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Politically directed accumulation in rural China: The making of the agrarian capitalist class and the new agrarian question of capital

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Abstract

We study the formation of the agrarian capitalist class in the pig farming sector in a Chinese county. We propose a new framework for analyzing the dynamics of accumulation and class formation in agriculture that focuses on the role of the state and public resources. In what we call “politically directed accumulation,” local states in China, driven by a political logic of maximizing fiscal resources and improving performance record, select actors who either have accumulated non-agrarian capital or possess political capital to serve as their agents (*political selection*) and then capitalize their farming operations by transferring to them public resources (*political capitalization*), creating a new agrarian capitalist class. The accumulation in this case happens largely *without* the dispossession of other agricultural producers but instead is assisted by the state's mobilization of public resources. This study advances the call for the renewal of the agrarian question of capital and proposes that the role of the state is now the most important factor in creating different paths of agrarian transition.

KEYWORDS

agrarian transition, capitalist agriculture, local state, pig farming, political capitalism

1 | INTRODUCTION: RENEWING THE AGRARIAN QUESTION OF CAPITAL

In this paper, we examine the role of the state in the making of the agrarian capitalist class (ACC) in China's pig farming sector. We argue that the making of the ACC and the formation of capital accumulation in agriculture are central issues for studying agrarian change in developing countries today. In doing so, we join the call for a renewal of the "agrarian question of capital" in the new context of global capitalism.

The agrarian question, in its "classic" sense, is the question of capital.¹ In the classic experiences of agrarian transition from feudalism to capitalism in Europe, the two most critical issues are, first, the discontinuation of the feudal landed class's regressive, predatory ways of extracting surplus and, in its place, the rise of capitalist relations of production in agriculture; and second, the enhanced accumulation thus formed in capitalist agriculture then becoming the primary source of capital for industrialization (Byres, 1986). Bernstein (1996, p. 25) summarized these two issues as, respectively, the "production problematic" and "accumulation problematic." The successful experiences of agrarian transition that took place in the developed economies of today—Europe, North America, and East Asia (Japan, Korea, and Taiwan)—therefore consisted of two interconnected processes: first, the rise of the capitalist classes of land, capital, and labour, as a result of the emergence of capitalist relations and forces of *production* within agriculture; and second, the formation of capital *accumulation* and then the mobilization of it for development outside agriculture. Put simply, the classic agrarian question is a question of capital because it is about creating *capitalists* (out of landlords and peasants) and creating *capital* (for development inside and outside agriculture).

After framing the classic agrarian question as a question of capital, Bernstein (2004, 2006) proposes a more provocative argument that, in this contemporary epoch of neoliberal globalization (since the 1970s), the agrarian question of capital has been superseded by the new agrarian question of labour.

Bernstein argues that by the late 20th century, the precapitalist, predatory landed property has been largely defeated worldwide, and with it, the precapitalist landlord class was either eliminated or transformed into capitalist farmers or landlords. This was the result of a series of turbulent social changes that included the "peasant wars of the twentieth century" (Wolf, 1969) and the various types of land reforms, led by a range of forces as diverse as the revolutionary parties in China and Vietnam, the occupying military authorities in Italy, Japan, South Korea, and Taiwan, and modernizing regimes motivated by developmentalism in countries like India and Egypt (Bernstein, 2006, p. 452). Furthermore, global capitalism has already been firmly established; for the developing countries integrated into the international division of capital and labour, the capitalist relations of production and reproduction no longer need to be created from scratch in agriculture as in the cases of the classic agrarian transition but have already permeated the economy (Bernstein, 2004, p. 200). The precapitalist agrarian class of labour—the peasantry—has been not only liberated from the predatory grip of the precapitalist landed class by the land reforms but also thrown into generalized commodity production and have differentiated into various capitalist classes of labour. In other words, both the unmaking of the predatory landed classes and the making of the classes of labour have been accomplished.

Subsequently, following the completion of land reforms, socialist countries like China and Vietnam and other newly independent countries alike pursued in various ways and with various degrees of success the development logic of creating capital accumulation through extracting agricultural surplus to finance industrialization. Even though many such attempts at national development have not successfully created sustained accumulation and industrialization, in the context of global capitalism today, at least capitalism in agriculture is no longer needed as the primary source of capital accumulation for industrialization. In an age when the non-agrarian and non-indigenous sources of capital have expanded greatly, the "accumulation problematic" of the classic agrarian question of mobilizing agrarian capital accumulation for industrialization has also become obsolete.

¹Bernstein (2004, 2006) is the most explicit in making such an interpretation. For some other explanations of the classic agrarian question, which more or less share this view, see Akram-Lodhi and Kay (2010), Byres (1986), Lerche (2013), and Oya (2013a).

As a result of these new developments in capitalism, Bernstein argues, in this new epoch of neoliberal globalization, when capitalism has firmly established its global dominance and an international division of labour, for developing countries, the more contentious and challenging historical project has become the absorption of various rural classes of labour into capitalism—hence the ascendance of the agrarian question of labour and the redundancy of the question of capital.

We do not dispute the increasing significance of the question of labour on a global scale. We, however, argue that, although the *transition to capitalism*—as the establishment of capitalist social relations of production—may have already been completed in most developing countries,² the classic agrarian question of the *transition to capitalist agriculture* remains unresolved on a national scale in many countries.

To put this in terms of the two “problematics” discussed above, there are at least two scenarios in which the agrarian question of capital remains crucial. First, in some countries, the “accumulation problematic” is still unresolved as they lack the access to sources of capital outside agriculture; the ambition of the nation state to launch capitalist industrialization therefore has to still rely on capital accumulation in agriculture.³ Second, even in countries like China that have had successful industrialization, the capitalist transformation of agriculture—the “production problematic”—had been historically incomplete and has now either been re-launched by the expansion of non-agrarian capital into agriculture or deepened by “from below” dynamics of peasant differentiation.

This challenge to Bernstein's argument and a call for the renewal of the agrarian question of capital has been most explicitly presented by Oya (2013a). Drawing on Byres' challenge of Bernstein's proposition and summarizing it as the “Bernstein-Byres debate,”⁴ Oya argues that the role of national capital in land acquisition for agricultural purposes, as can be seen in some cases of land grabbing in Africa, highlights the continued importance of the agrarian question of capital for understanding contemporary issues such as land grab. In this paper, through studying the Chinese experience of agrarian transition, we intend to further advance this renewal of the agrarian question of capital. We argue that in the Chinese case, while capital accumulation for industrialization is no longer an issue, the nation state, driven by a new political agenda of developing the countryside and modernizing agriculture, plays an even more forceful role than before in expanding capitalist relations of production, making the ACC, and creating capital accumulation *in* agriculture.

In Bernstein's defence, he has always argued that the agrarian question evolves as capitalism evolves. In fact, in describing how the agrarian question is “changing before our very eyes,” he has offered a set of theses regarding how the global capitalism of today can reshape the agrarian question of capital (Bernstein, 2004, p. 200). Some of the theses will be engaged in detail later, but Bernstein's central insight here is that every aspect of the agrarian political economy—from the national economy's position in the global division of labour to the character of all agrarian classes, the available sources of capital and opportunities of employment, and the intersectoral linkage between agriculture and industry—has changed from the classic era, so should the investigation of the question of capital.

Following this perspective, we propose that, to differentiate from the classic agrarian transition from feudalism to capitalism, we can think of the prolonged and challenged transition to capitalist agriculture from various types of precapitalist or noncapitalist social formations, which is still unfolding now in the developing world under globalization, as the *new agrarian transition*. Similarly, if the classic agrarian question of capital is about the transformation of the predatory feudal class of landed property into the ACC and the accumulation of agrarian capital to support industrialization, we can also think of the *new agrarian question of capital* in the contemporary context of globalization as (1) the creation of indigenous agrarian classes of capital from diverse social origins and (2) the formation of capital accumulation in agriculture from diverse paths. Following Bernstein, we can call these two issues,

²For an opposing view, see Carlson (2018).

³See Lavers (2012) for a study of how the national government in Ethiopia promoted commercialized agriculture to increase the foreign exchange earnings needed for industrialization. For a similar case of promoting capitalist agriculture as a part of the national economic development agenda in Rwanda, see Huggins (2014).

⁴See Byres (2016) for his own summary of this debate.

respectively, as the “class formation” problematic and the “capitalist agriculture” problematic of the new agrarian question. In sum, if the classic agrarian question is about “making capitalism from making agrarian capital and capitalists,” then the new agrarian question of capital is about “making (national) agrarian capitalists and capital under (global) capitalism.”

The new agrarian transition not only has different missions, but it is also unfolding in a different political economic context. The most significant differences are in the roles of the state and the sources of capital. First, today, the formation of the new indigenous ACC takes place in a social structure where the precapitalist landed class has largely vanished (Bernstein, 2004). The classic path of transition of “capitalism from above” (Byres, 1996) has become less relevant if not obsolete. Instead, it is often the state, to serve its various political agenda, that has assumed the role as the primary driver of the expansion of capitalist agriculture (Gong & Zhang, 2017; Huggins, 2014; Lavers, 2012). In contrast, in some countries, the remaining landed classes, who can still rely on precapitalist ways of surplus extraction, often pose an obstacle to agrarian transition (Carlson, 2018; Levien, 2011).

Second, the integration into the global circuit of capital and, in cases like China, the success in industrialization have greatly increased the sources of non-agrarian and non-indigenous capital available to agriculture in developing countries (Bernstein, 2004). If in the classic agrarian transition, the state played a central role in contributing agricultural surplus to industrialization (Bernstein, 2004; Byres, 1996), in the new agrarian transition, the state's role is more significant in directing non-agrarian and non-indigenous capital into creating capitalist agriculture. On one hand, the state can assist the expansion of global capital into the countryside, facilitating their accumulation by helping dispossessing the indigenous rural classes, as the literature on the global land rush shows (Borras & Franco, 2012). On the other hand, the state, which now has far greater fiscal ability to transfer surplus capital from non-agrarian sectors into agriculture, can turn this fiscal transfer into a key source of capital accumulation in agriculture, making dispossession less desirable or necessary.

In this paper, we investigate the two key issues of the new agrarian question of capital—who become the agrarian capitalists and how is capital accumulation formed in agriculture—in China's pig farming sector, where the two aspects discussed above are saliently present in the political-economic context. In the next section, after reviewing the literature on the ACC, we build on the existing studies of China's ACC and propose a new conceptual framework for understanding the role of the state in this process. In what we call “politically directed accumulation” (PDA), local states in China, driven by a political logic of maximizing fiscal resources and improving performance record, select actors who either have accumulated non-agrarian capital or possess political capital to serve as their agents (*political selection*) and then capitalize their farming enterprises by transferring to them public resources (*political capitalization*), thrusting them into the ranks of the ACC. The accumulation in this case happens largely *without* the dispossession of other agricultural producers. Instead, in a reversal of the development logic of fuelling industrialization with agricultural surplus that animated modernizing states during the post-war era, the Chinese state is now directing surplus capital from the urban and industrial sectors to assist capital accumulation in agriculture, in order to advance its national development project of “agricultural modernization.”

2 | THEORIZING THE ACC

The formation of an ACC was at the centre of the classical literature on agrarian transition. As mentioned earlier, the classic agrarian transition is essentially about the discontinuation of the feudal landed class's predatory surplus extraction and, subsequently, the rise of the new ACC and their new ways of capital accumulation—starting off with primitive accumulation, then, on the basis of that, expanded accumulation through labour exploitation. Although the struggles and resistance by the peasantry played a decisive role in shaping the paths of agrarian capitalist development, it was the bourgeoisie, as Marx and Engels (2002 [1848]) put it, that “has played a most revolutionary part” at this particular historical juncture.

In later elaborations of the agrarian question in the classic epoch, whether in Prussia, France, Russia, or the United States, agrarian scholars have used the social origin and political character of the new ACC as a key feature in differentiating the paths of agrarian transition across countries (Bernstein, 1996; Byres, 1986, 1996; Moore, 1993 [1966]). Which of the two main precapitalist rural classes—the landed class or the peasantry—became the main source of the ACC was the focal issue in these analysis. Lenin (1962) differentiated the Prussian path of “bourgeois agrarian revolution” as one where the feudal landlord class went through an internal metamorphosis to become the new capitalist class, whereas the American path as one where capitalist farmers emerged from the peasantry through social differentiation. Byres (1996) later called the Prussian, landlord-to-capitalist path “capitalism from above” and the American, peasants-to-capitalist path “capitalism from below.” He also expanded the comparative analysis to identify six different paths that included two Asian “paths” in Japan and South Korea/Taiwan, respectively, where the state played a critical role in extracting rural surplus and supporting industrialization.

The successful experiences in these classic cases of agrarian transition, however, have rarely been replicated by developing countries. Instead, despite the gains obtained during the green revolution in agriculture, growth in agricultural productivity under the more recent neoliberal globalization has stagnated and the development of capitalism in agriculture stalled in most developing countries (Carlson, 2018). As Byres (1995, p. 509) put it, there has been “the continued existence in the countryside of poor countries of substantive obstacles to an unleashing of the forces of generating economic development, both inside and outside agriculture.” With regard to the two problematics of the new agrarian question we proposed earlier, Byres (ibid.) found both “a failure of accumulation” and “a failure of class formation.”

In academic research, the interest in the ACC has also declined. The agricultural sector was either seen as continued to be dominated by noncapitalist forms of production such as semi-feudalism (Patnaik, 1986; Thorner, 1982), or, even when producers are integrated into capitalist markets, they are seen as petty commodity producers rather than agrarian (proto)-capitalists. The classic agrarian question as the question of capital now faces challenges from two perspectives (Lerche, 2013): one sees the struggles by the peasantry against the global corporate food regime over land and other associated rural resources as the dominant contradiction in developing countries (McMichael, 2008); the other, according to Bernstein (2004, 2006), argues that the agrarian question of capital has been superseded by that of labour regarding the labouring classes' struggles with and integration into capitalism. Neither view accords the growth of an indigenous ACC much significance or sees much possibility of that happening.

Gradually, researchers have turned away from the study of agrarian capitalism and capitalists in developing countries (Oya, 2007; Pincus, 2004). Instead, more attention is now paid to the two types of “land grabbing,” driven by the non-local and non-rural capital, respectively, and the struggles over land triggered by these between the rural classes of labour on one side and urban and transnational capital on the other: first, land grabbing by transnational capital for the production and export of food, feed, fuel, fibre, timber, and minerals (Borras & Franco, 2012) and second, land grabbing for urban development (Levien, 2011).

The rising prevalence and importance of these two types of land grabbing also indirectly supported the observation that capitalist development is lacking in agriculture in developing countries, as the classes of capital that are actively pursuing accumulation through these land grabs are either non-indigenous (transnational agribusiness) or non-agrarian (domestic urban developers), while the domestic ACC is conspicuously missing.⁵ Unlike the successful agrarian transition in the North, where the dispossession of the peasantry, brutal as it was, led to capitalist development in agriculture and then industrialization, in the developing countries today, the outcome of these land grabs is a capitalist transformation of the countryside *without an agrarian transition*, in terms of either making an ACC or creating capitalist agriculture. The capitalist accumulation that emerged from these land grabs often “has nothing to do with agriculture (Levien, 2011, p. 479).”

⁵For a critique of the land grabbing literature in Africa, which emphasizes the role of national capital in agriculture, see Oya (2013b).

Despite the turn to land grabbing and the struggles of the rural classes of labour, another strand of research in agrarian studies has continued to investigate agrarian capitalism and capitalists in developing countries. Broadly speaking, this line of research is undergirded by two understandings. First, capitalist relations of social production and reproduction as “generalised commodity production” in Bernstein’s words (2006, p. 454) have permeated the agricultural sector across the developing countries and are continuing to differentiate the agrarian population into capitalist farmers, petty commodity producers, and classes of labour. Second, despite the increasing dominance of the global corporate food regime, which has often created or exacerbated rural crises, agricultural growth is possible and has been achieved, especially in countries that have experienced rapid economic growth. Thanks to this, the transition to capitalist agriculture is still unfolding in these countries, and the formation of the ACC is progressing through various paths.⁶

The cross-country variations notwithstanding, three common findings appeared repeatedly in these studies. First, “capitalism from below,” in which smallholding producers rose to become labour-hiring and land-buying capitalist farmers through peasant differentiation, is the most common path to agrarian accumulation. However, due to the persistent inequalities in landownership and the existence of deep-lying social differentiation such as castes, many of the indigenous agrarian capitalists come from more privileged backgrounds: for example, throughout India, large landowners in Punjab (Lerche, 2015), rich peasants in Haryana and Uttar Pradesh (Byres, 1986), ex-landlords in Andhra Pradesh and West Bengal (Ramachandran, 2011), and, in Africa, former landlords and landed *marabouts* in Senegal (Oya, 2007).

Second, in addition to “capitalism from below,” there are also other paths to agrarian accumulation that created an ACC with more diverse social origins than its counterpart in the European and North American cases. The agrarian capitalists who come from non-agrarian background can include rural traders, urban merchants, civil servants, and migrant labourers (Lerche, 2015; Lutringer, 2010; Oya, 2007).

Last, the state plays a crucial role in shaping the dynamics of rural accumulation and the formation of the ACC (Lerche, 2015; Oya, 2007). This role, however, is often incoherent and sometimes contradictory. Oya’s (2007) study of rural capitalists in Senegal, for example, showed that, while state interventions at the macro level—in the form of investments, policies, ideologies, and institutional performances—often imposed constraints on agrarian capital accumulation, at the micro level, however, “rural capitalists disproportionately benefit from state interventions and connections (*ibid.*, p. 478).”

3 | THE ACC IN CHINA’S AGRARIAN TRANSITION

It is along this tradition that we investigate the dynamics of agrarian capital accumulation and the formation of the ACC in contemporary rural China. We define the ACC as those operators of agricultural production or services who have expanded in some way beyond household-based petty commodity production and thus shifted from simple to expanded reproduction. The expansion can come from hiring wage labour, acquiring land (either leasing or buying), or investing in capital assets. Following the scheme proposed in Zhang (2015), the ACC therefore includes both the labour-hiring “capitalist employers,” which further consist of “corporate farm owners/managers” and “entrepreneurial farmers,” and the petty-bourgeois “commercial farmers,” who may still rely solely on household labour but have expanded their scale through land acquisition or capital investment.

Several pioneering studies of agrarian capitalism in China provide the point of departure for this study (Huang et al., 2012; Yan & Chen, 2015; Zhang, 2015; Zhang & Donaldson, 2008, 2010). All of the three common themes listed earlier have also been found in these studies of agrarian capitalism in China but with important national idiosyncrasies. The unique historical background of the agrarian transition in China today has been discussed in detail

⁶This is no place for a comprehensive review, but briefly, for Africa, see Oya (2007); for India, see Lerche (2013, 2015) and Rutten (2003); for Vietnam, see Akram-Lodhi (2004); for Thailand, see Podhisita (2017).

elsewhere (Huang & Peng, 2007; Zhang & Donaldson, 2010); we will only highlight two points here. First, during the Mao era (1949–1978), China had carried out a “socialist agrarian transition” (Byres, 1986), which had eliminated the predatory landed class and extracted rural surplus to support state-led industrialization, more thoroughly and successfully than any other countries. Second, the current transition to capitalist agriculture, which started two decades after the market reform had begun in the late 1970s, took place in a thriving economy growing at a pace not seen in any other countries. All the idiosyncrasies discussed below are in some ways connected to these two backgrounds.

First, in China, the agrarian capitalists who rose through “accumulation from below” have more diverse social origins than their counterparts elsewhere. In the early stage of the reform, as the booming urban-industrial sectors had made nonfarm jobs more financially rewarding, the dominant groups of the Chinese rural population—the political elite and families with greater human capital—pursued nonfarm business and wage jobs, whereas the less privileged households stayed in agriculture (Zhang et al., 2004). Later on, as the pursuit of wage jobs became nearly universal for rural households, the less privileged agricultural households also diversified their livelihoods. The straddling across family farming and migratory wage jobs then allowed the urban wage incomes to be injected into capitalization of family farming, leading to a widespread and gradual scaling up and capitalization of petty commodity producers (Huang et al., 2012). In more recent years, however, studies have shown that there may still be a differentiation among those who accumulated “from below”—the larger capitalist producers, who emerged more recently, are more likely to come from privileged social positions and have leveraged those to acquire large amount of land (Yan & Chen, 2015; Zhang, 2015).

Second, like elsewhere, non-agrarian sources of capital from the outside have also created other paths to enter the ACC in China but with important differences. In China, the demographic shift from rural to urban areas and the rising affluence in cities soon led to rising demands both for higher-value agricultural products and for greater agricultural productivity (Huang & Peng, 2007). Agricultural production for the domestic market, unlike elsewhere, becomes a growth sector and a potential venue for capital accumulation. If in other developing countries, it is the non-indigenous source of capital from transnational agribusiness that played a far more important role than the domestic non-agrarian capital in developing export-oriented capitalist agriculture, the opposite is true in China: it is domestic non-agrarian capital from both corporations and individuals that has rushed into agriculture to meet domestic demands, while the presence of transnational capital has been limited (Schneider, 2017a). The most prominent actor here is the domestic “dragon head” agribusiness companies that have been extensively studied in the literature (Chen, 2019; Schneider, 2017a; Yan & Chen, 2015; Zhang & Donaldson, 2008).

Yan and Chen (2015, p. 371) called these incidents of “urban-industrial or commercial capital engaging in restructuring farming and modernizing agriculture” “capitalist dynamics from above.” Byres’ (1996) original use of the term “from above,” inspired by Lenin’s analysis of the Prussian experience, differentiated it with “from below” on the basis of the precapitalist social origin of the new ACC—landlords for “from above” and peasants for “from below.” Extending this term to the new agrarian transition in China, where the land reform and collectivization had eradicated the precapitalist landed classes, is inconsistent with how it was used in Byres’ works and other studies of rural capitalism (Oya, 2007) and causes confusion. We argue that these non-local and non-agrarian sources of capital and capitalists—both in China and in many other contemporary cases—are better described as “capitalism from *without*,” to be differentiated from the local initiatives for capital accumulation that emerged from “*within*” the agrarian classes, which include both that “from below” by petty commodity producers and “from above” by large landowners and other dominant classes.

Third, the crucial role that the state has played in shaping the dynamics of agrarian transition in China has also been widely noted (Gong & Zhang, 2017; Hu et al., 2017; Luo et al., 2017; Schneider, 2017a; Yan & Chen, 2015; Zhang, 2013, 2015). Compared with the lack of coherence in the state’s interventions in agriculture found in other cases, most studies have shown that, for the last two decades at least, the Chinese state has consistently pursued a policy agenda of “nurturing capitalism,” expressed in the idioms of supporting “agricultural modernization” (Zhang & Donaldson, 2008), “vertical integration” (Schneider, 2017a), and “new subjects of agriculture” (Hu et al., 2017; Yan &

Chen, 2015). The Chinese state is also far more resourceful and capable than its counterparts in other developing countries in implementing policies, financing projects, and inducing social changes.

Studies have also noted how the last two dynamics can become closely intertwined (Gong & Zhang, 2017; Yan & Chen, 2015). On one hand, the state increasingly uses the capitalist class as its agent for interventions in agriculture. On the other, as the Chinese state steadily increased public spending in rural areas and agricultural investment shifted from funding collective infrastructure to selective project-based funding, the direct infusion of state funding can become the primary source of capital accumulation for the rising ACC. This study builds on this literature and further develops the thesis of “politically assisted accumulation,” first proposed in Zhang (2015), to construct a theoretical model for understanding the state's role in making the ACC.

4 | POLITICALLY DIRECTED ACCUMULATION

As noted above, for the classic agrarian question, the key issue in understanding the new ACC is its precapitalist social origin. We contend that for the new agrarian question, in the contemporary context where the precapitalist classes have already been transformed, non-agrarian sources of capital have greatly expanded, and a mixture of paths of accumulation coexist, the typically diverse social origins of the ACC have become less informative for understanding the dynamics of capital accumulation and class formation. Instead, as the state is now playing a far more important role, in addition to the widely used differentiation of “from below,” “from above,” and “from without” (Lerche, 2013, 2015; Oya, 2007; Yan & Chen, 2015; Zhang, 2015), we can also theorize different paths of agrarian transition on the basis the role of the state and the relationship between the state and the ACC.⁷

In the studies of China's agrarian transition, Zhang (2015) made the first attempt in this direction and proposed “politically assisted accumulation” to describe how local states in China are “using political power and public resources to assist capitalist accumulation in agriculture (p. 348).” This concept, we argue, needs further development in two aspects.

First, the concept is incomplete in capturing the full extent of the state's role in the making of the ACC. Zhang (2015) identified three mechanisms of “politically assisted accumulation”: officeholding by invitation, turning cadres into entrepreneurs, and cashing in on political connection. The focus there is on who became the capitalist owners of farming enterprises, and the three primary origins of agrarian capitalists are, respectively, (1) owners of nonfarm enterprises, who are invited by the political authority to hold offices at the village level and establish and operate farming enterprises; (2) political cadres who are persuaded by their superiors to become entrepreneurs; and (3) individuals who have political capital and are sensitive enough to realize the opportunities of accumulation present in the agricultural sector.

All three are mechanisms used by the state in selecting the political agents, a process we call here *political selection*. After the selection of political agents, however, as we will show here, the state actually goes further and then capitalizes their operations through various forms of political transfer and assists their capital accumulation. We call this the *political capitalization*, a process not included in the “politically assisted accumulation” concept.

Second, “politically assisted accumulation” is too broad a term that includes other uses of political power in the accumulation process that are different from what we analyse here. If we go back to the dual aspects of capitalist accumulation discussed in slightly different ways by Karl Marx, Rosa Luxemburg, and David Harvey, among others, then aside from the “capitalist accumulation” (i.e., expanded reproduction) through the appropriation of surplus value produced by living labour, other forms of accumulation that are “based upon predation, fraud, and violence”—be it Marx's “primitive accumulation” or Harvey's “accumulation by dispossession” (ABD) (Harvey, 2003)—all involve the

⁷Iliffe (Iliffe, 1983, cited in Oya, 2007) offered an early example of constructing such a new analytical framework. He proposed a taxonomy of relationship between capitalists and politicians that consisted of the three types that could be summarized as “capitalism opposing,” “parasitic capitalism,” and “capitalism nurturing.” Iliffe's analysis was not restricted to just agrarian capitalists.

use of political power and the intervention of the state to various extents in creating the capital accumulation and can all be considered “politically assisted accumulation.”⁸

We propose here that in the formation of the ACC in developing countries today, there is a distinctive mechanism of accumulation, as a subset of “politically assisted accumulation” and different from ABD, which we call “politically *directed* accumulation.” While in both cases, capital accumulation is created through political processes, different kinds of politics are involved in PDA and ABD. First, if we follow Levien (2011, p. 457), who treated ABD as “a decidedly political process” through which the state’s political power is used to prepare conditions for capital accumulation through coercive dispossession, and differentiate ABD from “expanded reproduction” by the “use of extra-economic coercion,” then what makes PDA distinctive from ABD is that it does not *rely* on the use of extra-economic coercion, and the capital accumulation does not come from dispossession, at least primarily.

Second, the impact on agrarian transition (i.e., capitalist agriculture and class formation) is different. As mentioned earlier, land grabbing and other similar processes of ABD, driven by either the transnational capital’s expansion in export-oriented agriculture or by domestic urban capital’s demand for land, are typically not related with the growth of the domestic ACC or capitalist agriculture. PDA, in contrast, is a project of making a new ACC and, in our case here, one that expands capitalist agriculture.⁹ In PDA, the state contributes to the formation of the ACC in two ways: first, it selects certain social actors, who may not be capitalist agricultural producers yet, to receive favourable treatments, which we call political selection¹⁰; and second, rather than dispossessing other direct producers to assist accumulation, the state provides public funds or resources to the selected recipients to capitalize their operations and launch them into the ranks of the ACC, a process we call political capitalization.

The two key differences between ABD and PDA are therefore, first, in the relationship between the state and the capitalist class: in PDA, the state is the primary actor, whereas the ACC may not even be in existence yet and is being made by the state; and second, in PDA, the accumulation does not—at least not primarily—come from dispossession but rather from the state’s transfer of public resources. The detailed forms of such transfer will be elaborated later, but some examples include land grants, bank loans that are later forgiven, financial subsidies and grants, and subsidized inputs and price support.

In the next section, we will use the pig-farming sector in China to illustrate in detail how PDA works. But before that, we want to note that similar observations about the role of public funding in rural accumulation have been made in studies in other settings. Pattenden’s (2011) study of “gatekeeping as accumulation” in Karnataka documents how dominant-class gatekeepers, who are mostly capitalist farmers, channelled the public resources supplied under various government developmental schemes—a result of the state’s greatly increased rural development spending—into private accumulation.

Despite the obvious differences with our Chinese case, we can still find both political selection and political capitalization in the Karnataka case to conceptualize it as a version of the PDA. In Karnataka, a dominant class of capitalist farmers is already well in place and effectively controls the state apparatuses at the district, subdistrict, and *gram panchayat* (village) levels; the political selection of recipients for public funding becomes a self-selection by the dominant class. The political capitalization that comes from the illegal appropriation of public funds, although often devoted to non-productive spending for reproducing social status and political domination, can also contribute to investment in fixed assets and the intensification of agricultural capitalization (ibid, p. 182).

Lutringer’s (2010) study of “subsidized capitalists” in western Uttar Pradesh provides another case of PDA. There, small capitalist farmers—mostly Jats—gained political eligibility for subsidies and other favourable state supports through mobilizing under the organization by the *Bharatiya Kisan Union* (BKU); the political capitalization

⁸Expanded reproduction of course also involves politics, requiring the state to at least protect private property and manage class struggle; the difference is that, in that case, the state is not directly involved in the labouring process that expands capital accumulation.

⁹For another case of a state-directed project of making a new capitalist class, see Eyal, Szelenyi, & Townsley (1998)’s study of the post-communist transition in Central Europe.

¹⁰Although political selection is made by the state, it can also be a result of social actors’ gaining political eligibility through social mobilization and other forms of political participation, which, in turn, determines how the state’s selection is made.

that comes in the form of input subsidies, higher procurement prices, and subsidized credit was found to be crucial in “preserving this faction of informal capitalism” (ibid, p. 513).

In Africa, Lavers (2012) has described the agrarian transformation in Ethiopia as “state-mediated commercialization” in which the state not only directed foreign investment into large-scale, capitalist farms but also provided tax breaks and exemption of land use fees to assist their accumulation. The national government, Lavers’s study concludes, “is enabling the creation of a class of large landholders (ibid, p. 816).” In Rwanda, studies have also shown that, since 2007, the state has consistently promoted foreign and domestic investment into agriculture to expand larger-scale capitalist operations and has assisted their accumulation with brokered land consolidation (Harrison, 2016; Huggins, 2014). In the two African cases, however, the dynamics in the political selection process is less known.

5 | PRODUCING PORK, MAKING CAPITALISTS: PDA IN PRACTICE

At the start of the new century, the confluence of three changes—massive exodus of rural labour to urban wage jobs, declining fertility rate, and urban dietary shift towards increased consumption of meat—helped spur the transition towards capitalist agriculture in rural China (Huang & Peng, 2007; Zhang & Donaldson, 2008). Around the same time, the central state also began to restructure its relationship with the rural society and agricultural sector. A series of fiscal reforms culminated in the abolition of all agricultural taxes in 2006, which was also accompanied by a major reduction of grassroots bureaucracies (Smith, 2010). Besides ending the taxation of agriculture, the central government further reversed the fiscal flow by steadily increasing public expenditure in rural areas through building a comprehensive social safety net and funding a wide range of developmental programmes (Fan et al., 2018). In an economy where agriculture contributes to only 7.5% of the national gross domestic product (GDP), but rural employment (including nonagricultural) still accounts for 44% of total employment (National Bureau of Statistics [NBS], 2019), the Chinese central government’s political priorities in rural areas have changed from extracting surplus for industrialization to enhancing social welfare and ensuring food security and safety, hence the increasing public spending in social welfare provision and rural developmental programmes.

China’s pork sector is where the growth of capitalist agriculture and the visible hand of the state in directing agrarian change can be most clearly observed (Schneider, 2017a). The pork sector had started to grow rapidly since the market reform began in the late 1970s, as the cultural preference for it as the national food made it particularly responsive to rising consumer income. Before long, China has become the global leader in pork production and consumption (ibid.). Furthermore, because pig farming is more capital- and technology-intensive, it enjoys a greater degree of economy of scale and is more conducive to the expansion of capital. Thus, the pork sector is probably where the shift from household-based petty commodity production to capitalized, expanded production relying on industrial inputs and wage labour has progressed the most in China.

Over a 13-year period from 1998 to 2011, the share of household producers’ stock in the national swineherd has declined by more than half from 76.8% to 33.2%. The number of household pig farmers has declined even faster, from 80 million to 46.8 million in just 7 years (2007–2014) (Animal Husbandry Yearbook, 2007–2015). At the same time, the number of large-scale producers¹¹ has more than tripled, from 65,744 to 262,655, over an 8-year period (2006–2014), and by 2014, there are 4,572 producers who had achieved a scale of 10,000-head annual output (ibid.).

The active intervention by the local states played a key role in this speedy growth of capitalist pig farming. It may appear peculiar that a state led by the Communist Party is so committed to growing capitalist agriculture and making an ACC. What drives the local states, however, is not any kind of ideological commitment or historical

¹¹Throughout this article, unless otherwise specified, “large-scale” or “scaled-up” producers are those with annual production volume greater than 500 head.

mission but rather pragmatic political calculations that need to be understood in the political-economic context of local China today.

After the fiscal re-centralization and administrative downsizing that went together with the tax reform in the early 2000s, local states at the county and township levels in rural China became highly dependent on central fiscal transfers. Besides gaining a tighter control of local states' purse strings, the central government has also subjected local officials to tighter scrutiny under the increasingly more elaborate and stringent cadre evaluation system so that local officials will dance more closely to the tunes set by central policy goals (Heberer & Trappel, 2013). Furthermore, the central fiscal transfer for developmental programmes—now the main fiscal blood line for local states—increasingly comes in the form of ear-marked project funds, which are typically allocated across localities in a competitive manner.¹²

For local states in predominantly agricultural regions, however, their policy-implementation capacity has been so weakened by the administrative downsizing to the extent of becoming “administrative shells” (Smith, 2010). To maximize their receipt of project funds, local states have to cultivate a new type of “policy agents,” who not only can win competitive project funds but also can help deliver tangible policy outcomes as well as collude with them in sharing the spoils (Gong & Zhang, 2017). The solution, almost invariably across localities, is creating what is known as “new subjects of agriculture”—capitalist producers.

5.1 | Pig farming in a south-western county

Our field research was conducted in Mountain County, in south-western China's Sichuan Province.¹³ The second author stayed in the field site over two extended periods of time, from April to June in 2015 and March to August in 2016. Data were collected using three methods: interviews, participant observation, and archival research. Interviews were conducted with all stakeholders in the pig-farming sector, including government officials in related departments (agriculture, environmental protection, and livestock industry), employees in agribusiness companies, business owners, individual farmers involved in pig farming in various ways (contract farming, independent petty commodity production, and former pig farmers), and various service providers (bank employees, veterinarians, inputs salespersons, breeders, and slaughters). Participant observation was done in two settings: first, the second author spent 15 days living and working together with workers in a large-scale pig farm run by an agribusiness company (the Highland Company); second, she also regularly visited a teahouse where business people in the pork sector socialized and exchanged information. Finally, statistical data and policy documents from local sources were also collected.

Mountain County, located in a hilly region in Sichuan Province, is an agricultural region with a low level of industrial development. Lack of local industrial jobs has made the county a major labour exporter: according to the 2010 census data, of the county's 1.6 million registered population, nearly 30% (460,000) live and work outside the county. Pork and rice are the county's two top agricultural products. Among all provinces in China, Sichuan is the largest pork producer; within Sichuan, Mountain County has always been one of the largest pork-producing counties. The County has consistently won national-level titles such as “Top Ten Meat Producing County,” “Big Pork Exporter,” “Commercial Pork Production Base,” and “Lean Pork Production Base.”

In the last two decades, pig farming in Mountain County has experienced the same transition from the traditional household-based, backyard model to the capitalized, scaled-up, and concentrated feedlot model. Before 2003, the county's swineherd had been entirely raised in the backyards of rural households, with each typically raising just two to five pigs at a time. The participation of rural households in pig farming had been nearly universal, while no producer had an annual volume greater than 50 head. But by 2015, the shift of rural labour from household

¹²This practice, known as the “project system” (*xiangmu zhi*), has been extensively studied in the Chinese-language literature; see, for example, Qu (2012).

¹³All names of places and companies in Sichuan and personal names in this article are pseudonyms.

farming into migratory wage jobs and a series of state interventions have caused a sea change: 63% of the county's pigs are now raised by scaled-up producers, while small household producers' share has declined to 37%.¹⁴

The official statistics only looked at the scale of operation, but not relations of production, which is our analytical focus. Here, using the latter, we can divide pig farmers in Mountain County—actually all across China as well—into four groups: the traditional backyard farmers, the specialized, “big-household” (*dahu*) producers on an expanded scale (which are further divided into “commercial farmers” and “entrepreneurial farmers,” as explained below), and large-scale corporatized pig farms.¹⁵

Backyard farmers are a dying breed in Mountain County today. Take Hamlet No. 5 in Phoenix Village for example, a typical case in the county. In 2000, all 32 households raised pigs and had a total annual output over 100 head; in May 2015, only three households were raising a total of five pigs in their backyards. The entire village, consisting of 10 hamlets, had an annual output of just 200 head in 2013.

The big-household producers are the most diversified lot. The scale of their family farms can vary from just 50 head to nearly 10,000 head per year.¹⁶ What they have in common and distinguishes them from the backyard farmers is that they have specialized in the commercial production of live pigs, using all kinds of commercial inputs such as feeds and breed, and have expanded the production through either hiring labour, acquiring land, or making capital investment. The smaller ones are still just non-labour-hiring, petty-commodity producers but have invested in automated feeding systems and even leased in land to build new pigsties. We have seen farms entirely run by husband-wife teams reaching a scale of 500 head per year. The bigger producers, on the other hand, are truly capitalist employers who hire full-time employees year round, including technical and managerial staff. To use the scheme proposed by Zhang and Donaldson (2008, 2010), we call these two types of scaled-up family farms, respectively, commercial farms and entrepreneurial farms.

Their scale, however, still pales in comparison with large corporate farms set up by agribusiness companies or wealthy individual business owner-investors. Besides scale, another key difference between the capitalist family farms and the corporate farms is the separation of households and enterprises. These corporate farms are run by professional managers, while the owners are not involved in the operation, and are registered as legal persons, detached from the owners' families.

The number of large producers has fluctuated over the years due to both market fluctuations and changes in government policies. The peak was during 2010–2012, when there were three corporate farms with 20,000-head annual output and 172 big-household family farms with annual output greater than 500 head each. But after 4 years of market downturn, in mid-2016, only 52 family farms had a scale above 500 head a year, but the number of corporate farms has increased to four.¹⁷

The change to the county government's fiscal situation brought by the tax and fee reform in the early 2000s was even more dramatic. Before that, various taxes and fees collected from the pig farming sector were a pillar of the county's fiscal foundation. For every head of pig, these taxes and fees, including livestock tax, slaughter tax, quarantine tax, and miscellaneous fees, added up to over 60 yuan.¹⁸ In the late 1990s, Mountain County exported over a million heads of pigs each year—all raised in backyard farms—and the taxes collected from these, according to a retired official at a township's Livestock Office we interviewed, accounted for 40% of all agricultural tax revenue of the county. The county government, understandably, was very supportive of backyard pig farmers.

All these tax revenues disappeared with the abolition of agricultural taxes in 2006. To compensate this, the central government started to implement massive fiscal transfers to local governments, mainly through a wide range of developmental or regulatory “projects” (*xiangmu*) or “earmarked funds” (*zhuanxiang*). For the pig farming sector, the central government took a two-pronged approach: strengthening regulation to improve food safety and boosting

¹⁴All data about Mountain County were obtained from the county government's statistics and internal documents.

¹⁵Schneider (2017b) used a similar categorization and called the three types backyard farms, specialized household pig farms, and commercial farms.

¹⁶They are at least family owned and family managed but not always family worked.

¹⁷The county's total annual output has also declined 24% from 2.1 million heads in 2010 to 1.6 million in 2015.

¹⁸One yuan is roughly US\$0.15.

production to increase food security. To the central policy makers, the most effective way for achieving the two policy goals is through large-scale, industrial feedlots, which are expected to have high quality standards, traceability, and productivity (Schneider, 2017b). Thus, the funds released to local governments directed them towards developing this type of producers.

In 2007, the central government issued a national policy directive outlining the policy goals and the matching financial supports.¹⁹ In that year alone, a total of 7 billion yuan of funds was released from the central coffer to local governments for investment and subsidies in pig farming. The long list of funded projects includes a subsidy of 2.3 billion yuan (including contribution from provincial governments) for 46.5 million heads of breeding sows, a 180 million yuan subsidy to breeders who adopted artificial insemination technology using commercial thoroughbred semen, 2.5-billion-yuan funds for the construction of standardized, large-scale feedlots, and a 1.5-billion-yuan fiscal reward to 253 pork-producing counties, which included Mountain County (Animal Husbandry Yearbook, 2008).

In 2007, Mountain County was among the first to be awarded the national-level title of “Big Exporter of Live Pigs” and a bundle of centrally funded projects, including those for standardized feedlots, breeding sows, and pig-farming insurance. From 2007 onwards, if the County manages to keep an annual output above two million heads, it can then retain the “Big Exporter” title and, in addition to various funded projects, receive a fiscal reward from the central government, which, in 2012, amounted to 14.4 million yuan. The incomplete data we managed to gain access to indicate that between 2007 and 2016, the County has received over 170 million yuan of fiscal transfer from the central and provincial governments related to pig farming.

For Mountain County, this reversal of fiscal flow from taxation “from below” to transfer “from above” totally changed its political logic of operation and relationship with different types of pig farmers. Backyard farmers have become all but fiscally irrelevant—they pay no tax and are too small and too technologically “backward” to qualify for any central funding. In contrast, the two types of capitalist farmers became the indispensable vehicles for receiving central fiscal transfer.

The rationale behind local governments' reliance on large-scale, capitalized producers as their policy agents for receiving central funding and delivering policy outcomes has been discussed in detail elsewhere (Gong & Zhang, 2017). Briefly, there are three main reasons. First, almost all central funds have a scale and technology bias that basically excludes backyard and small-scale farmers. Second, local officials' political career largely depends on their success in attracting investment and growing the local GDP, and for an inland, agricultural county like Mountain, the most likely source of external capital investment is agribusiness companies looking for sites to operate large-scale pig farms, which can also possibly bring in related processing industries. Third, another important “performance record” for local officials is to successfully “build a model” (*shudian*) of policy implementation, so that they will be politically rewarded for fulfilling upper-level governments' policy goals. These “models” of policy implementation almost invariably require some successful enterprise that has either adopted advanced technology, achieved a high level of productivity, or helped lifting rural households out of poverty.

It is in this political-economic context that the local states in China become committed to developing capitalist agriculture and making and expanding the ACC through PDA.

5.2 | Political selection

In Mountain County, we found the same three mechanisms through which capitalist producers—real or aspiring—become the local states' “policy agents” and recipients of political patronage, as documented in Zhang (2015): office-holding by invitation, turning cadres into entrepreneurs, and cashing in on political connections.

¹⁹The State Council, “The Directive on Nurturing the Development of Live Pig Production and Stabilizing Market Supply,” July 30, 2007 (http://www.gov.cn/gongbao/content/2007/content_728232.htm).

“Office-holding by invitation” was a practice more prevalent in the more developed coastal regions of China, where local governments invited successful business people to take the often thankless position of village leaders, in the hope that they would then use their resources to lead the villages to economic development. We think this is actually a specific type of a broader process that we call “collusion by invitation”: local states invite private capital into a collusive partnership in which the private capital becomes the local states’ policy agents in exchange for both access to resources and a share of the spoils.

All across China, when investors respond to local governments’ schemes of “courting investors and attracting investment” (*zhaoshang yingzi*) and take up deals sweetened with tax rebates, subsidies and land transfers, “collusion by invitation” often happens. In the case of Mountain County, the three large corporate farms mentioned earlier were all set up by outside investors after 2006. The Apex Company was a dragon head agribusiness firm based in the neighbouring province that operates large-scale feedlots across multiple sites. As a target of the county government’s “attracting investment” campaign, the company set up a new feedlot in Mountain County in 2012 on a 16-ha site acquired from a previous operator. The Highland Company was created in 2006 by a local businessman who made his fortune in real estate development. With the help of the county government—more details later—the company quickly rose to a scale of 30,000 heads per year, the largest in the county, and became a provincial level “dragon head” enterprise. Its high-tech feedlot was certified as a “National-level Model Feedlot,” giving the county government a much coveted “model” case. The smallest of the three, the Ridge Company, was also a product of the county’s “attracting investment” campaign and was invested in 2007 by a businessman, a native of Mountain County, who ran a construction materials company in the provincial capital.

Besides the three corporate farms, at various points, there were about five to eight largest entrepreneurial pig farmers, who have reached a scale of over 5,000 head per year. Rather than accumulating from below, these entrepreneurial farmers were also “invited” and enticed by county and township governments into pig farming. What local states see in them is the capital they have accumulated elsewhere, which, when invested into pig farming, not only counts as realized inbound investment in local officials’ performance record but also builds farms that can quickly reach the size and technological sophistication that qualifies for central funding. In return, local governments offered them all kinds of support—detailed in the next section—to help them quickly scale-up their production.

Most of these investors had no prior experience in pig farming and only ventured into it because of the financial incentives given to them and the active courting by the county government. All of them started with their own capital accumulated in industrial and commercial sectors but quickly expanded their accumulation with the infusion of capital from the local states.²⁰ It is no exaggeration that the top echelon of the ACC in the county’s pig farming sector was created by the county government.

The second mechanism of political selection, “turning cadres into entrepreneurs,” is useful for local states when they are implementing an unpopular policy and have to lean on their own employees to advance that (Gong & Zhang, 2017). Although this is not the situation here, we did find one such case.

Mrs. Chen was the Party Secretary of a village in the White Cloud Township. In 2002, while her husband was still running a factory in the county seat, she returned to the village to resume family farming—growing fruits and keeping 10 sows to produce pigs—and became the village Party Secretary. In 2007, when the county government began to push for large-scale pig farming to win central funding, they came to her. The Township had traditionally been a leading pig producer in the county and was selected by the county government to pioneer the transition to large-scale industrial pig farming. That required some exemplar “models” (*dianxing*) to lead the way. Mrs. Chen was the perfect candidate: she had the capital from the family business, the experience in pig farming, and the status as a Party cadre, which made her more responsive to the government’s pressure. Mrs. Chen was initially reluctant, as she did not think large-scale pig farming was a better venture than the family business they already had. Eventually, she caved in after superiors from both the county and township governments paid her multiple visits, and the general

²⁰See Chen (2019), Gong and Zhang (2017), and Yan and Chen (2015) for similar cases of “capitalism from without.”

manager from the county branch of the Agricultural Bank of China proffered a five-million-yuan loan. She built a new 2-ha feedlot in 2007 and, with the capital infusion from the government, quickly expanded to a scale of hiring 14 full-time workers and producing 5,000 pigs per year.

Besides local states actively selecting agents, societal actors, when seeing the benefits of becoming the states' policy agents, can also push their way into the selection. This, however, is only possible for those who have the political capital to open the doors. Mr. Ran is such a shrewd and well-connected businessman. His father owns a food-processing company and a large stock of commercial retail space in multiple counties. Mr. Ran leveraged on his father's connections with local governments to start a construction business, which depended mainly on government contracts. As his company was constantly chasing local governments for payments in arrears, he became keenly aware of the fiscal challenges they faced and the increasing earmarked funds that became available for scaled-up pig farming. In 2008, with no prior experience, he decided to plunge into pig farming. Using his own capital, he built feedlots on a 0.6-ha site and leased in 6 ha of surrounding farmland to discharge and process waste. He set up a pig-farming cooperative, but like most cooperatives in China (Hu et al., 2017), it had no real members and existed solely for the purpose of receiving government subsidies. Thanks to his connections with the local governments, his farm soon received a series of funded projects, including subsidies for building pigsties and biogas tanks, upgrading to standardized feedlots, and inclusion into the county's "Food Basket Project" (*cailanzi gongcheng*). In his estimate, the total amount of subsidies he received was over 4 million yuan, more than his own capital investment. His farm soon reached a scale of hiring seven workers, keeping 200 breeding sows and producing over 4,000 pigs a year.

The entry of non-agrarian capital into agriculture—known in China as "capital going to the countryside" (*ziben xiaxiang*)—has been widely noted before. The analysis of political selection here adds to our understanding of how this flow can be initiated, directed, and engineered by the state. In our case here, except for the Apex Company, all the other entrants had not been in capitalist agriculture before and only entered because the local states needed capitalist producers there.²¹

5.3 | Political capitalization

Besides directing the entry of non-agrarian capital and capitalists into agriculture, local states in China also transfer public resources to the capitalist producers to assist their accumulation. We discuss here the three main channels through which this is done in Mountain County: direct financial grants, brokered land transfers, and provision of bank loans.

Financial grants are the most direct form of capital injection, and the two main types of financial grants are project funds and subsidy payments. As mentioned earlier, Mountain County received two types of fiscal transfers from the central governments: funded projects (*xiangmu*) and earmarked funds (*zhuanxiang*). The former included three centrally funded major projects—for standardized model feedlots, breeding sows, and pig farming insurance, respectively. The County government can directly dispense these funds to qualified producers for those specified uses. The county, as a national level "Big Exporter," also received a fiscal reward (14.4 million yuan for 2012, for example) that was earmarked for supporting pig farming. The county had more discretion in using these funds, and it diced up the funds into a host of subsidies targeting scaled-up producers. Table 1 summarizes the various types of financial grants that the county government dispensed from 2007 to 2016. This is only an incomplete list based on data we collated from various sources. Other subsidies include those for breeding boars (1,500 yuan per head), birthing and nursing pens (1,500 yuan each), vaccines, and waste-disposal facilities.

²¹See Gong and Zhang (2017) and Chen (2019) for a similar case where non-agrarian capital entered rice farming because the local state wanted large-scale producers in rice farming.

TABLE 1 Selected financial grants dispensed by the county government, 2007–2016

Duration	Project title	Unit quantum	Total expenditure (yuan)	Eligibility
Centrally funded projects				
2011–2014	Breeding sows	200 yuan/head	>20 million	All breeders
2007–2014	Pig farming insurance	60 yuan/head	>20 million	All pig farmers
2012–2014	Standardized feedlot construction	250,000 yuan	>6 million	Annual output above 500 heads
Subsidies from earmarked funds				
2007–2014	Pigsty construction	100 yuan/m ²	>50 million	Annual output above 50 heads
2007–2014	Biogas tank construction	200 yuan/m ³	>20 million	Same as above
2007–2014	“Food Basket Project”	250,000–500,000 yuan	>10 million	Annual output above 500 heads
2012–2014	Large-scale biogas tank construction	1.8 million	10.8 million	Same as above
2015–2016	Poverty alleviation through animal husbandry	200,000 yuan	2 million	Same as above

Sources: Interviews with local government officials and documents obtained from them.

These subsidies can significantly reduce a producer's capital outlay. For example, the subsidy for constructing biogas tanks, 200 yuan/m³, is 40% of the total cost, and that for building pigsties, 100 yuan/m², is half of the total cost. According to the estimate by an engineer from the county's Livestock Department, the financial grants from the government can account for 40% of the total cost of building a new feedlot. However, these benefits are reserved for the selected few. The obvious reason is that many of the subsidies were scale-dependent, as shown in Table 1, only available to the 172 or so large-scale producers whose annual output was above 500 heads. Even the subsidy purported for poverty alleviation was only really available to these capitalist producers. But there was also an invisible barrier to those without prior capital accumulation: a producer must pay for all the expenses with his own funds first and would only receive the financial grants after passing the government's inspection.

The largest corporate farms were the biggest beneficiaries of the government's financial largess. Table 2 summarizes the financial grants that Apex and Highland received over the years. Besides piling multiple projects over multiple years on the same companies, the county government used two additional approaches to concentrate more resources in these two “star companies” for the purpose of creating two models that can showcase its achievements. First, it used funds allocated for broader agricultural modernization projects to selectively support pig farming but at the expense of other agricultural sectors. Second, it also moved funds from projects not even related to agriculture to support these companies. For example, Highland was awarded a project of road construction, which was part of a larger rural infrastructure project. This strategy worked as it intended. The two companies quickly expanded to massive scales and became leading producers province-wide. They hosted visitations from both municipal- and provincial-level officials and were highly praised as the county's performance record.

To put in perspective the importance of these financial grants to the companies' accumulation, take Highland for example: its general manager estimated that the initial investment to set up the feedlot was around 13 million yuan, which included 1 million for the annual land rent, paid upfront, 4.5 million for constructing feeding and waste disposal facilities, 1.7 million for the automated feeding system, and 5.4 million for buying 1,200 breeding sows. Once production started, the monthly expenses for feeds, wages, and other consumable items were about 600,000 yuan. Without the financial support, the company would not be able to scale up so rapidly or maintain the cash flow.

Large-scale pig farms need large tracts of land, and it is well known in studies of rural China that the local government's brokerage is indispensable for external investors to gain access to large tracts of land

TABLE 2 Financial grants received by two agribusiness companies

Year	Title	Total quantum (yuan)	Issuing agency
The Highland Company			
2008–2009	Subsidy for pigsties	1.1 million	Livestock Dept.
	Subsidy for breeding sows	200,000	Livestock Dept.
	Subsidy for biogas tanks	3.3 million	Livestock Dept.
2010	“Food Basket Project” funds	900,000	Livestock Dept.
2011	Project funds for expanding standardized feedlots	250,000	Livestock Dept.
	Project funds for internal road construction	200,000	Rural Energy Office
2012	Project funds for large-scale biogas tanks	1.8 million	Rural Energy Office
2013	Project funds for waste management	290,000	Environmental Protection Dept.
2014	Subsidy for vaccines	130,000	Livestock Dept.
Total		8.17 million	
The Apex Company			
2010	Project funds for expanding standardized feedlots	250,000	Livestock Dept.
2013–2014	Project funds for standardized operation	2.4 million	Livestock Dept.
2014	Project funds for large-scale biogas tanks	1.8 million	Rural Energy Office
	Project funds for poverty alleviation through animal husbandry	200,000	Poverty Alleviation Office
2015	“Food Basket Project” funds	500,000	Livestock Dept.
2016	Project funds for waste management system	3 million	Finance Dept.
Total		8.15 million	

Sources: For Highland, interviews with the general manager; for Apex, interviews with the manager of the Sales Department.

(Andreas et al., 2020; Gong & Zhang, 2017; Luo et al., 2017; Yan & Chen, 2015; Zhan, 2015).²² Most agricultural land in rural China has been allocated to individual rural households as a membership entitlement on 30-year contracts. Anyone can rent land directly from rural households, as long as it is for agricultural use. But because rural households' allocated land is typically divided into noncontiguous, smaller plots, for producers who need large tracts of contiguous land, the process of negotiating with a large number of households over the leasing of an even larger number of land parcels of heterogeneous qualities can be extremely difficult, and a few holdouts can ruin the whole deal. Thus, in most cases, external investors would not come in unless the local government is committed to consolidating large tracts of land ready to be transferred.

The crucial role played by local governments in brokering land deals is also observed here. Again, take the Highland Company for example. The company needed around 7 ha of land to build the feedlot but an additional 50 some ha to operate a lemon orchard, primarily as a waste-discharging site. (Apex's 6-ha feedlot was similarly surrounded by a 40-ha lemon orchard.) The county government selected Misty Village in Green Peak Township as the site for Highland's feedlot. The village has a population of 1,347 residents in 358 households, with a total

²²Pig farming is more capital-intensive and less land-dependent than many other agricultural sectors, where the growth of capitalist agriculture will require more land consolidation. Even though not all land transfers entail land dispossession, it is likely that dispossession or at least displacement of small farmers will be a more significant issue in those sectors. We are not suggesting that PDA is necessarily free of land dispossession but arguing that the primary source of capital accumulation comes from public resources.

agricultural land of 68 ha. To create a 61-ha site to house Highland's feedlot and lemon orchard required transferring 90% of the village's land, involving nearly every single household. Only the village and township officials could pull that off. Mr. Jia, the village head and the de facto chief land broker, recounted the experience:

The boss at Highland was not from Green Peak and has no connection with the village. We at the village and township had to do the heavy lifting in land transfer, in working the villagers. When talking to the villagers, we first showed them the “economic balance sheet,” so to speak: how much money you get from farming the land, and after deducting the cost of all the inputs, how that compares with the rental income. Most were not getting much out of farming anyhow, so they got the point easily. Some were unwilling at first—the elderly and those who were farming more land. In those cases, we then needed to pull some strings, use our personal connections, asking them to help us out. As rural cadres, we carry some weight in the village, and villagers generally would give us face (mianzi), because there will always be occasions when they need favour from us. After a round of working, 95% of the households agreed to transfer their land. There were still a few hold-outs. We then got them odd jobs at Highland's lemon orchard. They could earn an extra thousand or so each month, far better than farming their own land.

With this brokering by the grassroots officials, within a month, the land transfer for Highland was completed, and construction began. The Highland Company's experience is representative of all large-scale producers in Mountain County. Although there was no direct injection of capital here, the local states performed an indispensable service for capital accumulation in making available a key condition of production—land.

Last, local states can also mobilize financial resources in the state-owned banks to assist the capitalist producers' accumulation. Mrs. Chen of White Cloud Township, as mentioned earlier, was persuaded by the local governments to venture into large-scale pig farming in part because of the 5-million-yuan loan from the Agricultural Bank's county branch. The Agricultural Bank, one of the four largest state-owned commercial banks in the country, was tasked by the central government to provide financial support to farmers' cooperatives, a central policy initiative. The county government therefore helped large producers to register their operations as cooperatives and then packaged these to get loans from the Agricultural Bank. Mrs. Chen, wary of the risk and repayment burdens associated with loans, only took out a 2-million-yuan loan in 2007, granted by the Agricultural Bank for assisting the development of her cooperative; she used most of the money to buy breeding sows to expand her production. However, by mid-2016, she had not made any interest repayment and seemed to have no intention to do so.

Her case was not an exception. According to a manager we interviewed at the Agricultural Bank, between 2007 and 2010, the bank issued loans in the order of tens of millions of yuan to about 50 pig-farming cooperatives, each loan at least a million. But the repayment rate had been miserably low, as most recipients, like Mrs. Chen, did not make any payment. In a desperate measure, in 2015, the bank filed lawsuits against some of the recipients in the county court; but the defendants did not even bother to show up, probably knowing that the court would not take any forceful actions. The bank tried to ask the county government, who had brokered the loans, to intervene but to no avail. In the end, it had all but given up and had written off these as bad loans.

5.4 | Summary

PDA is not the only dynamic of capitalist accumulation in Mountain County's pig farming sector; some joined the ACC through the conventional path of “accumulation from below” without benefiting from PDA. These producers are all smaller commercial farmers, who lacked the initial capital to reach a scale that qualified them for government aids, yet not benefitting from the PDA then blocked them from entering the fast lane of expanded reproduction. The relationship between the scale of production and capital outlay is not a linear one: once the scale exceeds a certain point, the capital needed for land acquisition, labour hiring, and waste disposal increases exponentially. Yet, on the

other hand, the cyclical nature of the market also prevents these commercial farmers from steadily expanding their capital accumulation. Therefore, unless a substantial capital stock becomes available to them—either transferred from non-agrarian accumulation, obtained through accumulation by dispossession, or provided by the states through PDA—the insufficient accumulation from advanced commodity production tends to trap these smaller producers in that mode. In our observation, a scale of 500 head per year, which happens to be the threshold for receiving many government subsidies, is their ceiling.

Even though the direct role of the state in the accumulation process of these smaller producers appears minimal, once we broaden our view to look at how various types of state interventions in the countryside transform the ecosystem of pig farming, it becomes obvious that their accumulation process is not insulated from the influence of the states' actions. These include commercializing the former public technical extension services, enforcing environmental and health regulations that are increasingly less accommodating to smaller producers, and creating large producers who directly compete with them for land. The complex dynamics there can only be examined in future studies, but it suffices to point out that these smaller capitalist producers differ from the larger ones not only in their sources of capital or social background, as discussed in the literature in terms of “accumulation from below” versus “from above” and “from without”, but more importantly, in their relationship with the state as illustrated here.

Unlike the primitive accumulation that Marx described as a one-off event that prepared the initial conditions for capitalist accumulation to take off, PDA—similar to ABD—can be recurrent. In our case here, at least the two corporate farms had received multiple waves of government financial aids (see Table 2). However, compared with primitive accumulation (and even ABD), the transformative power of PDA is more limited: it does not create new property institutions or a new labouring class; it only created—or, in some cases, accelerated the formation—of a propertied ACC through aiding their capital formation and expanding their scale. As such, PDA, not being an ever-renewable process, cannot replace the capitalist accumulation based on the appropriation of surplus labour in agricultural production. Thus, while PDA can create new capitalists, the latter still need to rely on the continued accumulation through agricultural production to reproduce themselves. In Mountain County, many of the new capitalist pig farmers arisen through PDA had failed at accumulating profits from agricultural production. Many entered large-scale pig farming without prior experiences or adequate skills; they were also dealt a bad hand by the cyclical pork market, which entered a downward cycle in the fall of 2011. As mentioned earlier, by the end of the market downturn in mid-2016, only about a third of the new entrepreneurial pig farms survived.²³

One more thing to note here is the different political functions the PDA can serve. In Pattenden's (2011) study of Karnataka, “gatekeeping as accumulation” is primarily an exclusionary mechanism that the dominant ACC deployed to maintain political domination. In our case here, however, the PDA is initiated by the local state to aid its own agenda of policy implementation and class making. In the Indian case, a dominant ACC was already in place and effectively controlled local state apparatuses to appropriate public resources. In the Chinese case, the local state had to create the ACC by forming a collusive partnership with either non-agrarian or non-local capital and aiding their expansion into agriculture.

6 | DISCUSSION: PDA IN A COMPARATIVE PERSPECTIVE

When comparing the Chinese experience with those in Africa and India, we believe that this new dynamic of agrarian transition is not unique to China. In Ethiopia, for example, the state also actively directed the expansion of commercial agriculture to lowland areas where land availability is high and assisted capitalist producers' accumulation with brokered land transfers, reduced land fees, and tax breaks (Lavers, 2012). In Rwanda, on one hand, the agrarian

²³The rapid rise and often equally speedy fall of large-scale, capitalist agricultural producers is a common trend in China today (we thank a reviewer for pointing this out). Some were opportunists who entered just for the subsidies and exited as soon as those dried up; others failed because of market competition (Hu et al., 2017; Zhan, 2017). In Mountain County, the surviving entrepreneurial pig farmers have virtually all entered into contract-farming arrangements with the corporate farms. The details are reported in another study.

transition through the integration of petty commodity producers into commodity chains and technological upgrading was made possible by “forceful state action and a sustained injection of resources” (Harrison, 2016, p. 354); on the other, the state also systematically directed foreign and domestic investment into capitalist agriculture through either commercial development of state-owned marshland areas or contract farming based on medium-scale land acquisition (Huggins, 2014).²⁴ In India, the dynamic is different in that the political selection is not primarily directed by an autonomous state, but more by the ACC itself, through either gatekeeping (Pattenden, 2011) or collective mobilization (Lutringer, 2010); but in either case, their accumulation still rely on the appropriation of public resources distributed through the state.

Despite the obvious idiosyncrasies of each individual case—the predominant role of foreign capital in Ethiopia and Rwanda, the importance of class and caste in India, and the enthusiasm of domestic non-agrarian capital in capitalist agriculture in China—we think these cases can all be considered as variants of the same dynamic of PDA. In all these cases, the formation of the domestic ACC involves a political process in which the political power either actively selects entrants or practices gatekeeping. Furthermore, although dispossession can still happen, especially in land acquisitions, the capital accumulation in agriculture is mainly aided by the transfer of public resources, mobilized by the state through a variety of ways that include project funds, subsidies, price support, tax incentives, bank loans, extension services, and material support.

An important background for the rise of PDA in developing countries in the new agrarian transition today is the increasing amount of public spending in rural development and welfare programmes. This increase has become particularly salient after the food crisis in 2008 when national governments in developing countries realized the vulnerability caused by underdeveloped agriculture (Mogues et al., 2015). It may indeed be that, except for export-oriented commodity crops, capital is no longer interested in agricultural production, as agriculture has been “decoupled” from capital accumulation and the key sites of accumulation are now elsewhere in manufacturing, services, and finance (Akram-Lodhi & Kay, 2010). The nation states in some developing countries, however, have only become more interested in agriculture and, rightly or wrongly, see capitalist agriculture as the most effective path towards the various policy goals of food security, poverty reduction, productivity growth, social control, and so on. These states then use policy tools to either direct capital investment into agriculture or create new capitalist producers through assisting their accumulation—in other words, unleashing the process of PDA. Thus, even though the kind and scale of government funding for rural development and social welfare in China may be unobtainable in other developing countries, the dynamic of PDA as a path of agrarian transition to capitalist agriculture can still be present.

We also note that the dominance of neoliberal globalization and a more assertive role played by the state in directing national economic development are not necessarily incompatible. The state can be a leading force in promoting the integration of national agriculture into the global agri-food commodity chain, as we have seen in Ethiopia and Rwanda. However, this may be a minority experience, and the more prevalent pattern in developing countries is the intensified integration into global capitalism driven by transnational corporate capital, while the state's regulation and protection of the domestic agriculture is weakened by neoliberal policies.²⁵

This discussion therefore suggests the existence of bifurcated paths in the new agrarian transition, which is characterized by, first, the rising importance of the state as a driver of capitalist agriculture and second, the expansion of non-agrarian and non-indigenous—especially transnational—sources of capital. We venture to suggest that there are now two primary paths in the new agrarian transition. One is led by the state, discussed here as PDA, where the initial capital accumulation relies more on the transfer of public resources and less so on dispossession, and there are more opportunities for a national ACC to grow. The other is driven either by transnational agri-food capital, which concentrates in export-oriented production of commodity food and fuels, or by domestic urban capital, which is often more interested in turning rural land into non-agrarian uses than capitalist agriculture; both relies on

²⁴We think it is no coincidence that PDA—a process that presupposes greater state capacity—is observed in these two countries known for having a more disciplined and authoritarian state in Africa.

²⁵See Amanor (2012), for example, for a study of how neoliberal reforms enabled transnational corporate capital to take over control in the cocoa sector in Cote d'Ivoire and pineapples in Ghana. For Brazil, see Ioris (2017).

TABLE 3 Paths of the new agrarian transition

Primary driver	State-driven (PDA)	Capital-driven	
	National or local state	Transnational agri-food capital	Non-agrarian capital
Class formation	Rise of a domestic ACC	Weak and dependent domestic ACC	Absence of a domestic ACC
Capitalist agriculture	Growth in multiple forms	Dominance of contract farming and corporate farms	Suppressed
Role of the state	Political selection & political capitalization	Facilitating dispossession	

Abbreviations: ACC, agrarian capitalist class; PDA, politically directed accumulation.

the dispossession and displacement of native small producers to a far greater degree than PDA. Table 3 summarizes these hypothesized paths of new agrarian transition.

In this new political-economic context, we have suggested, the classic model of analysing paths of agrarian transition in terms of “capitalism from below” and “from above” can now be transcended. Although capitalism from below through peasant differentiation will still continue, in the face of liberalized trade and intensifying competition from advanced producers, its impact on the development of capitalist agriculture and growth of the ACC will continue to be limited. More importantly, the problem with these terms is that they indicate the precapitalist social origin of the ACC without specifying the dynamics of how capital enters into agriculture and what enables its accumulation. But when the primary sources of capital are now either outside agriculture, outside rural areas, or provided by the state, the social origin of the ACC becomes far less relevant. It is more useful to think of the accumulation dynamics not in terms of the origins of the capitalist, which are diverse, but rather in terms of the role of the state vis-a-vis transnational urban capital in directing these dynamics, which is decisive.

7 | CONCLUSION

We propose in this study a new framework for analysing the dynamics of accumulation and class formation in agriculture that focuses on the role of the state and public resources. In the case of pig farming in China, the central state, motivated by the policy goals of increasing national food security and improving food safety, directed the abundant fiscal resources it now has at its disposal into its programmes of agricultural modernization. At the local level, the county and township governments, driven by the political logic of maximizing fiscal resources and performance record, formed a collusive partnership with non-agrarian capital, directed the latter's expansion into capitalist agriculture, and assisted their accumulation with transfer of public resources. This dynamic of PDA played an important role in changing China's pig-farming sector from one dominated by the traditional backyard producers to its current state dominated by large-scale, capitalist producers.

As we noted earlier, this process of new agrarian transition happens in a new political-economic context that differs from the classic experience in at least three important ways: first, the state becomes the primary driver of capitalist expansion in agriculture; second, the state's transfer of fiscal resources can replace dispossession as the source of primary capital to kick start capitalist accumulation; and third, instead of extracting surplus from agriculture for industrialization, the expansion now is driven by surplus industrial capital searching for new venues of accumulation, which often needs the facilitation by the state.²⁶

²⁶I am indebted to two reviewers for the last point. The state's multiple roles here in facilitating the expansion of non-agrarian capital can be summarized as what we called earlier “politically assisted accumulation,” which includes both PDA and ABD.

As a summary, to return to the “Bernstein-Byres” debate (Byres, 2016; Oya, 2013a), this study offers a possible synthesis. Byres (2016, p. 432) summarizes the debate as essentially about “the possible relevance of the historical experience of transition for contemporary poor countries” and “the possibility at all of such transition.” What this study shows is that, on one hand, the significance of agricultural accumulation for industrialization has indeed declined if not disappeared today except in isolated cases. But on the other hand, contra Bernstein, the agrarian question of capital has not been bypassed; instead, in the contemporary context, where nation states and transnational capital are both actively expanding capitalist agriculture and growing the ACC in developing countries, this question needs to be reformulated in the form of the “capitalist agriculture” and “class formation” problematics. From that perspective, the agrarian transition is certainly possible and is indeed proceeding in developing countries, but the “relevance of the historical experience of transition” has also declined, as the classic paths of “capitalism from below” and “from above” have now been replaced by new models such as PDA.

Last, we can also think of the PDA described here as a case of a broader process of “political capitalism” (Milanovic, 2019) in which the technocratic bureaucracy of the state, for the purpose of delivering high economic growth and gaining political legitimacy, became the agent of building an indigenous capitalism. Milanovic emphasized the communist state in China and communism more broadly in playing the functional equivalent role of the Western bourgeoisie in abolishing feudalism and building capitalism in “backward and colonized societies”; we, however, think that a strong state is more relevant here than communism and thus PDA—if not “political capitalism” in general—is not a product of communism or limited to just China and Vietnam. Furthermore, unlike Milanovic and other studies that focus on the Chinese state’s role in building capitalist institutions (Ang, 2016; Zhan, 2017), this study highlights the state’s role in creating a capitalist class. In this sense, the PDA we describe here bears more resemblance to what Eyal, Szelenyi, & Townsley (1998) have called “making capitalism without capitalists” in the post-communist Central Europe, where the state bureaucracy directed by an intelligentsia committed to the cause of bourgeois society helped to create a new class of propertied capitalists other than itself. Our point here is not to debate which is more important or comes first—market institutions or the capitalist class—but to stress that the making of a domestic propertied capitalist class remains a central project in building capitalism and a key issue in determining the different paths of transition to capitalism.

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DATA AVAILABILITY STATEMENT

The data that support the findings of this study are available on request from the corresponding author. The data are not publicly available due to privacy or ethical restrictions.

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