period, anxieties about competition from China were already pervasive—so much so that some firm owners initially harbored suspicions that Yanagisako was a spy for the Chinese silk industry.

By the late 1980s, Rofel began to find foreigners investing in the Lower Yangzi River region but always in joint ventures with some counterpart of the Chinese government, whether municipal, provincial, or central. Foreign trade was overwhelmingly controlled by state-owned import-export bureaus. The silk factories where Rofel had done research were finding themselves flourishing through foreign trade but also pinched by competition from rural-based silk factories, with their significantly lower wages, that had sprung up around the more loosely controlled rural industrialization efforts. Only in the 1990s were foreigners allowed to make direct arrangements with textile factories. By the late 1990s, Chinese factories were vigorously searching for foreign production and trade partners. At the same time, silk began a precipitous decline. Together with foreign companies, Chinese factories began to combine silk with other fabrics. By the turn of the century, most of the fifteen main silk factories Rofel had researched in the mid-1980s had closed, merged, privatized, become joint ventures with foreign firms, or begun to produce almost solely for export.

Meanwhile, the Italian silk industry suffered a significant decline in the 1990s, much of which the Como manufacturers blamed on "unfair" competition from China. They accused China of having intentionally flooded the global market with cheap silk garments, undercutting the prestige of silk. At the same time, they acknowledged that changes in lifestyle in Europe and the U.S. were also crucial in the decline of silk consumption. The increase in women's employment meant that women no longer had the time or the interest in caring for silk clothing, including silk lingerie, and the shift toward more casual fashion meant that fewer men were wearing silk ties on a regular basis. Throughout the 1990s and in the first years of the next decade, Como's leading firms experimented with a variety of strategies, including new fabric mixtures and outsourcing manufacturing to Romania, India, and China. None of these efforts were successful in turning around the decline of Como's silk industry, in which the number of firms was cut in half between 1981 and 2001.[35]

The collaborations between Italian and Chinese entrepreneurs in silk thus led to our own collaboration in research. In 2002 we began preliminary research in the Shanghai area, tracking those Como silk firms and other textile producers that were outsourcing manufacturing or forging joint ventures with Chinese firms. We were joined in this by Simona Segre Reinach, an anthropologist and fashion studies scholar, who had worked before with Yanagisako and who helped us understand how these transnational collaborations fit into the history of Italian fashion. As our research proceeded, so did the numbers of Italian textile and clothing firms outsourcing production in China, actively seeking joint ventures, and opening retail stores. Having discovered that Como's silk firms made up only a small part of the Italian-Chinese collaborations in fashion, we broadened our study to include the manufacture and distribution of Italian fashion brands.

As we mentioned at the beginning of this chapter, one of the benefits of our collaborative ethnographic research has been our ability to listen to both parties in these transnational encounters. Most research on transnationalism has had access to only one of the parties in these encounters, which too often results in analyses that overlook the intentions, meanings, and interpretations of other parties. Listening to both sides of the conversation has placed us in a better position to forge a more comprehensive, interactional analysis of the actions and reactions, interpretations and misinterpretations, understandings and misunderstandings through which the Italians and Chinese in these transnational business collaborations reformulate their goals, strategies, values, and identities. We pursued ethnographic research in China both together and separately among firms in the greater Shanghai area, including Hangzhou and Jiaxing, and in Wenzhou. Lisa Rofel also conducted interviews and participant-observation among workers in the factory she wrote about in her first book, in a silk yarn factory, and in a business that has textile, dyeing, and garment factories, and she followed the networks of entrepreneurs connected to one another in the export of fashion clothing. We did a small amount of research together in Italy—in particular, on the *pronta moda* (fast fashion) industry in women's clothing in Prato, which has been developed by the largest Chinese community in Italy. Finally, Sylvia Yanagisako and Simona Segre Reinach followed the Italian firms back to their headquarters and production sites in Como, Milan, and Rome and also interviewed industry representatives and government officials.

On a more humorous note, we should add that another benefit of our research collaboration was the amusement and bemusement we generated for our informants in both Italy and China. Most perceived Sylvia Yanagisako to be Chinese, even after discovering that she neither speaks Chinese nor has Chinese ancestors. (We often explained that she was born and raised in Hawaiʻi to underplay her Japanese ancestry.) Lisa Rofel, on the other hand, can easily be mistaken as Italian, even though she does not have Italian ancestors, nor does she speak Italian. On several occasions, Chinese entrepreneurs, managers, and workers continued to address their responses to Yanagisako, even after Rofel asked the questions in Mandarin and translated answers into English for Yanagisako. These confusions, along with the way in which translation impeded the flow and intimacy of conversations, eventually led us to cut down on conducting bilingual joint interviews and participant observation. Yanagisako and Segre Reinach, however, continued to interview some Italian speakers together in Italy and China.

China Rising, but in Fashion?

The ubiquity of clothing made in China and sold in markets throughout the world has become a constant reminder of China's rise as a powerful force in the global economy. Yet despite having become the primary site for the manufacture of textiles and clothing, along with a plethora of other commodities, China is far from being viewed as a primary mover in the global fashion industry. Indeed, its reputation as the "workshop of the world"—or, in less flattering terms, the "sweatshop of the world"—has undercut the prestige value of "Chinese fashion." Hence, the asymmetry between the Chinese and Italians in the collaborations we studied has been shaped by the specific history and structure of the fashion industry. Had we studied the production and distribution of computers, cell phones, steel, or solar panels, these asymmetries would have been significantly different.

Fashion, with its claim to aesthetic distinction, identifies design as the key component in the production of value. To put it more strongly, the value of fashion is said to reside in design. The fashion industry's celebration of the fashion designer as a creative artist who produces an innovative collection of clothing obscures the fact that design is a complex, interactive process involving many participants. In fashion industry representations, other indispensable links in the global supply chain of producing and distributing clothing fade into the background in comparison to the work of design. Having established Italy as a center of fashion design, especially after World War II, Italian brands and firms have been able to make strong claims for the value of their contribution to Italian-Chinese collaborations in clothing manufacture. Likewise, Italians claim greater knowledge and expertise in the distribution and marketing of fashion. As will be seen in the chapters to follow, including the chapter by Simona Segre Reinach on Chinese-Italian sensibilities in producing Italian fashion, this fashion history has restricted what Chinese entrepreneurs have been able to claim about the value they contribute to the global chain of production and distribution.[36]

The dynamic field of power in which the Italians and Chinese in our study collaborate is shaped by the particularities of the fashion industry in yet another significant way. The vast majority of Italian textile and clothing firms are family owned and managed, while the Chinese firms in this sector are characterized by a wider variety of arrangements, from state-owned to public-private to completely private. The latter include family firms but also many that are not family owned or managed. The Italian family firms that have been successful in the global fashion industry, especially those in the luxury sector, have emerged over the last three decades as the new bourgeois aristocracy of Italy. Whereas before the 1980s, families in other sectors, such as banking, energy, and automobiles, were the most prestigious in Italy, since the 1980s this older bourgeoisie has been eclipsed by families in the fashion industry, especially those whose surnames are identical to the brand. Not only are these Italian families much more wealthy than their Chinese partners, but they are recognized both in Italy and China, as well as globally, as fashion celebrities. In comparison, their Chinese partners have, at best, reputations as regionally successful entrepreneurs. Others are known only as the owners of subcontracting factories. As such, they can hardly claim the distinction that their Italian partners enjoy. This prestige hierarchy also shapes the claims Chinese entrepreneurs and managers make about their cosmopolitanism and the value they bring to the production and distribution process.

As we have noted, the asymmetries in the field of power in which these Italian-Chinese collaborations operate have been constantly changing. This is true of the fashion industry as well. Whereas the Chinese government's major strategy in the early 1990s was to encourage vast amounts of foreign investment geared mainly toward foreign export by providing low-cost labor, their most recent strategy has been to develop domestic consumption among a growing Chinese middle class, build the infrastructure of the inland areas away from the coast in order to raise the standard of living in inland provinces, and raise China from the level of low-cost labor provider to producer of knowledge that can claim a greater share of the profits from capitalist production. The rapid growth of the Chinese market, the rise in the wages of workers as the government enforces a new labor law, and the state's recent emphasis, following Europe and the U.S., on developing a "knowledge economy" and the "culture industries" all contribute to the understanding among Chinese and Italians that their asymmetrical relationship is neither fixed nor stable. For their part, Chinese entrepreneurs in the fashion industry are frustrated that their contribution to the production, marketing, and distribution of Italian fashion brands is not sufficiently recognized by their Italian partners. The unstable dynamic of their continually changing relations provides the context for ongoing Italian and Chinese negotiations over the value of their respective contributions to “Made in Italy” in China.

We are, of course, far from experts in the field of fashion studies. As the global fashion industry has developed, so has this interdisciplinary field of scholarship. From the outset of our research, we recognized that we needed the knowledge and expertise of a fashion studies scholar to situate the transnational collaborations between the Chinese and Italians in the history of fashion production. Our work with Segre Reinach has been integral in enabling us to understand how the moniker “Made in Italy” has, since the end of World War II, linked ready-to-wear design with industrial production and, moreover, has depended on transnational relations of production, consumption, cross-cultural borrowings, and valuation of aesthetics.

Collaborative Writing and Outline of the Book

In cowriting this monograph, we have not sought to present a single narrative voice. While we convey our shared theoretical framework and integrated analysis in the introduction to this book, in the introductions to its three parts, and in the chapter in part I, we have retained our different narrative styles in writing the separate chapters in parts II and III. While this may have resulted in an unevenness, for example, in our description of Italian and Chinese informants, we value this difference in representation and its reflection of both our different styles of ethnographic analysis and writing as well as those among the people we studied.

Three core themes that emerged through our collaborative research and analysis provide the framework for our analysis of transnational capitalist processes and the organizational structure of this book.

Part I, which is coauthored by us, addresses the negotiations over value between Italian firm owners and managers and Chinese entrepreneurs, the asymmetries in their relations that shape these negotiations, and how they justify or hope to transform them. We analyze the various emphases that Italian owners and managers and Chinese entrepreneurs and managers place on their respective national and cultural identities, historical legacies, relationship to fashion, and place both within China and beyond it. As stated above, in this first part we argue that the production of the value of labor and labor power is always a process of negotiation within historically specific fields of power. The interactive character of this process both enabled and called for an integrated analysis of the Chinese and Italians engaged in them, even as their perspectives, legacies, and identities differ.[37]

In part II, we trace the historical legacies and revisionist histories through which various Chinese and Italian social actors established their collaborations, as well as how they interpret their respective individual, family, class, and cultural-national histories to explain their current situation and their hopes and concerns for the future. We examine the importance of these legacies and revisionist histories for the way in which their transnational capitalist projects are forged. In contrast to part I, part II includes a coauthored introduction, a chapter by Yanagisako on the Italians, and a chapter by Rofel on the Chinese. This format allows us to trace the ways in which transnational collaborations are formed without fragmenting our analysis of how they are shaped by the respective historical legacies of the Italians and Chinese. A deep understanding of these respective historical legacies is crucial to understanding the different ideas about labor, inequality, commodities, nation, state, and family they bring to their collaborations.

Segre Reinach's chapter, which falls at the end of part II, interrogates "Italian fashion" as simultaneously a discourse, a product, and a national brand. As an anthropologist and fashion studies scholar, she examines the evolution of the relations between Italians and Chinese in fashion production through three forms of collaboration: sourcing, in which Italians procured both raw materials and labor in China; fashion production, in both its material (manufacturing) and immaterial aspects; and branding, the distribution of fashion products through the signifier of the brand. Her essay elaborates on the changing tensions in their relations as the Italians and Chinese negotiate the transformations in both China's economy and Italy's global fashion industry. The latter, Segre Reinach argues, has been undergoing an identity crisis as the globalization of "Made in Italy" has dismantled the original fashion-production model rooted in the alliance between *stilismo* and large-scale industrial manufacturing that created its success. As financial investment has become increasingly significant in the survival of fashion companies, China has become increasingly important to the future of Italian fashion.

Part III focuses on the kinship and gender relations that are critical to, but have different valences for, the Italians and Chinese and the manner in which they develop collaborative relationships. While the Italians tout the family-based nature of their firms, Chinese entrepreneurs often have a more ambivalent and ambiguous relationship to claiming they are a family firm, in large part due to the way public discourse about corruption pinpoints family favoritism. Given the different historical legacies that shape Chinese and Italian ideas about the nexus of family, business, and state, part III, like part II, includes a coauthored introduction, a chapter by Yanagisako on the Italians, and a chapter by Rofel on the Chinese. This enables our respective chapters to focus on key kinship and gender sentiments, concerns, and aspirations of the Italians and Chinese without being constrained by a conventional comparative analysis. For example, in her chapter, Rofel asserts that for the Chinese, "corruption" is a key frame through which family business is construed, and she shows how this shapes and constrains their approach to family business. "Corruption," however, is not a salient issue for Italian family firms because the link between family and business has been normalized and has become normative in Italian capitalism.[38] Consequently, any attempt to pursue a parallel analysis of corruption and Italian family firms would distort our understanding of the concerns and issues that Italians bring with them to their transnational collaborations and encounters. Instead, Yanagisako's chapter analyzes two distinct processes of generation that are critical to understanding Italian family firms, both their historical persistence and the generation of new ones. She shows how the transnational expansion of the Italian textile and clothing industry has had different consequences for these two integral processes of generation and, consequently, for Italian family firms in both Italy and China.

We offer a brief conclusion that reviews our main arguments about transnational capitalism and then discuss the transformations that have occurred since we completed our fieldwork. China's so-called rise, which signals its increased investments abroad and its growing domestic market catering to the expanding middle classes, and the economic, political, and social challenges that Italy, along with other countries in the European Union, has faced in the past five years indicate that Italian-Chinese collaborations will undoubtedly experience change. Most notable is the growing emphasis on Chinese consumers. Yet China has not ended its role as workshop of the world, a role that sits alongside its transnational investments, and the Italian fashion industry will continue to be produced through transnational collaborations.

Notes

Introduction

1 The names of individuals, firms, and brands that we studied and write about in this book are pseudonyms. We use real names only when we write about well-known individuals, firms, and brands about whom there is information in the public domain.

2 Until the 1950s, Prato's textile production relied primarily on recovered wool from old clothing and industrial scraps. After the 1950s, the incorporation of nylon and other synthetics enabled the production of lighter fabrics, and Prato became known for its innovative textiles. In describing Prato's success, Italians jokingly pointed out that it had gone literally "from rags to riches."

3 We define transnational capitalism as a form of capitalism in which relations between capital and wage labor cross national boundaries. Transnational relations of production involve individuals and groups whose actions are enabled and constrained by more than one nation-state.

4 Wallerstein (1989, 141–51) gives successive examples of places where indigenous manufacturing declines and raw material exports increase after "incorporation" into the world-system (e.g., India and the Ottoman Empire, where cotton became a primary export while textile exports declined; Russia, where 95 percent of their exports became primary products after increasing trade with Western Europe; and West Africa, where metal smithing was ruined by cheap European imports).

5 For a prominent exception, see Choy et al. 2009 on the Matsutake collaborative research group.

6 While David Graeber's (2001) approach is also useful for bringing together cultural and economic values, he tends to treat these processes as bounded and unified within one culture and thus loses sight of questions of hierarchy and inequality. Our study, in contrast, treats them as inextricable to the formation of capitalist relations of production and distribution.

7 These studies have ranged in focus from urban development and infrastructure (Linder 1999; Shatkin 2008; Siemiaticki 2015), to "resources" such as water, transportation, and energy (Bakker 2010; Bear 2015; Pírez 2002), medical care (McLafferty 1998; Smith-Nonini 1998), social welfare (J. Song 2009), plant self-cloning (Hodges 2012), NGOs (Kamat 2004), and information technologies (Kuriyan and Ray 2009).

8 Stephen Linder (1999) identifies six distinct types of private-public partnerships: management reform, problem conversion, moral regeneration, risk shifting, power-sharing, and restructuring public service.

9 Yingyao Wang offers a wonderfully insightful study of the "historical and institutional process in which the Chinese state refashioned itself as a shareholder and institutional investor in the economy," arguing that this has involved a shift in management, state bodies, and investment vehicles (2015, 603). Wang posits the emergence in China of a "mutually leveraging effect" between state power and finance.

10 Although Michelle Rosaldo (1974) initially hypothesized that the division between "domestic" and "public" structured gender inequality in all societies, she later (1980) argued that what counts as "domestic" and "public" varies a great deal across cultures and through time.

11 The distinction called out for strict scrutiny because it was an "encompassing framework for a cluster of notions which pervade[d] anthropological studies of the family and household," including "the conviction that the core of domestic relations is the mother-child bond" (Yanagisako 1979, 189). This bond was viewed as universal and derived from the biological acts of procreation and nurturance.

12 Feminist activism in relation to domestic violence, for example, drew attention to both the way in which this violence had been naturalized in the context of assumptions about male dominance and masculine nature and the need for changes in the law to protect female victims rather than male perpetrators. One could make the same argument about pro-life activists who, as Faye Ginsburg (1989) pointed out, also changed what counts as private or public in relation to birthing and abortion. Theorists of sexuality have long argued that the state and the church, as well as social norms that become subjectivized, regulate the seemingly intimate realm of sexual desire and activity (Butler 2011; Rubin 1993). See also critical legal studies scholars on similar points (D'Emilio and Freedman 1988; Wiesner-Hanks 2014).

13 See Collins 2000; Crenshaw 1989; Williams 1991.

14 Linda Kerber (1988) traced a genealogy of changes in the development of this metaphor, from efforts to identify these spheres as central to women's historical experience, to the identification of complexities within these spheres, to finally unpacking the metaphor itself and its development as an ideology to address contradictory tensions in nineteenth-century American republican politics and values (see also Kerber et al. 1989).

15 More recently, Kathi Weeks (2011) has elaborated on this earlier movement to challenge the very category of labor. Neferti Tadiar (2009) has also elaborated on the gendering of the category of labor, arguing that Marx's definition of the unnatural condition of alienated labor under capitalism depends on a gendered distinction

from corporeal labor, which is debased as the "mere being for something or someone else" and mere service for the satisfaction of immediate needs.

16 Laura Bear's (2015) study of the shift away from an earlier period of state socialism toward "neoliberal" economic policies on the Hooghly River and the Kolkata Port Trust of West Bengal is a stellar example of a fine-grained historical and ethnographic study of how specific forms of "privatization" are implemented by different categories of social actors to create new practices of governance. She presents a compelling processual analysis of how bureaucrats both suspend and generate boundaries between the state and the market through the medium of useful friendships. The invisibility of these friendships helps support the illusion that the state and the market are distinct spheres characterized by different ethics and productive powers.

17 Needless to say, the authors cited here do not agree with one another on how to assess the role of the Chinese state in fostering a market economy. They have differing evaluations on whether the Chinese state hinders or fosters the development of capitalism.

18 This debate depends, in part, on which indicators one examines: the capital markets (e.g., Shanghai stock exchange), contribution to gross domestic product (GDP), debt holdings, or number of legally registered firms (although in whose name they are registered often obscures rather than clarifies the complex relations of ownership).

19 Ritu Birla's (2009) historical study of indigenous merchant-capitalists in India highlights the ongoing debates over the "fair" and "unfair" ways to conduct profit-seeking activities between British colonialists and indigenous merchant-capitalists in India. She demonstrates how these negotiations took place through specific histories and cultural practices, especially those of gender and kinship.

20 Anthropologists have shown how "value" has multiple valences based in the culturally normative goals people strive for (Graeber 2001; Guyer 2004; Munn 1976). With the exception of Jane Guyer (2004), who examines traders as they move through various African communities, these studies tend to focus on the values of one culture or use a comparative approach to bounded cultures.

21 See Bairati 1988; Colli and Rose 2002.

22 Prominent analysts of migrant workers' lives in China (Lee 2007; Pun 2005; Pun and Lu 2010; Sun 2014) have demonstrated how migrant workers have developed both implicit and explicit critiques of the capitalist exploitation of their labor, though their critiques have been marginalized. Wanning Sun (2014) further argues that in some cases, migrant workers fold their critique into hopes of gaining wealth themselves. Leftist intellectuals in China have also developed a robust discussion and critique of capitalism. See Dai Jinhua, forthcoming; Wang Hui 2003, 2009. Lin Chun (2006, 2013) has directly challenged the displacement of this critique onto the socialist past.

23 Italian firms, especially those located in the northeast of the country, have been attracted to Romania. In 2006 there were about 1,500 Italian-owned textile and clothing factories in Romania ("Material Fitness" 2006, 7).

24 "Socialist world economy" refers to the well-developed international networks of production, distribution, and trade among socialist countries, dominated by the Soviet Union. These networks also included aid and interest-free loans as well as gifts of equipment and expertise.

25 Nicholas Lardy (2012) argues, however, that private firms are the most important driver of economic growth in China today.

26 Nicholas Lardy implicitly demonstrates the central role of government bureaus in his discussion of what he calls "imbalanced growth," in which export-import industries, coastal provinces, real estate, and construction industries and commercial banks dominate economic policy in China (2012, 137–54). These industries have some private firms, but they are dominated by state corporations.

27 Unlike Russia or some of the Eastern European nations, China never engaged in wholesale "spontaneous privatization" under the direction of U.S. economists. Indeed, an experimental and gradual approach has defined the direction of China's reforms, highlighting the nondeterministic content and direction of the reforms (Naughton 2007).

28 Along with the commodification of labor and the end of guaranteed social welfare (Lee 2005, 2007), these transformations have led to increased social differentiation, including regional disparities, and heated debates about social inequality based on the pursuit of wealth (Sun and Guo 2013; Wang and Hu 1999; L. Zhang 2001, 2010). The transfer of resources in the process of privatization reorganized social relations, advantages, and interests. The most prominent beneficiaries were a small minority, including some managers but also diverse government cadres who have led the formation of a new capitalist class.

29 Mary Gallagher (2005) has insightfully argued that the central government used the liberalization of foreign direct investment to encourage greater economic competitiveness within China. As a result, FDI became a driving force that pressured the eventual demise of the majority of China's state-owned enterprises, while simultaneously keeping an incipient domestic entrepreneurial class weak, thus managing to enhance its staying power and keep labor unrest from destabilizing the government. She emphasizes, however, that FDI liberalization was dynamic and gradual, reflecting practices on the ground. Indeed, she argues that its momentum was often from below, especially the convergence of the interests of foreign investors and local officials. Nonetheless, she argues that FDI liberalization played three crucial roles in this process: (1) it placed competitive pressures on regions and firms to reconceptualize labor practices and regulations, pressuring the eventual demise of the majority of China's state-owned enterprises; (2) it served as a laboratory for politically sensitive reforms; and (3) it shifted the debate from public ownership to national ownership. That is, the CCP successfully redirected the debate about socialism and state-owned industry away from the public/private dichotomy and toward a debate over the need for Chinese national industry amid foreign competition, even as the government continued to depend on foreign investment to develop China's economy. She concludes that this ideological transition has shaped

the content and form of labor protests in China. In the textile and garment sectors, the demise of state-owned enterprises is apparent in the lower-level factories that state bureaucracies have sloughed off. But the reverse is true for the import-export corporations that are as tightly controlled by the state as before.

30 Yasheng Huang (2003) argues that foreign direct investment in China has certain characteristics not shared by FDI in other countries: China's dependence on FDI relative to domestic investments is high; foreign-invested enterprises have replaced contractual alliances between foreign and domestic firms; the dominance of foreign-invested enterprises in labor-intensive and export-oriented industries is far more substantial than their presence in other Asian economies; they are spread throughout many industries and regions, in contrast to other countries, where FDI is usually concentrated in a few industries; and finally, most FDI projects in China are investments by small- and medium-sized foreign companies rather than by multinational corporations. See Ye (2010) for an extension of this discussion with a focus on Chinese diasporic investments in China.

31 The 1997 "Asian" financial crisis did not affect China directly, mainly because China's financial system was not open to foreign financial speculation at that time. It did, however, lead to the realization that globalization was not external to China but internal to it because China's economy was affected by the ties it had built with Southeast and East Asian nations. This crisis played a large role in moving China more quickly to join the WTO.

32 While the WTO's Multi-Fiber Agreement ended in 2005, sections of it were extended in the case of China until 2008.

33 According to the 2014 and 2015 China Statistics Yearbook, foreign investment projects in 2014 experienced a growth of 4.4 percent and in 2015 a growth of 11.8 percent. In the garment and textile industries, there was a slight drop in foreign investment projects, from 4,631 in 2013 to 4,023 in 2014 (garments), and from 3,152 in 2013 to 2,841 in 2014 (textiles).

34 In 1985, out of the approximately four hundred firms in the province of Como, which employed about thirteen thousand workers, there was only one joint-stock company that was owned by investors from outside Como.

35 Como's silk industry was not the only to experience a 50 percent decline in its number of firms between 1981 and 2001. In the cotton industry in the neighboring province of Varese, the number of firms dropped from 4,900 to 2,900, and the number of workers was halved ("Material Fitness" 2006, 3).

36 The focus on designer creativity in the marketing of clothing has also gained force with the shift in emphasis in Europe and the United States over the last thirty years to "creative" knowledge (Van Eekelen 2010). Indeed, Bregje Van Eekelen (2010) shows how governments are now moving to figure out how to measure this "creative" knowledge and include it in the GDP. This shift coincided historically with the outsourcing of industrial labor to the Global South. While on the one hand, it is a clear extension of the cultural division between mental and manual labor, on the other hand, it builds on the proliferation of intellectual property laws. This shift to

measure and value "creative" labor, then, is part of the ongoing attempt to maintain European and U.S. hegemony in the world economy. Hence, the specific asymmetry in the fashion sector cautions against an assertion of China's uniform "rise" in the world economy.

37 We thank one of the anonymous readers of our initial book manuscript for encouraging us to do this.

38 Corruption in relation to family firms is salient in Italy only when Italian capitalist families attempt to influence the Italian state.

Part I. The Negotiation of Value

1 We concur with Robert Foster that "mapping commodity networks and following things in motion are not ends in themselves" and that an "emphasis on discrete things must give way to an emphasis on relations" (2006, 296). Tracking a global supply chain is only the first step toward understanding how "value—quantitative as well as qualitative—is variably created and unequally distributed in and through contingent relations or assemblages of persons and things" (296).

2 Marx (1965, 1976) was quite clear that culture makes a difference in what counts as adequate reproduction of labor power, that there are historical transformations in people's needs and capacities, and that they differ along national-cultural lines. As feminist theorists have long pointed out, the reproduction of labor power outside the workplace is the unremunerated part of labor in capitalism. As cultural studies theorists have argued as well, class production occurs in numerous realms of social life. Our approach overlaps with that of Jason Moore (2015), especially his critique of the legacies of Cartesian dualism that privilege substance over relations and his emphasis on the importance of science, power, and culture as co-constitutive of what he calls "value's gravitational field" (2015, 54). We part ways from Moore, however, as he ends up accepting the substance of value as lying in socially necessary abstract labor. In contrast, we take a processual approach to production relations that treats them, as well as labor power, as contingent and historically formed.

Chapter 1. Negotiating Labor Power and Value

1 In keeping with the residential practices of the Italian entrepreneurs and managers we were studying, Yanagisako lived in what is called a "serviced apartment" while conducting research in Shanghai. These furnished apartments provide a range of amenities, including maid and concierge service, which make them especially convenient for foreigners who do not speak Chinese. Although they are located in several parts of the city, the one Yanagisako chose was in the French concession, one of the former colonial areas of the city, which is a favorite of many European and American businesspeople.

2 There is an obvious bias to our sample (in addition to self-selection bias affected by the firms that were willing to be studied)—namely, that our study includes more