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Bilateral Relations and Development Trajectories of Brazil and China: BRICS' Agrarian Issues at the Centre of the Contemporary 'Double Movement'

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Abstract

The purpose of this paper is to inquire into some issues related to the development paths taken by Brazil and China, two member countries of the BRICS, in the current context of the crisis of globalized capitalism and the transformation of the political and economic world order. We use Karl Polanyi's "double movement" thesis as a guiding perspective, and present the hypothesis that the newly emerging rural development dynamics in China and Brazil constitute instances of a protective "countermovement". This movement is driven by actors and institutions, in reaction to the contradictions and consequences of the commoditization and globalization of developing countries' agri-food systems. The first half of the paper is focused on Brazil-China bilateral relations and the impacts of the latter's rise on the former's development. The second half focuses on three important issues for a comparative political economy institutional analysis of the development trajectories of Brazil and China: their patterns and trends of inequality, distribution and social mobility; the formation of a soy-meat complex and its relation with the restructuring of their agrifood systems; and the role of actors and institutions in their newly emerging rural development dynamics. We argue that class relations, agrifood questions and rural development dynamics, as exemplified by Brazil and China, have returned to the center of the contemporary "double movement".

1 Introduction

It is widely acknowledged that the rise of China to the status of great power brings enormous impacts and still unknown repercussions on the contemporary economic and political world order. Especially after the outbreak of the 2008 financial crisis, that now unfolds as a great depression, recent facts of the international political economy seem to reveal a new context rising, in which a few countries from the Global South are also leaving behind their historical peripheral condition and beginning to play a relevant role in the dynamics of globalized capitalism. The increasing academic and social interest on the recent trajectories of emerging countries that are supposed to become the new economic powers of the Twenty-First Century, the so-called BRICS (Brazil, Russia, India, China and South Africa), is symptomatic of this context.

Despite the significant economic, political and military disparities among its members, all the BRICS countries bear some sort of autonomous national project, exert different levels of leadership in their respective regions, and seem to share certain commonalities for a global agenda, calling into question issues such as the reforms of the UN, Security Council, World Bank and IMF (Fiori 2007). The creation of the BRICS New Development Bank and its Stabilization Fund in July 2014 is indicative of such intentions. However, if these initiatives demonstrate the anachronism of the old institutions of the international system and point toward a possible new scenario of multilateral governance and multipolar balance of global power, “trying to discuss the potential evolution of the BRICS, just as many have been doing, represents mere intellectual speculation against the fluidity of the international life in recent years” (Visentini 2012: 9). Thus, instead of taking the BRICS as a new organization in the multilateral arena, it is more urgent and relevant to investigate the distinct realities of “the constituent countries themselves and the changes underway within their national territories, around them regionally (intra-regional), and their activities in other regions (inter-regional).” (BICAS 2013: 2).

Along this stream of inquiry, in the last years several authors have suggested the actuality and pertinence of the work of Karl Polanyi (1977, 2000), especially his most famous book *The Great Transformation*, where he analyzes the rise and fall of the late Nineteenth Century economic and political world order, when the whole economy was running in subordination to a system of self-regulated markets built upon the institutions of the Gold Standard and British hegemony. Analysis demonstrates the critical moments of neoliberal globalization and US hegemony as a contemporary reissue of Polanyi’s “great transformation” (Burawoy 2003; Arrighi, Silver 2003; Somers, Block 2005; Evans 2008; Schneider, Escher 2010; Levien, Paret 2013). Central to this argument is the Polanyian thesis of a “double movement” inherent to the contradictory historical dynamics of capitalism. On the one hand, a movement of disembedding the markets from public regulations and social controls, caused by institutional changes introduced through legislative action for the commoditization of labor, land and money – which he calls “fictitious commodities” – provoking destructive consequences and threats over the livelihoods of people, the natural environment and resources and the organization of economic activities. On the other hand, a countermovement for social protection of those affected by the commoditization process, through which the social actors engage in collective actions to struggle against the assaults of this “satanic mill” and spur public intervention to circumvent the orbit of the self-regulating markets and re-embedding the substantive economy.

In the international literature on agrarian political economy and development studies, some authors have placed the relationships between the globalization of developing countries’ agrifood systems led by large transnational agribusinesses, or “food empires” under the aegis of the current “food regime”, at the center of the contemporary double movement (Wilkinson 2009; Ploeg 2008, Friedmann 2009; McMichael 2013), and the new rural development (RD) dynamics emerging in response to its deleterious effects (Hebink, Ploeg, Schneider 2014; Ploeg, Ye, Schneider 2012). For both Brazil and China, as well as several European countries, it has been argued that these new RD dynamics involve the re-alignment of agriculture in nature and society to create new foundations for food production, distribution and consumption and represent a

counter-hegemonic expression of resistance, resilience and autonomy of the peasants and their organizations and strategic political allies (consumers, intellectuals, policy-makers). Thus, RD is seen as part of a “countermovement” of actors and institutions in response and reaction to what the economists call “market failures” – that is, the contradictions and consequences of the liberalized and globalized agrifood systems (Ventura, Ploeg 2010; Ploeg 2011; Ploeg, Ye, Schneider 2010, 2012).

One key question should be addressed in order to develop the arguments outlined above, with reference to the cases of Brazil and China. Why is there concern about rural development emerging in Brazil and China during the same time period? The first half of the paper has a broader focus on the Sino-Brazilian relations and the impact of the latter’s rise on the former’s development. Our aim is to characterize the rise of China, identify patterns and trends of trade and investment between both, and appraise the challenges it poses for Brazil to realize its emerging condition. The second half of the paper provides a comparative institutional analysis, with a focus on critical agrarian issues. Then, several complementary questions are addressed: What outcomes have Brazil and China achieved in terms of tackling the inequalities that plague both countries? How is the ongoing relationship between China and Brazil shaping the transformations of their respective agrifood systems? Are the social actors and institutions playing a driving role in the new rural development dynamics emerging in both countries since the 1990s? And to what extent can rural development in today’s context be seen as part of a Polanyian “countermovement”?

If we are willing to consider the thesis of Karl Polanyi and, therefore, to interpret these new RD dynamics as responses and reactions to the crises of globalized capitalism and contradictions of the current food regime, it is useful to accept the theoretical and methodological proposition suggested by Borras (2009:19), for who “the interplay between structures, institutions and actors” is the key unit of analysis. He notes that Long (2001), advocating for an actor-oriented perspective (AOP), has argued the importance of locating such an approach within the existing structural and institutional settings, in order to fully understand the role played by institutions in the actors’ confrontation with social structures.

Critical scholarship in agrarian change and peasant studies takes seriously the questions of ‘agency’. After all, peasants and other working classes make their own history, although as Marx already warned, they do not do it just as they please and under circumstances they choose. A critical approach to rural development is one that is able to take politics seriously. It is the constant political struggles between different social classes and groups within the state and in society that largely determine the nature, scope, pace and direction of agrarian change [and the overall development trajectories of different countries]. One important challenge, in the context of our current discussion, is how to locate in one’s analysis the interaction of the various institutional arenas of agrarian power or politics (Borras 2009: 18).

“Institutional analysis” has its roots on the legacy of the original institutional political economy tradition of Thorstein Veblen (Hodgson 2006; Stanfield 1999), and it offers the tools to capture the variety, specificities and dynamics between structures, institutions and actors in the development trajectories of different countries. In this sense, Burawoy (2003) proposes a ‘Sociological Marxism’ framework for institutional analysis, derived from a synthesis of Gramsci and Polanyi. Such an approach might be useful to examine more closely how key actors engage and interact with each other and the institutions that surround them to produce structural changes across the state, markets and society. To this perspective, the concept of “society” assumes both historical specificity and theoretical generality, as it places actors and institutions at the core of the balance of social forces in struggle for hegemony.

For Gramsci, society is civil society, which is always understood in their contradictory relationship

with the state. Civil society refers to the growth of trade unions, political parties, mass education and other voluntary associations and interest groups. On the one hand, civil society is working with the state to contain the class struggle and, on the other hand, its autonomy from the state can promote class struggle. For Polanyi, society is active society, which is always understood in its contradictory tension with the market. Polanyi is not always clear on what constitutes the active society, but includes trade unions, cooperatives, [organized social movements and political parties]. On the one hand, the market tends to destroy society, but on the other hand, society (re)acts to defend itself and to subordinate the market. Polanyi often refers to society as having a reality of its own, acting on its own behalf, whereas Gramsci understands civil society as a terrain of struggle. For both, however, “society” occupies a specific institutional space within capitalism between economy and the state, but where “civil society” spills into the state, “active society” interpenetrates the market. For both, socialism is the subordination of market and state to the self-regulating society (Burawoy, 2003: 198).

Central to this approach is that “society” (civil or active), while containing the tendencies of crises and contradictions of capitalism, is also the terrain of its transcendence. Therefore, any process of progressive social change and development triggered by a “countermovement”, necessarily require interactions between the social actors (society) mediated by the institutions constituted in the spheres of politics (states) and economy (markets). As the historical process evolves, the habitual conceptions of the actors themselves are reconstituted in parallel, to the same extent that institutions change, what is decisive for the existing social structures are fully reproduced, partially modified, or radically transformed. At this point, even with his limited understanding of the capitalist hegemony compared to Gramsci, Polanyi was able to understand that making social awareness of broader societal interests has its *focus* in the living experiences shared by the people, and that the *locus* of their transformative potential resides in the realm of circulation, with the perception of the destructive effects of turning livelihoods, public services and social rights into commodities. Rather than a productivist ideology of the working class mobilized by organic intellectuals, the politicization of circulation and consumption is what attaches transformational potential to the universal experience of markets under capitalism and creates the social foundations for a counter-hegemonic reaction and construction. From such a point of view, there is no historical determinism, because progressive social change is seen as a political project, which further depends on the ideas and practices of the actors to subordinate the economy to “self-regulating society”. Since there is no inevitable final crisis of capitalism and class polarization does not necessarily intensify to explosion, many political projects could be liberated from the contradictions of national capitalisms (reactionary, conservative, reformist, revolutionary), all with concrete implications on the structuring of the agrifood systems and the rural development dynamics in the trajectory of a country.

Yet, when considered from a strict methodological standpoint, some issues emerge. Firstly, it must be recognized that this paper explores an essentially Brazilian vision. This is understandable considering two of its authors are Brazilian and, to a large extent, are interested in understanding the development conditions and the place occupied by their country in the changing world order, where China is the main driver. Notwithstanding, it can be argued that the fact that one of the authors is Chinese, and another one lived and studied there for a short period of time¹, could help to balance the disadvantages of a Brazilian bias. In the

¹ Fabiano Escher had the opportunity to live in China to study for six months in the College of Humanities and Development Studies (COHD) of China Agricultural University (CAU), from 2014 March to August, in an internship program of ‘sandwich doctorate’, with a scholarship funded by the Agency of Improvement of High Learning (CAPES) of the Brazilian Government, for which he publicly expresses his recognition and gratitude.

last section, a comparative perspective of both countries on critical agrarian BRICS issues is adopted. Secondly, regarding the sources of data and information we have used, the general economic statistics on the macro economy, population, poverty and income distribution, are principally those compiled and made available by multilateral agencies like the UN and IMF, or by official national institutions, like the Brazilian Institute of Geography and Statistics (IBGE) and the National Bureau of Statistics of China (NBSC). Other statistical data and qualitative information was obtained by consulting specialized literature, such as scientific articles, books and academic research.

The article is structured in three sections following the introduction. The second section characterizes China's path to economic development, its international rise, and the impacts and challenges it poses for a developing country like Brazil in asserting its development strategy and realize its emerging condition. The third section raises crucial issues for agrarian and development studies, based on a comparative perspective of Brazil and China: the outcomes of their dynamics of inequality and distribution; the formation of a soy-meat complex and the consequent restructuring of their respective agrifood systems; and the role of actors and institutions in the newly emerging rural development dynamics in both countries. The fourth section closes the paper with a synthesis of the discussion and some concluding remarks.

2 The rise of China and its effects on developing countries: A Brazilian perspective

The trajectory of over thirty years of rapid economic growth and development of China is the most remarkable fact of capitalism in the age of "globalization", as well as the restructuring of the dynamics of the world economy that its rise has led. The resurgence of China in the contemporary era coincides with the collapse of real socialism in the USSR and Eastern Europe, which buried the bipolar order of the Cold War, and with the restoration of the hegemony of the United States after the breakdown of Bretton Woods, which marked the rise of neoliberalism. However, if it is true that since these events of the late Twentieth Century China has embraced globalization, such an option should not be confused with an unrestricted adherence to neoliberal principles, as Harvey (2005) seems to suggest. Neither its rise to the status of a great economic power seems to be determined solely by secular and exogenous macro-structural factors, such as the systemic cycles of accumulation of wealth and power and the corresponding hegemonic transitions identified by Arrighi (2007). Therefore, it is reasonable to assume that in the changing geopolitical context, particular institutional configurations and an assertive strategy of development all played important role in the Chinese trajectory.

By the late 1990s and throughout the 2000s, the liberalization, deregulation and privatization of neoliberal policies along with the Washington Consensus (WC) approach adopted by the IMF and the World Bank, stressing the primacy of the market and the limited role of the state, did not perform particularly well. Thereby, it is no surprise that, even before criticizing the economic crisis in 2008, there were analysts with critical stances against the conceptions and consequences of neoliberalism (Stiglitz 2002; Harvey 2005). It was in this context that Ramo (2004) proposed the provocative argument of a possible replacement of the hegemonic WC by an alternative Beijing Consensus (BC).² Be that as it may, Zhao (2010) argues that, whether Ramo's notion of BC and the different uses people make of it are accurate or not, the 'China model'³

² This new Beijing Consensus, according to Ramo (2004), lies upon three distinctive features: i) a commitment to innovation and constant experimentation in reforms; ii) an emphasis on sustainability and equality instead of per capita GDP as the only measure of development; and iii) a commitment to national self-determination.

³ Another vision of the 'China model' and the 'lessons' that other developing countries, especially those of Latin America, can learn from the Chinese experience can be found in the works of the former president of the World Bank, Justin Yifu Lin and his collaborators (Lin, Treichel 2012; Lin, Roseblatt 2012, among others).

of state-led economic reforms, with limited political reforms, has gained ground among developing countries for three reasons: 1) the successful achievement of high economic growth with social stability and without political disorder under the one-party rule; 2) the declining attractiveness of the Western ‘free-market’ and liberal democracy model due to the US economic, political and foreign policy failures in recent decades; and 3) ‘value-free’ Chinese diplomacy towards developing countries, guided mostly by economic and strategic interests without preconditions and grounded on the principle of non-interference in domestic affairs. So, even if it is too early to assert that China will replace the Western model of modernization and take over the economic and political hegemony from the US, it is impossible to overlook the growing effects of its rise on developing economies of the Global South and the driving role China is playing in the transformation of the Twenty-First Century world order.

The last five-year plan (2011-2015) highlights the concern of Chinese leaders and policy-makers to renew its “development model”. The emphasis is on the domestic market and the necessary redistribution of income and reduction of propensity of households to save, through increases of the public investment in social safety net and support to environmental and energy sustainability. With the pursuit to internationalize its economy, China aspires to become a source of technological innovation and to generate new patterns of production and consumption, in addition to achieving the status of a “world factory”. However, there is a potential contradiction related to the desired pace of change to this new model, since maintaining social stability and the legitimacy of the CCP’s political regime relies on keeping jobs and raising income. So it does not seem likely that China will radically change its strategy in the mid-short run. “More of the same” is what can be expected for a while, that is, utilization of the export drive and heavy doses of gross capital formation. Meanwhile, despite the efforts to “grow based on the domestic market”, at a moment when the advanced economies are in crisis, China will probably continue to seek two key interests: to advance on the international markets of regions with greater potential for absorption of its products; and to redirect its flux of trade and investments in order to supply strategic resources (Cunha et al. 2012; Armony, Strauss 2012).

In this context of exhaustion of neoliberalism and the emergence of a “great transformation” in the contemporary world order, it is important to keep in mind that the peripheral countries of Eastern Asia and Latin America showed contrasting forms of insertion into globalization processes during the 1990s and 2000s. They differed in terms of predominantly productive or financial integration, investment and trade patterns, technological change, capital structure and economic dynamics (Medeiros 1997; Carneiro 2007). Compared to China, a particular variant of the ‘East Asian model’, the trajectory of Brazil was very different (Medeiros 2003, 2010). Instead of an assertive development strategy led by the state and a pragmatic integration into the neoliberal order, in Brazil the desired political democratization has converged with a predatory economic liberalization. This has allowed the amplification of power of a new coalition between the banks/finance capital, traditional primary exporters and industrial groups associated with foreign capital, against the developmental state and the rising organized labor and new social movements (Sallum 2003; Dagnino 2004). Thereafter, a new strategic context has emerged, in which, besides the US hegemonic power supported by the EU, China also becomes a great power in the world, bringing new impacts, uncertainties and challenges for Brazil to rethink its development and foreign insertion.

To understand the decisive features of this broad problematic, this section is organized into two items. The first item describes the economic growth and structural transformations of China’s development trajectory, analyzing the institutional changes behind these processes, and also delineates some implications of its rise on the international division of labor, global finance and geopolitics in the early Twenty-First Century. And the second item analyses the characteristics of Sino-Brazilian economic relationships (the patterns of bilateral trade and foreign direct investment) and appraises the main impacts and challenges the rise of China poses for Brazil to assert a new development strategy and realize its emerging condition. This includes the risks of regressive specialization, the threat of deindustrialization and the obstacles related to its leadership in the process of regional integration of South America.

2.1 China: Institutional changes, economic development and international rise

China has become the second largest economy in the world, and to achieve the first place seems to be only a matter of time. Data from Acioly, Pinto, Cintra (2011) and Cunha et al. (2012) demonstrate that, in the past three decades, the Chinese economy had a high average growth rate of its gross domestic product (GDP), which rose by 10% between 1980 and 2010. The human development index (HDI) rose from 0,368 in 1980 to 0,663 in 2010, an average level, figuring China in the 89th position among 169 countries. China's share in global GDP (current dollars) remained stagnant at a low level of 1.9% between 1980 and 1990. But this share increased from 1.8% in 1990 to 3.7% in 2000, and was accelerated during the next decade. Between 2000 and 2005, a period of expansion of the world economy, the share rose from 3.7% to 5%. And this trend was enlarged between 2005 and 2010, during the international economic crisis, which had a smaller negative impact in China than in other countries, since the share grew from 5% to 9.3%. This phenomenon appears as a result of the escalating Chinese contribution to global economic growth, which sailed from 1.6% between 1981 and 1990 to 8.4% between 1991 and 2000, and then took off to 15,2% between 2001 and 2010.

A process of economic growth of such a speed and magnitude come accompanied by intense structural transformations. Data from the China Statistical Yearbook (CSY) of the NBSC provide evidence of major transformations in the compositions of population, economy and employment structures. From 1978 to 2010, the total population of China jumped from 962.590 million to 1.340.910 billion people, spurring the rate of urbanization. If in 1978 82.08% of the population (790.140 million) lived in the countryside, in 2010 49.95% (669.780 million) of the population are living in urban areas and 50.05% (671.130 million) in rural areas. The transformation in the economic structure, due to the effects of the industrialization process, can be perceived by the variation in the sectoral composition of GDP. In 1978 the primary sector (agriculture, livestock and forestry) accounted for 28.2% of GDP, keeping this average participation until 1990 and declining since then to reach 11.3% in 2008. The secondary sector (manufacturing, mining and construction industries) ranged between 40% and 50% of GDP during those 30 years, not to mention its huge qualitative changes. And the tertiary sector (commerce and services) goes from 23.9% in 1978 to 40.1% of GDP in 2008. But the full meaning of this transformation can be noticed in the structure of employment. In 1978, the share of population employed in the primary sector was 70%, decreasing to 38% in 2008. The secondary sector, which in 1978 accounted for 18% of employment, represented 28% in 2008. And in the tertiary sector, employment grew from 12% to 34% in 30 years. This process consequently included a great variation in labor productivity (real GDP/total employed persons), which grew at an average rate of 6.7% per year between 1995-2005, speeding up even more between 2005-10, when it grew 9.8% per year (Morais 2011: 143).

This process of rapid growth, industrialization and transformation of the whole economy and society that took place in China over the past 30 years – the most intensive development trajectory of the contemporary age – arises from a series of institutional changes that are the result of dramatic political struggles within the Chinese Communist Party (CCP) (Guthrie 2006; Bromley, Yao 2006). The idea that China should conclude “Four Modernizations” (agriculture, industry, science and technology, and national defense) “before the end of the century” was originally designed by Zhou Enlai. But it was only put into practice after the death of Mao Zedong, the arresting of the Gang of Four and the rehabilitation and rise of Deng Xiaoping and his allies to power since 1978. Then, a new political pact was firming with the military forces, the state bureaucracy and the CCPs policy-makers, and a new Reform and Opening Up policy was released. These changes matched with a geopolitical context in which the US sought to conduct a policy of isolating the USSR and a trade offensive over Japan and the Asian Tigers – making China the latest country to benefit from the strategy of “development by invitation” (Medeiros 1999; Morais 2011).

Thus, new institutional changes began to be introduced in 1978. The first was land reform, replacing the

collectivist agriculture system of Rural Communes for the family farm-ing Household Contract Responsibility System (HRS). The HRS gave the peasant families individual land use rights, leased from the collectives (usually the village) for 30 years, and allowed them to organize the productive process and sell directly to the market the production that exceeded the government minimum grain quota. The outcomes included: increased agricultural out-put and productivity; diversified, higher value added vegetable crops; higher income inflows.

Another change was the acceleration of rural industrialization by boosting the township and village enterprises (TVEs), through the decentralization of ownership control and managerial decisions, which was transferred from the central or provincial levels to the local government officials. During the late 1970s and mid-1990s, the TVEs had a decisive contribution for the GDP total growth, the creation of jobs and occupation of the rural labor force, and raised rural incomes, due to the diversification of non-farming activities and revenue sources.

Beyond the countryside, the next step was the creation of the Special Economic Zones (SEZ) in big cities of the coastal region – Shenzhen, Zhuhai, Shantou and Xiamen –, strategically localized near Hong Kong, Macau and Taiwan. Nowadays there are more than 100 SEZs recognized by the government. The SEZ have differentiated rules that benefit foreign trade and the attraction of FDI, especially through joint ventures, enabling the introduction of new managerial methods and technology transfer. It resulted in the assembly of huge processing and export drives that have since become the main engine of China's GDP growth.

The early successful reforms in the Rural Communes served as the launching pad for the reforms in the State-Owned Enterprises (SOEs). First a leasing system was introduced that pushed new profit seeking managerial techniques by opening the SOEs to market competition. Then, after issuing new regulations and opening stock exchanges in Shenzhen and Shanghai, the government decreed a special sort of privatization program – “keep the large ones and let the small ones go”. Around 80% are now gone. But they kept firms in all the strategic sectors (mining, energy, transport, communication, capital goods, etc.) for China's security concerns and its further economic internationalization. In addition, the privatization of SOEs, that also included many TVEs, came together with the end of the *danwei* system – colloquially known as the “iron rice bowl” – for millions of workers who have lost their work-unit social guarantees.

Another front of reforms, still under experimentation in some cities and provinces, is the flexibilization of the rural *hukou* – a system of residence registration that ties the guarantee of public services (housing, health, education) and citizenship rights to the birthplace, as a mechanism to restrict internal migration and control the pace of urbanization. Given the rural-urban wage gap, between 150 and 250 million migrant workers have joined the lines of the “urban/ industrial reserve army”, fueling the formation of the largest labor market in the world.

This series of institutional changes shows that, in contrast to the transitions from planned (socialist) economies to market (capitalist) economies experienced by the former USSR and Eastern European countries, based on the “big bang” or “shock therapy” approaches, the transition of the Chinese economy has occurred in a gradual and pragmatic manner (Guthrie 2006; Bromley, Yao 2006; Medeiros 2008). “Crossing the river by feeling the stones” and “no matter whether the color of the cat is black or white as long as it catches mice” were the slogans of Deng Xiaoping, which have been followed by subsequent leaders and policy-makers. Two other institutional changes illustrate these characteristics of gradualism and pragmatism. The first is the dual-track price system, characterized by the coexistence of two coordination mechanisms (plan and market) within the state sector, working both for family farming under the HRS as the remaining SOEs. It allowed that, once the planned output was achieved and remunerated under controlled prices, the surpluses above the plan could be sold in the markets at market prices. Thus, the economy was gradually transiting to the “market track” and stably growing “out of the plan” (Guthrie 2006). The second is the successive and combined process of decentralization of the plan (especially along the 80s), attributing more capacity for decision making to the firm managers and officials at the local level, and concentration of the

markets (increasingly from the 90s), with the centralization of capital and conglomeration of some large corporations, envisioning its further role in the economic internationalization (Medeiros 1999).

The resulting “Market Socialism” – or “State Capitalism” – “with Chinese characteristics”, built through a clear national development project headed by PCC, was adapting and, thus, assuming a new strategy based on the internationalization of large firms and their full integration in international trade, crowned with the accession to the WTO in 2001 (Cunha, Acioly 2009). Since 2009, China has been the largest trading nation in the world and now accounts for over 10% of global trade (USD 2.206 trillion), overcoming the US and Germany. The growth rate of exports is twice the growth rate of its economy, and still the main driver of Chinese growth, though the import growth is equally huge. From 2000 to 2009, there was an average annual growth of 38.2% in the exports, while the imports expanded 34.6% on average annually. It should be noted that, after the international crisis of 2008, this trend has accelerated, since the Chinese participation in world exports and imports in 2010 came to 10.4% and 9%, respectively (Acioly, Pinto, Cintra 2011). And more important than this quantitative growth is the ongoing change in the quality of Chinese foreign trade. In its export basket there is a process of diminishing labor-intensive products, while a rise in scale-intensive and technology-intensive manufacturing, as an outcome of increased investments in research and development, is adding value to the basket of tradable goods in a relatively short period. In turn, it has increased the relative weight of primary commodities and resource-intensive manufacturing in China's import basket – basically from developing countries of the Global South – destined to meet its growing demand for energy, raw materials and foodstuffs (Cunha et al. 2012).

Insofar as China ascends to the status of great power, its economy starts to assume a leading role in the reconfiguration of the entire world economy in globalized capitalism. The Asian power also has become an important player in international financial markets, holding over USD 3 trillion in international reserves and over USD 300 billion in FDI (Cunha et al. 2012). As a result of changes in the international division of labor and trade, technological and organizational patterns, the Chinese rise has provoked a restructuring of capital accumulation on a global scale by linking three axes with different groups of countries to the dynamics of its economy – with implications for the financial system and geopolitics.

The first axis is formed by the “siamese” relationship between the economies of the US and China, with the entry of American FDI in Chinese territory, subcontracting lower costs of labor in outsourcing operations. Along with other factors, it has enabled China to increase its exports of manufactured goods to the US market, but also to the EU, developing countries and its own domestic market. By so doing, China has had constant trade surpluses with the US and accumulated enormous reserves in USD. With these reserves China has been sustaining the American government debt by purchasing its Treasury bonds, which in turn has allowed the funding of enormous external deficits in the US current account. But this accumulation of reserves also helps to preserve the exchange rate stability of the undervalued Yuan and to maintain the competitiveness of Chinese manufacturing exports (Pinto 2011).

The second axis is consolidated through intra-Asian integration, promoted by the productive and commercial expansion of China. Through complementary FDIs and current trade, the supply chains are distributed among the East and Southeast Asian economies, which act as specialized supply sources – both of machinery and equipment as parts and components – for the Chinese industry, that transforms it and re-export the final products to third markets. This complementarity between their productive structures have been reinforcing the relations of intra-regional trade, consolidating a manufacturing clustering and deepening the integration of the Asian economies. This has been allowing these countries to accumulate large volumes of international reserves and, henceforth, to conduct monetary policies that favor their economic growth via expansion of domestic credit, production and employment (Medeiros 2006).

The third axis articulates the Chinese economy to other developing countries in Africa, the Middle East and Latin America. These are economies that produce essential commodities (agricultural and foodstuffs, minerals and oil), whose prices have remained at higher levels the last decade due to pressure caused by

China's demand for energy and raw materials. Trade flows are the main driver, but the FDI flows are increasing towards all these regions. The “China effect” has enabled developing countries to keep cycles of more or less sustained economic growth, driven by exports of primary goods and resource-based semi-manufactures, unstable surpluses in the current account and some accumulation of reserves (Medeiros 2011).

The restructuring that the rise of China has caused in the international division of labor has really opened up new global dynamics of capital accumulation. However, the current growth cycle of the world economy seems to have been exhausted since 2008, with the outbreak of the international crisis - which, in turn, could be threatening the very ability of the US to maintain its financial and political hegemony over the globalized capitalism. A hegemony that is sustained by a precarious financial architecture, based on its *signiorage* power of the “Floating Dollar Standard”, and an unstable balance of geopolitical power, with critical points in the Eurasian strategic map (Mariutti 2011). It puts China in the center of decision-making to deal with the great challenges of the world economy and geopolitics of the Twenty-First Century. Just as this paper was being written, news about the influence of China in the restructuring of the global financial system was announced. But despite China's growing weight in the world GDP, global flows of trade and FDI and accumulation of international reserves, it remains an open question whether the Yuan does fulfill all the necessary conditions to consolidate as an international currency and China to assume the global finance hegemony (Andrade, Cunha 2010, 2011). In any case, what Chinese strategists propose is that China should firmly pursue its gradual strategy for a “peaceful rise” until it becomes a “moderately prosperous society”. With this purpose, China should continue to pragmatically explore the complementarities with the US, seeking to take advantage of them, and keep in “strategic surveillance” from the American attempts to advance in Eurasia. Although this strategy is not supposed to involve the quest for global hegemony, China might not refrain from asserting and consolidate its leadership in the Asia-Pacific region and enlarge its continental influence (Zheng 2005; Lin 2010). From this perspective, the current rapprochement with Russia seems to track such a path. And moreover, developing countries of Africa, Middle East and Latin America, as a matter of fact, are also included in China's strategy, as well as Brazil and its South American neighbors.

2.2 Brazil: Characteristics, impacts and challenges of its relations with China

The post-crisis period reveals the more proactive diplomacy of China, working in pursuit of the internationalization of its economic groups. The boom of Chinese overseas investments after 2008 creates a channel of access to sources of natural resources, markets and technologies, necessities to support the strategy of a “peaceful rise.” On the other hand, it extends the Chinese presence in various countries, where FDI-trade connection can enhance the channeling of its industrial production for the markets of economies with greater potential for consumption expansion and guarantee its access to natural resources, raw materials and food-stuffs supplied by these countries. Furthermore, it should not be forgotten that China's involvement in Latin American countries is part of an overall internationalization policy, the “going global” strategy (Armony, Strauss 2012). In its impulse to “going out”, China tries to frame its “arriving in” Latin America by applying a rhetoric of a common experience of underdevelopment, poverty and suffering at the hands of exploitative powers, especially the US, claiming for complementarities and benefits from “comparative advantages” and “division of labor”. And particularly in the Brazilian case, there is an emphasis on “win-win results” and “mutual cooperation”, with a newer, emerging rhetoric of global partnership based on equality, which gains increasing legitimacy from the BRICS' institutionalization process (Strauss 2012).

There is a trend to expand the influx of Chinese FDI to Brazil: between 2001-2005 and 2006-2010, there was expansion of 294.5%, from USD 9.7 million to 38.4 million, and just between 2009 to 2010, it increased 377% (Acioly, Pinto, Cintra 2011). However, some authors have noticed (Jenkins 2012; Acioly, Pinto, Cintra 2011; Holland, Barbi 2010) that could there be an underestimation of Chinese FDI, especially because much of it goes through Hong Kong and tax havens, such as the Cayman and Virgin Islands, and

does not show up as investments in the Chinese or the Brazilian official data. The Brazilian Society of Transnational Corporations and Globalization (SOBEET) estimates that in 2010, Chinese FDI to Brazil was between USD 13 billion and 17 billion. Major mergers and acquisitions have occurred in the oil and gas sector (USD 10.17 billion), especially for exploration in the pre-salt platform. The other sectors of operation of Chinese enterprises were finance (USD 1.8 billion), mining (USD 1.22 billion) and electricity (USD 1.72 billion). In addition, according to INCRA (National Institute of Colonization and Agrarian Reform), 5.5 million hectares of Brazilian land does not belong to Brazilians. It has sparked debates and controversies about the recent purchases of vast rural properties by Chinese agribusiness companies and its effects on the concentration and foreign ownership of land in Brazil in the context of “global land grabbing”.

Referring to the current explosion of transnational commercial land transactions and investments revolving around the production and export of food, animal feed, biofuels, timber and minerals, especially in the Global South, “land grabs” has become a major issue of debate in agrarian political economy (Borras, Franco 2012). Regarding the case of China’s investment and land deals in Brazil within this context, the main controversies in contention involve: the “developmental outsourcing” nature and purpose of Chinese overseas land-based investments, in which the state plays a key role (Hofman, Ho 2012); the extent, character, origins and directions of land grabbing in Latin America (Borras et al. 2012); and the impacts of FDI in land purchases on the increasing land prices, land market dynamics and land concentration in Brazil, the motivations and interests of the investors, the relation of these processes with the expansion of the agricultural frontier driven by soybean and sugarcane, forestry plantation, cattle ranching and mineral extraction, and the legal measures and regulatory controls taken by the state to limit access to land by foreigners (Sauer, Leite 2012; Wilkinson, Reydon, Di Sabbato 2013).

On the other side, despite the large recent influx of Brazilian FDI to the world (Hira-tuka, Sarti, 2011; Holland, Barbi 2010), Brazilian FDI to China fell from USD 13 million to 9 million between 2006 and 2010 (Acioly, Pinto, Cintra, 2011). The small volume of Brazilian FDI directed to China partly results from the small number of Brazilian companies able to internationalize and the barriers of entry to foreign firms in some sectors of the Chinese market (high tariffs, strong regulations, restrictions in strategic sectors, lack of local partnerships). There are some cases of Brazilian firms that, in trying to benefit from a huge home market, have established plants in China (aircrafts, electric motors and compressors). And many other firms are interested in expanding its investments, with agrifood companies in the forefront, but facing obstacles caused by these Chinese restrictions and requirements (Jenkins 2012).

Further, bilateral trade is actually the main economic driver in Brazil-China relations. Between 2000 and 2010, the Brazilian exports to China have grown from USD 1.1 billion (2% of the total) to USD 30.8 billion (15% of the total), while the Brazilian imports from China grew from USD 1.2 billion (2% of the total) to USD 25.6 billion (14% of the total) (Acioly, Pinto, Cintra 2011). This rapid growth has to do with the growing constraints on natural resources that China began to feel at the end of the 1990s, making the country the most important export market for Brazil in the mid-2000, especially for its primary commodities (Jenkins, 2012). It has been observed that in the last ten years there have been remarkable changes in the composition of exports and imports in the structure of Brazilian international trade by adding value and technological intensity, with systematical deficits in high-tech products and partially in medium technology products, reduced surpluses in low-technology products, and positive balances only in primary commodities and natural resource-intensive manufactures (Acioly, Pinto, Cintra 2011; Jenkins 2012; Cunha et al. 2012). As a symptom, the trade relations between Brazil and China clearly confirms this trend and reveals a concerning paradox.⁴

⁴ In the export basket from Brazil to China, between 2000 and 2009, commodities increased from 68% to 83%. The products with the largest share in 2010 were mining (40%), oilseeds (23%) and mineral fuels (13%), which together accounted for 76% of Brazilian exports. In absolute terms, exports of natural resource-intensive manufactures came to

The paradox is that Brazil “emerges as a special case, because it is, at the same time, a major producer and exporter of natural resources and a diversified producer of manufactures.” (Cunha et al. 2012: 218). Consequently, the country experiences both the positive stimuli of Chinese demand for primary products intensive in natural resources, as well as the competition for its exports of manufactured products with higher technology. Cunha et al. (2012) show that there is a synchronization of the business cycle of the Brazilian economy with the business cycle of the Chinese economy, which can be explained mostly by the intensity of bilateral trade, directly associated with a pattern that Brazil tends to specialize in the production and exports of basic agricultural (soybeans) and mineral (iron ores) commodities. In this framework, the Brazilian situation suggests the occurrence of two combined effects: on the one hand, the stimulus of sectors that benefit from Chinese demand for primary commodities and, on the other hand, the competitive pressure on the domestic industrial sector. Symptomatic is, therefore, that “while the manufacturing industry had an increase in its external deficit [...], the primary sector has had significant surpluses” (Cunha et al. 2012: 224).

Regarding the competition in third markets, Lellis, Cunha and Lima (2012) suggest that between 1994 and 2008, particularly in the post-2003 period, the Chinese and Brazilian manufacturing exports to Latin America have had a large growth, since the economic recovery of the countries of the region post-2002 made room for such an expansion. However, although from a much lower basis, Chinese exports to Latin America grew 40 times more than those of Brazil. In the structure of South American trade, whereas most countries in the region have China among their top three destination markets (Barbosa 2011), all of them have China among their top three suppliers (Jenkins and Barbosa 2012). As a result, the total trade deficit of the region reached nearly USD 50 billion in 2008, with a surplus of USD 21 billion in primary goods, against a deficit of USD 67 billion in the industrial sector (Barbosa 2011). Furthermore, beyond growing at a faster pace, the Chinese exports of manufactured products to Latin America are also less concentrated than Brazilian exports. In 1996, the trade complementarity index of Chinese exports to Latin America (excluding Brazil) was 47.6, while in 2008 it has increased to 58.9. In the same period, the trade complementarity index of Brazilian exports was 56.9 and 50.8 respectively (Lellis, Cunha, Lima 2012: 68). It means that Chinese exports are replacing the Brazilian exports in the region due to its volume and diversification. Jenkins and Barbosa (2012) also notice this phenomenon when they study the Chinese impact on Brazilian industrial exports in many of their most important destination markets. In the main Latin American developing economies, Argentina, Chile, Mexico and Venezuela, the displacements were 6.8%, 14.4%, 6.6% and 8.6% respectively between 2004 and 2009. And in the mature economies, the displacements occurring in the periods of 2001-2004 and 2004-2009 were of 9.6% and 5.3% in the US and of 0.3% and 5.9% in the EU respectively.

These tendencies imply that, despite the rhetoric of “mutual development”, there is a growing concern in Brazil with two problems underway: the “reprimarization”, given the dependence on exports of agricultural and mineral commodities (now exceeding 50% of the export basket) (Delgado 2010, Branco 2013); and “deindustrialization”, apparent in the fact that since its peak in the 1980s, the manufacturing sector has reduced its share in GDP (from 33% in 1980 to 16% in 2010) and total employment (from 21% in 1994 to 18% in 2010) (Bresser-Pereira 2010; Gonçalves 2012). This perception is reinforced by the

add USD 16.5 billion in 2010, while primary products totaled USD 12 billion. The low-technology products accounted for USD 400 million, while those of medium and high technology accounted for USD 500 million and USD 1 billion respectively. In the import basket of Brazil with China, high-tech products increased significantly in value terms, between 2000 and 2010, out of USD 487 million in 2000 to USD 8 billion in 2008 and nearly USD 10 billion in 2010, reaching a participation of over 50% from 2005 onwards. Imports of Chinese products of medium technological intensity has also risen from 16% in 2000 to 44% in 2009, precisely at the time in which Brazil had difficulty accessing the Chinese market through exports. So, for Brazil's trade balance with China by technological intensity, the surpluses are increasing in primary products and manufactured goods intensive in natural resources; however, for the other categories (low, medium and high technology) trade deficit has deepened, particularly in the case of products of higher technological intensity (Acioly, Pinto, Cintra 2011: 322-323).

deterioration in the quality of Brazil's bilateral trade with China, which now buys products with the lowest possible degree of processing and export increasingly sophisticated manufacturing, reproducing the classic framework of core-periphery uneven trade criticized by Raul Prebisch (1984) and Celso Furtado (2003). There is, therefore, a regression in the exports of the Brazilian economy, given the fall in the share of labor-intensive and scale-intensive manufactured products in total exports and the concentration of the export basket in various destination markets; while the Chinese economy tracks the opposite road, adding value and technology to its exports basket and diversifying destination markets and exported products (Cunha et al. 2012).

Thus, Brazil is positioning itself in a changing international order reflecting the Asian rise, especially China, by changing its pattern of foreign trade, depending on natural resource exports and signing losses in its capacity to compete in local and global markets (Cunha et al. 2012a, 2012b). Although the higher prices and increased demand for food, raw materials and commodities intensive in natural resources can eventually open a path of growth that string together with other more sophisticated activities, the Chinese competitive pressure can worsen the threat of deindustrialization. Thus, China's rise is a great challenge for Brazil, which faces the possibility of losing density, diversity and vitality of its productive and export structures, as well as its capacity to generate employment, innovation and technological linkages.

For the purpose of this paper, the nature and the essential characteristics of this "regressive specialization" (Cunha et al. 2012) can be partly understood as outcomes of the "political economy of agribusiness" (Delgado 2012, 2010; Acselrad 2012). It refers to a hegemonic construction anchored on a coalition of power articulating the agrarian bourgeoisie and the agro-industrial and mineral-extractive capitals, with the state credit policy. This is intended to sustain a strategy of capital accumulation through the extraction of economic surplus in the primary sector, pursuing the capture of land rent afforded by the "natural comparative advantages". The competitiveness in the exploration of oil and hydropower sectors also relies in the monopoly over natural resources, but their productivity gains results mainly from technical progress with strong inter-sectoral linkages and most of their assets' ownership is under public control. While the competitiveness of agricultural and mineral commodities exports is basically linked to the overexploitation of natural resources and the capture of land rent, capitalized in land prices and appropriated through financial speculation with land assets, with many negative consequences on human health and the environment, rural livelihoods and farming diversification.

Such a coalition of power began to be built in the 1999 currency crisis, when Cardoso, in his second government, saw the activation of the primary sector export drive as an adjustment strategy to the neoliberal order, able to generate trade balances and control inflation. Later on, even with the partial abandonment of neoliberal policies and the resumption of the role of the state, the primary-export strategy was consolidated and their beneficiaries became part of Lula's support basis during his two terms in government. And it has been maintained in Dilma's government, as the primary-exports are considered essential to keeping the equilibrium in the current account of the balance of payments and the parliamentary support of the "bancada ruralista" to ensure "governability" for the coalition whose political project is led by the Workers Party (PT).⁵

Along with the finance capital hegemony and the lowering of its growth rate, the balance of Brazilian forces is at a crossroads that needs to be overcome in order to enable the construction of a new development project. Anyhow, by having started to build a path to project its power, "Brazil has joined the list of states and national economies that are part of a 'central kaleidoscope' of the system" (Fiori 2010:34). It makes the country accountable for its own choices as an autonomous and sovereign section of South America in the

⁵ The so-called *Bancada Ruralista*, or officially Agriculture Parliamentary Front, is a parliamentary group compound with representatives from the extreme-right-wing to the center-left-wing of the Brazilian party spectrum, who have a common interest in the defense and support of agribusinesses. Although many of their representatives support the PT progressive government, most of them are historically identified as conservative or even reactionary.

newly emerging world order.

It is possible to identify at least two basic alternatives. First, from an economic standpoint, the easiest is that Brazil follows the path indicated by the markets and major international financial investors. In this case, it may become an export economy of oil, food and commodities; a kind of ‘luxury periphery’ of the large buying powers of the world, as were, in due time, Australia and Canada, even after its industrialization. So, however, Brazil will never turn into a ‘continental locomotive’ and will always be a competitor in relation to its neighbors. But Brazil has the capacity and ability to build a new and alternative path within South America, somewhat similar to the American economy, which has energy self-sufficiency and excellent endowment of strategic natural resources, and that has successfully combined a high value-added industry with a highly productive food and commodities sectors. However, the construction of this alternative path assumes the existence of a coalition of power with the capacity to support a project of economic expansion and geopolitical assertiveness to the consolidation of irreversible positions, including the construction of a new ideological hegemony within Brazil and South America. (Fiori 2010: 39-40).

Thus, without achieving its strategic objective in South America, Brazil will no longer realize its emerging condition and become a relevant power in the world (Fiori 2010). On the one hand, this overall goal includes the full economic occupation of the Amazon Basin, the integration of the River Plate Basin and the opening of multiple and continuous access to the Pacific Economic Basin, with the construction of integrated systems of energy, transport, communication and defense in the South American territory. On the other, it is vital for Brazil to exert the role of engine of regional growth and lead the integration of South American economies, like China has been doing in Eastern Asia. However, the main contrasts between Mercosur and the Asian integration experiences are the composition of the export basket, the external vulnerability of each country of the bloc (with high real exchange rates) and the absence of a net importer capable of putting a current trade compatible with the acceleration of income and employment growth in the region’s economies (Medeiros 2008a, 2011a). Thereupon, it is necessary for Brazil to have a strategy of economic development and an international projection of its power, capable of dealing with the pressures coming from the US, and increasingly China, in South America – exercising its leadership in order to placate the recurring inconsistency and ensure a consistent advancement of the regional integration process. Nevertheless, while the current cycle of left and center-left wing governments in the region seems to favor an ideological convergence among several countries, to build the hegemony of an integration project further depends on a stable and concrete long-term commitment throughout South America. For this reason, it is important to strengthen the regional institutions of Mercosur (South Common Market) and Unasur (Union of South American Nations) and their initiatives, the Bank of South, IIRSA (Integration of Regional Infrastructure in South America), FOCEM (Fund for Structural Convergence) and CSD (South American Security Council).

3 Brazil and China: two BRICS’ development trajectories in comparative perspective

The BRICS acronym was originally created by Jim O’Neil, of Goldman Sachs, to designate the “emerging markets” of countries that stood out for their territorial, demographic and economic dimensions, just at the time when the international crisis erupted. After this group of countries became increasingly institutionalized in the multilateral scene, scholars and analysts began to pay more attention to the specificities and

differences, as well as the similarities and commonalities among the countries. It is now clear that, despite significant disparities between them, most of the countries seem to track a path of economic development and international projection of their power, albeit grounded on one's leadership within its respective region (Fiori 2007; Visentini 2012). The patterns of inequality, social stratification and class mobility within the BRICS countries are also important issues, with special attention to the rise of the "new middle class" and its affluence in the consumer market, relations with other classes and repercussions on the social values and political projects that guide their development trajectories (Peilin, Goshlov, Scalón, Sharma 2013). Moreover, there has been discussion on how one could speak about a new BRICS' "variety of capitalism". In the (new) institutionalist debate on "comparative political economy", it has been argued that these countries share the common characteristics of being dynamic market economies, marked by the presence of expressive inequalities and permeated by traits of statism and patrimonialism (Nölke 2010; Becker 2013). Meanwhile, the recent convergence of financial, food, energy and environmental crises has put the nexus between "rural development" and "development in general" back into the center of theoretical, policy and political agendas in the world today (Borras 2009), all with wider implications for BRICS' countries like Brazil and China.

For the purpose of this section, the institutional framework briefly outlined in the introduction, and already applied in the first half of the paper, is combined with a comparative method, creating a "comparative institutional analysis". By means of a comparative institutional analysis, it is possible to study the relations between any given institutional configuration and its performance. Comparison, according to Terry Byres (1995: 572), "can open analytical perspectives when securely based theoretically, by extending our range of criteria independent of the particular context, allowing theory to be more nuanced in what it can reveal." Therefore, the comparative institutional analysis is based on the substantive approach of Karl Polanyi, which represents a promising methodological guideline for the political economy style of development study on critical agrarian, food and rural issues with which we are concerned.

The comparative method indicates that the substantive conception of the economy is suitable for institutional analysis. The substantive concept treats the economy as a process instituted to provide the livelihoods of society. The emphasis is on institutionalized regularities that constitute the economic process with stability and continuity. Comparison of carefully documented substantive historical situations is what will allow the institutional analyst to address the economic institutions as cultural traits, as expressions of human values arising from defined patterns of social interaction (Stanfield, 1982: 472-473).

Further, in our attempt to compare the development trajectories of Brazil and China in times of "great transformation", this section is organized into three topics. In the first topic, the patterns and trends of inequality and distribution and its impacts on social mobility and transformations of the class structures of each country are analyzed. The second topic describes the mutually constitutive relations expressed by the "soy-meat complex" and its place in the restructuring of their respective agrifood systems. And the third topic focuses on the role of actors and institutions in the emergence of new rural development dynamics in both countries since the 1990s. By so doing, we hope to demonstrate the centrality of class relations, agrifood questions and rural development dynamics in the contemporary "double movement".

3.1 Inequality trends and distributional dynamics: Poverty reduction and social mobility

Some key issues in the political economy of the BRICS concern the inequalities that plague most of these countries, the changes in distributional trends and its impacts on the class composition of their respective social structures (Peilin, Goshlov, Scalón, Sharma 2013). In Brazil and China in particular, strong poverty

reduction and its relationship with the distinct dynamics of economic growth in each country have attracted special attention from international literature (Ravallion 2009; Marin 2011). Indeed, Brazil and China are experiencing significant class mobility and changes in their social values, which might carry implications for the political disputes that will lead their development trajectories during the next decades.

The performances of Brazil and China regarding the relation between poverty reduction, economic growth and income inequality are very singular, but a comparison could help to illuminate some features. Brazil and China have a high rate of poverty reduction in common. Measured by the World Bank poverty threshold of USD 1.25 per day (PPP), in 1992, 17.9% of the Brazilian population (27.7 million) was considered to be poor, 11.3% in 1995, 10.6% in 2002, 8.5% in 2005 and 6.1% in 2009 – a total of 11.9 million. By the same criteria, in 1992, 63.8% of the Chinese population (743.3 million) was poor, 54.1% in 1995, 28.4% in 2002 and 11.8% in 2009 – a total of 157.1 million people.⁶ Notwithstanding, in Brazil, poverty reduction⁷ came together with a significant drop in income inequality in the context of moderate economic growth, while in China⁸ poverty reduction was accompanied by escalating income inequality in the context of accelerated economic growth. This can be seen when observing the evolution of the Gini Coefficient for income inequality. In Brazil, the Gini was at a very high level of 0.607 in 1993, decreasing to 0.588 in 2002, and followed by a steady downward trend, reaching 0.544 in 2009 and 0.531 in 2010 (Neri 2010: 40). While in China, the Gini was at a very low level of 0.355 in 1993, then skyrocketing to 0.460 in 2002 and 0.490 in 2009, before finally dropping slightly to 0.481 in 2010 (Li, Sicular 2014: 42).

The explanation behind these patterns of convergence in terms of poverty reduction, and divergence in terms of economic growth and income inequality lies in the different distributional dynamics in Brazil and China. First, we consider their personal distribution of income. In Brazil, all income strata have improved their share, but the poor had a real increase at a higher rate than the rich. The poorest 50% of the Brazilian population participated with 12.5% of total income in 1995, 13.3% in 2003 and 15.7% in 2009 – a positive variation of 6.4% from 1995 to 2003, and a large increase of 18% from 2003 to 2009. In 1995, 10% of the richest Brazilians grabbed 47.7% of wealth, 46% in 2003, and 42.5% in 2009. A negative variation of -3.6% between 1995 and 2003 and a further decline of -7.6% between 2003 and 2009 (Hoffman, Oliveira 2012: 5). It means that, although still enormous, given its high historical bottom line, the national inequality between the poorest and richest segments narrowed in Brazil. And in China, while the rich had a rapid and high growth in their income, the poor had a real increase in their income too, but at a slower pace and to a lesser extent. In urban areas, between 1995 and 2008, the average income of the poorest 20% grew by 7.3% a year in real terms. In middle-income groups, the average increase was 13.28% per year. And the income of the

⁶ Note that these numbers may be different when considering national criteria and methodologies. Using data from the National Household Sample Survey (PNAD), Neri (2010) considers that, in Brazil, people living under the poverty line are those with per capita household income (from all family sources) below R\$ 705 (USD 404 in 2009 Dec). In 2003 there were 49.319,851 million Brazilians living in poverty (28.12% of the population) and 28.838,782 million (15.32% of the population) in 2009. It means that, between 2003 and 2009, 20.481,069 million people overcame the poverty line in Brazil, a decrease of 45.5%. And in China, Li and Sicular (2014) point to the fact that official poverty lines for rural households have been adjusted three times from 1985, when it was about Y\$ 200 per person, to 2011, when it is Y\$ 2,300 per person (USD 365 in 2011 Dec). Using this new poverty line, based on China Household Income Project (CHIP) and annually adjusted by the rural consumer price index, it is estimated that in 2011 the number of poor in China was 122 million, 12.7% of the rural population.

⁷ Data from the IBGE shows that from 2003 to 2010 Brazil had a 4.1% GDP annual average growth, although this grew by 2% between 2011 and 2014. And data from the IMF shows that in 1992, Brazil's GDP per capita, measured in purchase power parity (PPP), was USD 6.693, 9.353 in 2003 and 13.773 in 2010.

⁸ Data from the NBSC shows that China had a GDP annual average growth of 10.9% between 2003 and 2010, which kept growing by around 7.5% between 2011 and 2014. And data from the IMF shows that in 1992, China's GDP per capita, measured in PPP, was USD 1.175, 3.865 in 2003 and 9.053 in 2010.

richest 20% had the faster expansion rate, with an average real increase of 15.6% per year. Between 2002 and 2007 the income of the poorest group increased by nearly 50% and of the second poorest group by nearly 60% in real terms, while the per capita income of the richest group nearly doubled, with a growth of 94% (Li, Sicular 2014: 10). As a consequence, both the relative and absolute income difference between poorer and richer segments widened, and from a low historical bottom line, national inequality rose to a higher level in China.

It is important to stress that these differing results in terms of personal distribution of income are also reflected in the functional distribution of income (a measure of the proportional shares of labor and property in the formation of national income). In Brazil, where the functional distribution of income has historically regressed between the 1960s and 1990s, it has improved in the last decade, as the proportion of labor income relative to property income has increased. Since the early 1990s, there has been an oscillatory and declining trend in the share of labor remuneration in Brazil's total income, reaching 38.8% in 2003, when it began to grow steadily up to 43.7% in 2009, which was the same level as in 1993 (Considera and Pessoa 2013: 484). While in China, the functional distribution of income has worsened in the last two decades, as the proportion of labor remuneration out of total income decreased. In 1992, labor remuneration made up around 54% of China's total income, decreasing to 49.6% in 2003, then dropped sharply to 40.6% of GDP in 2005 and 39% in 2007 (Morais 2011:107).

Which factors explain these dynamics of poverty reduction with decreasing inequality and moderate economic growth in Brazil, while China has experienced increasing inequality and accelerated economic growth in the last decades? We will not provide a detailed answer to this question, but rather will introduce the key factors highlighted by specific literature. Four main drivers have been pointed out in the Brazilian case (Neri 2012; Singer 2012; Pochmann 2013): i) increases in the level of formal employment (legal labor contract) associated with a drop in the unemployment rate; ii) real increases (above inflation) in the minimum wage, which in turn helped to raise the average wage of employed persons and the retired workers covered by social safety nets; iii) institutionalization of social programs of direct income transfers (*Bolsa Família*) and expansion in the number of beneficiaries, ensuring minimum income for families in precarious conditions; and iv) offering and expanding the payroll loans with lower interest rates and bank spreads, which have widened access to consumer goods (durables and non-durables). In the Chinese case, four main drivers are also pointed out (Li, Sicular 2014; Chen 2013; Morais 2011): i) improved terms of trade for agriculture, abolition of agricultural taxes and fees, provision of farming subsidies and investments in rural infrastructure, all with positive impacts on peasants' incomes; ii) increasing distance between the productivity levels of primary and secondary sectors, contributing to the concentration of wealth in urban industrial and services branches and the expansion of the rural/urban income gap; iii) urban labor market segmentation, due to the disruption of many state and collective enterprises, increasing employment in various private sector companies, especially informal work (self-employment, unregistered); and iv) relaxation of restrictions on rural/urban migration, stimulating both the raising of the rural household income through the receipt of revenue remittances, as the reproduction of the rural/urban wage and services gaps within the urban labor market, between urban registered residents/unregistered migrants, formal/informal, skilled/non-skilled.

These distinct distributional dynamics experienced by Brazil and China, although with singular characteristics and implications, have consequently led to a similar result in both countries: a social mobility process that is recomposing the class structure of each society in a specific way, but in both cases sparking debates about a rising "new middle class". In the case of Brazil, this debate was heavily influenced by the contribution of Neri (2010), which divides Brazilian society into five "economic classes" (A, B, C, D, E), whose boundaries are established by strata of per capita household income (in 2009 prices).⁹ Based on this

⁹ Class E includes those with incomes below R\$ 705, a value based on the absolute poverty line. Class D includes those

classification, Neri (2010) notes that class C increased from 38% of the population in 2003 to 50% in 2009. Throughout this period, more than 29 million people have stepped into class C, which during the Lula Government was publicized as the “gateway to the middle class.” It would have resulted, in a large measure, from the upward mobility of segments from classes D and E to class C, due to the referred reduction of poverty and income inequality the last decade. In the case of China, since the reforms started in 1978, the canonical class structure of the Mao era (workers, peasants and intellectuals) has experienced dramatic transformations. The formation of a newer middle income stratum is propagandized by the business community as an “affluent middle class”, and the government as a step towards a “moderately prosperous society”. Take some instances quoted from Li (2010). GNP Paribas Peregrine estimated that China's middle class included 50 million households in 2004 (13.5% of the population) and would reach 100 million households by 2010. Merrill Lynch projected 350 million people (32% of the population) in the middle class by 2016. And the State Statistics Bureau of the Chinese government, which conducted a study in urban China, have estimated that the middle class constituted 5% of urban Chinese families in 2005 and would increase to 14% in 2010 and reach 45% in 2020.

These and many other studies on the rise of the middle class in Brazil and China are interesting ways to show the decisive effects of this new phenomenon of the expansion of domestic markets and the creation of new patterns of mass and niche consumption. But by focusing just on the income criteria they incur in a theoretically impoverished economicism, which prevents them from realizing the deeper meaning of the transformations in the social structures of the emerging countries. Fortunately, other studies in the fields of sociology and political economy have introduced critiques and proposed more enlightening interpretations about the nature, characteristics and implications of this phenomenon. Some of these studies have adopted synthetic categorizations of the famous EGP (Erickson, Goldthorpe, Portocarrero) classificatory framework, based on the occupational criteria, to analyze social stratification and mobility in BRICS countries. Besides the business class (big entrepreneurs, proprietors and shareholders) and the great working class (technicians and supervisors; skilled, semi-skilled and unskilled manual workers; rural workers) this framework considers a great middle class, which includes three segments: i) professionals, administrators and managers; ii) smallholders, farmers and artisans with and without employees; iii) routine non-manual employees in offices, business and services. Despite some methodological differences¹⁰, the analysis carried out shows the following results regarding the evolution of the middle class. In Brazil, between 2002 and 2009, the middle class ranged from 30,9% to 32,0% of the population, wherein its first segment ranged from 8,7% to 9,0%, the second from 9,1% to 7,8%, and the third from 13,1% to 15,2% (Salata, Scalón 2013: 348). And in China, between 2001 and 2006, the middle class ranged from 21,1% to 28,0% of the population, wherein the first segment ranged from 6,3% to 8,3%, the second from 3,9% to 8,6%, and the third from 11,0% to 11,2% (Li 2013: 403).

In light of specialized literature on each country, a comparison of these data leads us to some remarks about the metamorphosis of the working and the middle classes and their political potential in a context of expansion of per capita income and access to consumer markets. In Brazil, the distribution of occupational strata remained stable over the years and, therefore, it is controversial to speak of an expressive change in the class structure (Scalón 2013). The Brazilian salaried middle class was formed between the 1930s and 1980s, during the period of rapid urbanization and import substitution industrialization, but during the neoliberal

with income between R\$ 705 to 1.126, with its upper limit defined by the distribution median. Belongs to class C those with income between R\$ 1.126 and 4.854, with the upper limit set by the 9th decile. Class B includes those with income between R\$4.854 and 6.329; and class A those with incomes above R\$6.329.

¹⁰ In addition to using databases with historical series of different years, the results of Salata and Scalón (2013) for Brazil includes the total population, while the results of Li (2013) for China includes only the urban population, because the country's middle class is concentrated in urban areas. So, we calculated the proportion of the urban middle class and each of its three segments in the total population for the years of 2001 and 2006.

period of the 1990s, suffered a relative shrinkage. The economic recovery since 2003, with partial abandonment of neoliberal policies and the resumption of the state, has increased the incomes and impacted positively on the consumption levels, especially of the low-paid population. But except for some segments of small business owners and self-employed, in the traditional salaried middle class segments, social mobility was not considerable. Actually, with the improvement of the employment and income conditions at the bottom of the social pyramid, the traditional middle class have been losing their status and distinction. In an unequal and hierarchical society such as Brazil, along with privileged access to consumer goods as a symbol of alleged superiority, the middle class also lost an army of cheap labor from the lower classes to render them domestic and personal services (Costa, Scalon 2013; Pochmann 2013). Another situation is happening in China, where until the mid-1980s, something that could be called a middle class was nonexistent. Observing the dramatic transformation of social structure that China has experienced since then, it can be considered that the rising middle class is virtually new in all its segments and, as one of the most benefited groups from the reforms, despite political ambiguity, the middle class plays as a stabilizing force in the Chinese regime (Li 2013; Li 2010). However, it is estimated that only a small portion of the middle class is sociologically defined – around 6% of the total population – so to recognize themselves and conform to the stereotypical image currently held by the public, in terms of wealth and lifestyles. Indeed, although their income level and consumption potential is rising, it is still limited compared to the standards of the Western countries' traditional middle classes (Li 2013).

However, a common feature in both countries is the fact that the greatest economic and political transformative potential really lies in the dynamics of the working class. In Brazil, instead of talking about a rising “new middle class”, it is much more fitting to talk about the “new working class” (Pochmann 2013). Those people who really experienced a strong process of social growth and upward mobility are historically the marginalized segments from the bottom of Brazil's social structure, which Singer (2012) calls the “sub-proletariat”. Basically poor people from towns and the countryside that have accessed consumer markets but now also claim for public services and social rights, and are responsible for the election of the four mandates of the coalition headed by PT. Meanwhile in China, the huge mass of peasants converted into migrant workers flows every year to the big cities as second-class citizens to fuel the largest labor market in the world. Although they are the basis that has sustained Chinese growth up till now, they are still kept aside from the benefits conquered by the new middle class and constitute the largest source of social unrests in China. However, if the current prediction of exhaustion of the cheap labor era come to ends, pressures for social and labor rights must increase, conflicts intensify and they will probably become the fundamental force of change in China's political life (Li et al. 2013; Nabuco 2012). Despite the singularities of each country, the relations between the growing average income and social mobility at the bottom level, and the activation of domestic markets and changing consumption habits, particularly of the eating habits and class-related diets, seems to exert large repercussions. These changing consumption habits play a decisive role on the ‘demand side’, constituting an important driver in the transformations of Brazil and China agrifood systems’.

3.2 Agrifood question: Nature, characteristics and implications of the soy-meat complex

Once we have briefly compared the trends of inequality, distribution and social mobility in Brazil and China, it is important to highlight the relation of these processes with the fight against hunger and the transformations of the agrifood systems in both countries. According to the recent FAO, IFAD, WFP (2014: 41-43) report, between 1990-1992 and 2012-2014, the number of chronically undernourished people in the world reduced 39.6%, from 1.014.5 billion to 805.3 million. East Asia and Latin America were the regions with the best performances, especially due the positive results of China (Zhou 2010) and Brazil (Belik 2012). In Brazil, in the range of a decade, between 1990-1992 and 2000-2002, the percentage of hungry people

decreased from 14.8% (22.5 million) to 10.7% (19 million) and then fell to less than 5% of the population in the last decade (biennium 2012-2014); while in China, during the same period, the percentage of hungry people decreased from 23.9% (288.9 million) to 16.1% (211.7 million) and then to 10.6% of the population, a moderately high level. However, the ironic paradox of developing countries such as Brazil and China is that the old and declining problem of hunger coexists with the new and rising problems of malnutrition. Today, over 15% of Chinese are overweight and over 3% are obese, while 50% of Brazilians are overweight and 17% are obese (FAO 2014). This is linked to the phenomenon of “nutrition transition” and the corresponding changes in the eating habits and class related diets. The processes of large-scale urbanization and lifting the income levels of “affluent” portions of the population in developing countries – i.e., the “new” working and middle classes – are accompanied by shifts in their lifestyles: from diets of staple foods and low protein content, based on cereals, vegetables and fiber to diets with ultra-processed foods, low in fiber and high in protein, saturated fats, salt and sugar; and towards demographic patterns with lower rates of fertility and mortality, and epidemiologic patterns with more chronic and degenerative diseases than infections and sub-nutrition (Lang, Heasman 2006).

It has been argued that the inner roots of this “agrifood question” stems from the globalization of developing countries’ agrifood systems like Brazil and China (Wilkinson 2009) in the context of the current “food regime” (Friedman, McMichael 1989; Peine 2009; McMichael 2013). And the most significant issue to understanding the nature and characteristics of Brazil-China agrifood question is the formation of the “soy-meat complex” (Weis 2013), whose dynamics have been a decisive driver in their economic relations over the last 10 years. Indeed, to a large extent, the boom of soybean production and exports in Brazil and the restructuring of the meat and feed industries in China have been two mutually constitutive phenomena (Wilkinson and Wesz Jr. 2013; Schneider 2014; Oliveira, Schneider 2014; Schneider, Sharma 2014).

Although there is evidence of soybean cultivation for self-consumption by Japanese immigrants in Brazil since the late Nineteenth Century, commercial farmers only began planting soy in an extensive way after the 1940s, as a cover crop. As production increased during the 1950s and 1960s, soybeans began to be incorporated as a supplementary input in the food industry. But only in the 1970s, after massive television advertisement campaigns to introduce new tastes and consumption habits, soybeans really became the primary input for margarine and the main input for vegetable oils. And it was only in the 1980s, with the rapid development of large-scale corporate-driven confined animal feeding operations (CAFOs) for poultry and pork production in Brazil, especially in the three southern states, that soybeans gained weight as the bulk of livestock feed (in a strategy to generate profits from soy meal, a by-product previously considered waste). After 1996, with the enactment of Kandir Law, which removed price support mechanisms and exempted export taxes on unprocessed raw materials and commodities, such as iron ores and soybeans, the profit margins of the soy crushing industry declined and the transnational trading companies increased their control on crushing operations over the Brazilian meat companies. The soy boom and the increasing agribusiness pressures to raise domestic demand from soybean crushing made the Brazilian government establish the National Program for the Production and Use of Biodiesel (PNPB) in 2004 – by which the mixture in diesel supply started from 2% in 2006 to a planned 10% in 2020 – turning biodiesel industry into the third biggest market for soy products, absorbing 10% of Brazilian soy in 2013. Important to mention that, in the context of PNPB, over 30% of current biodiesel production in Brazil is sourced from family farming soybean producers. Finally, only very recently soy-based edible products (foods and drinks) began to gain place in the consumers' habits and preferences and to conquest higher positions in Brazilian diets and tastes, and consequently, in its growing domestic food markets (Peine 2009; Wesz Jr. 2011, 2014; Oliveira, Schneider 2014).

But even with the impulses from its domestic market, the main target for Brazil’s soy is to meet the demand of foreign markets, with China in the forefront. Data from Hirkuri and Lazzarotto (2014) shows that Brazilian soybean production has had an annual growth rate of 5.5% between 2000/01 and 2013/14,

which made the harvested grain volume skyrocket from 13.934.000 to 87.500.000 tons in the period; the national harvested area increased 4.3% per year, from 14.0 to 30.1 million hectares; and the productivity increased 1.1% per year. Soy currently represents 52.9% of the total grain area and its cultivation is concentrated in the South and Midwest regions, which have the top five producing states in the country: Mato Grosso, Paraná, Rio Grande do Sul, Goiás and Mato Grosso do Sul. However, in the most re-cent period there was a large advancement of soybean cultivation in the North and Northeast, in the so-called MAPITOBA, acronym for the border region among the states of Maranhão, Piauí, Tocantins and Bahia. The gross value of soy production (GVP) in Brazil grew 7.7% per year from 1996 to 2012, increasing from 9.40% to 25.73% the share of soy GVP in the national agricultural GDP. Hence, the soy complex is a weighty source of trade surplus, as it grew 6 times between 1997 and 2013 and currently accounts over 37% of the trade balance of Brazilian agribusiness. The total Brazilian soybean exports increased at a rate of 8.84% per year between 2000/2001 and 2013/2014, from 15.469,000 to 44.500,000 tons.

Of the whole Brazilian soybean production, 51% is exported, which corresponds to 40.66% of the total soy supplied in the global market, making Brazil the first soy exporter, followed by the US with 39.29% and Argentina with 7.31%. The main importer of Brazilian soy is China, followed by the EU, Japan, and Mexico (Hirakuri, Lazzarotto 2014). China is now the largest world soy importer: from 30% of the world soy imports in 2000 the Asian country reached 60% in 2012. As a matter of fact, there is a mutual dependence between Brazilian soy supply and Chinese soy demand, but with a better balance to China, as in 2011 36.9% of soy grain entering China came from Brazil and 67.1% of Brazil's soy grain exports went out to China. In 1997, 43% was exported in the form of meal; 43% in oil; and only 14% in grains. From 2000 onwards, exports of meal sharply declined, and 93.4% of the value of the soy complex exports in 2011 was derived from grain. Note that the Kandir Law favored Brazil's specialization in grain exports, but China has also invested heavily in the crushing industry, and now has the world's highest processing capacity. As a symptom, 80% of total grain imports were processed for meal and vegetable oil, and only 11% goes directly to human consumption in the form of tofu, soy sauce or soymilk (Wilkinson, Wesz Jr. 2013).

Similarly, in China in the 1970s, the uses of soy have also changed since the beginning of the reform era. While soy derived foods remain common staples in Chinese cooking and diets (most non-OGM domestic production), people now consume soy increasingly as cooking oil and primarily as industrial pork or poultry (most OGM imported beans). It is a result of the nutrition transition in China, which has quadrupled its per capita meat consumption from 1980 to 2010, reaching an average of 61kg – a middle level compared to 42kg in the world, 71kg in Brazil and 120kg in the US (Oliveira, Schneider 2014). Data presented by an IATP report series (Schneider, Sharma 2014; Sharma 2014; Pi, Rou, Horowitz 2014; Sharma, Rou 2014) shows that China produces and consumes over 50% of the world's pork, nearly 20% of world's poultry, 10% of world's beef and is the fourth largest world's milk producer (and increasing consumption). Changing food habits and class diets towards greater levels of protein consumption is the key demand driver for meat industry restructuring and the growing feed imports in China. For Sharma (2014:14) “water, land and labor shortages are making grain production expensive in China relative to the global market. Between 2001 and 2012, China's import dependence doubled from 6.2% to 12.9% with a net deficit in agriculture and food. China's targets for meat production growth are likely to add to that trend in the coming decade due to feed imports.” At this point, Wilkinson and Wesz Jr. (2013) stress that the Chinese interest in acquiring land in Brazil (even though in some cases it may include investments in crushing plants and port terminals) is closely linked to its “need for feed” and its strategy to exert direct control over the soy commodity complex. Therefore, Schneider (2014) characterizes these land deals and agribusiness investments by Chinese companies as “meat grabs” and not just “food security land grabs”, as is usually defined in the literature.

The present food regime, within which falls the Brazil-China soy-meat complex, has as its main characteristic the dominance of large transnational corporations in every link of the agrifood value chains. That is why McMichael (2013) calls it a “corporate food regime” and Ploeg (2010) designates “food empires”

the major agrifood companies and their connections. Data from Wesz Jr. (2014: 38-39) illustrates the Brazilian side. In the 2011/2012 harvest, five Argentinean groups (El Tejar, Los Grobos, Adecoagro, Calyx Agro and Cresud) controlled about 700.000 ha, mostly for soy production. American and Chinese companies (Chongqing Grain Group, Pengxin Group, etc.) also invested in soy cultivation. Mergers and acquisitions occurred in all the branches. The agricultural machinery and equipment industry (tractors and harvesters) is very concentrated and dominated by five (foreign and domestic) companies and its subsidiary brands: AGCO (Allis, Ideal and Massey Ferguson), CNH (Case and New Holland), John Deere, Valtra and Agrale. Six companies (with its brands) control 86% of the fertilizers (NPK) market: Bunge, Fertipar, Mosaic, Yara and Heringer. The eight largest firms sold together 75.6% of the pesticides in 2011, but the participation of the top three firms' reached 48.9%. The soy crushing and trading sector is dominated by transnationals Bunge, Cargill, ADM and Dreyfus (the ABCD) and also the Brazilian Amaggi. These five companies are all investing in the "verticalization strategy" of the whole chain: production and sale of inputs, provision of financing and technical assistance, purchase of grain, processing and export of fresh soybeans and sales of final goods. However, despite this corporate dominance, agricultural cooperatives still keep their role in the Brazilian soy complex: they account for 35% of purchases of domestic soybeans (up to 2/3 in the south region) and 10% of exports.

Data from Schneider (2014) and Sharma and Schneider (2014) illustrate the Chinese side. By the mid-2000, around 70% of the ownership of soy crushing and refining was taken over by the ABCD and NOW (Noble, Olam, Wilmar) groups. But due to the outcries of domestic soy farmers, the government subsequently launched protection and incentives policies to support the national crushing industry, and now Dragon Head Enterprises (DHE) like COFCO, Hopeful Grain and Oil Group, Heilongjiang Oil and Fat, Shandong Bohai Industries and SOEs like Chinatex control over 60% of the sector. The feed industry is also largely controlled by Chinese-owned private companies, and in the 12th five year plan have set a goal to have 50 manufactures producing 50% of the national feed output by 2015. In the list of the top 100 feed companies in the world, ranked by volume, 29 Chinese firms are included, with 8 in the top 20. Regarding the soybean imported from Brazil into China, the top 10 importers represent about 70% of the total imports, and 7 of them are Chinese-owned firms. All of this feed goes to poultry and especially pork, which are at the heart of "China's meat revolution". In fact, ownership and operations in China's pork industry is largely domestic, but based on the logics and practices of agribusiness elsewhere. In 1985, backyard farmers produced at least 95% of the country's pork. However, in 2009 the figure was totally different: backyard farmers (1 to 10 pigs/year) accounted for about 27% of nation-wide pig production; specialized household farmers (50 to 500 pigs/year) accounted for about 51%; and large-scale commercial farms (> 500 pigs/year) produced about 22%. Both specialized household farms and large-scale commercial farms produces under CAFOs systems, controlled by a few large DHEs. Firms like Yurun, Shineway, Jinluo, Shunxin Agro, Shuanghui, Gaojin, Zhongpin, Delisi, among others, are examples of DHEs in the pork industry. All are leading agribusiness corporations supported by governmental credit and subsidies, which coordinate a number of stages in the value chain by means of combined strategies of vertical integration and contract farming. Worth mentioning is that, despite the largely domestic nature of ownership and control over the value chain in China's pork industry, foreign firms also play their role, especially as suppliers, including some Brazilian firms in joint ventures with Chinese firms, such as JBS-Friboi, BR-Foods and Marfrig.

Brazil is, in fact, emerging as a major global supply source for a range of strategic com-modities, raw materials and foodstuffs beyond the soy complex, such as corn, cotton, red meat, poultry and pork, sugar, pulp, coffee and orange juice. China, in turn, besides being the world's largest importer of commodities to produce feed for its own meat industry to supply its domestic market, is emerging as a key exporter of seafood, fruits and vegetables, and processed foods. In this context of globalization of the agrifood systems and concentration and centralization of capital in a few giant agribusiness corporations, Wilkinson (2009) notes that large developing countries such as Brazil and China are achieving successful strategies to develop

their own transnational agrifood companies. On the one hand, the consolidation of their transnational corporations is important to lessen the economic power of the core capitalist countries and, on the other one, to enlarge and reinforce their power and influence on the new world food order, envisioning their own “national” interests. However, for the farmers and consumers themselves, it makes little difference whether the oligopolies are in domestic or foreign hands.

In both countries there is a long list of negative consequences related to the operation of the soy-meat complex documented by the literature. In Brazil, the deleterious effects of the soy complex includes: pressures on the deforestation of Cerrado and Amazon biomes; degrading labor conditions; monoculture specialization and intensification; high rates of use and contamination by pesticides and herbicides; patrimonial speculation and inflated land prices, land concentration and livelihoods dispossession of family farmers and other rural social groups (indigenous and traditional peoples) (Delgado, 2012; Sauer, Leite 2012). In China, several deleterious effects can be included too: degradation of water and soil; greenhouse gas emissions; biodiversity losses; dietary intake inequalities; and pressures on rural livelihoods dispossession, given the increased commoditization of production and market access competition (Schneider 2011, 2014). Consumers’ anxieties about food safety and health concerns are common in both Brazil and China, given the cases of scandals in the food industry, like the contaminations and frauds with many food products (milk and dairy, processed meats, etc.) and the concerns and controversies around the real and potential problems related to the cultivation, consumption and regulation of GMOs (traded soy is predominantly GMO). All these negative consequences of the commoditization, liberalization and globalization of developing countries’ agrifood systems led by transnational agribusiness corporations, or food empires under the aegis of the food regime, actually constitute the main motivations for the reactions and responses of social actors affected by them. That is the reason why the new rural development dynamics emerging in Brazil and China since the 1990s could be interpreted as “counter-movements”.

3.3 Rural development dynamics: Actors and institutions, interaction and evolution

The newly emerging rural development (RD) dynamics are definitely not a unique and direct outcome of state intervention through public policies, though it plays a key role for its effectiveness. In fact, without any voluntarism, what really triggers the RD dynamics is the agency of the social actors and their abilities to intervene in the social reality in which they live, especially farmers and peasants, their organizations and their political allies (Ye, Ploeg, Schneider 2012). Anyway, the nature, scope and impacts of rural development dynamics can vary greatly according to the specific contexts in which they occur, because it is a highly complex phenomenon, difficult to define. However, for analytical purposes, it is important to distinguish between RD practices, policies and processes, the basic components that make up the newly emerging dynamics of rural development. With appropriate weights on the specificities and the territorial diversity within each country, these different elements of RD dynamics have been recurrently identified both in Brazil and China (Ploeg, Ye, Schneider 2010; 2012).

“Rural development practices are grassroots level activities (that might very well have ramifications for other levels) that significantly alter the routines and outcomes of farming” (Ploeg, Ye, Schneider 2012: 134). The varied morphology of the activities involved displays in common the energy to shift the boundaries of agriculture and create resistance and autonomy in relation to the control and dependency imposed by the food empires. On the “downstream” side of farming, the shifts are given by “deepening”, with the introduction of new practices that internalize processing and distribution activities within the production units, often involving the incorporation of specific characteristics and values to the final products, resulting in the creation of higher added value appropriated by the farmers. Forms of organic or ecological agriculture, craft processing of high quality products, building alternative networks and short food-supply chains are examples of deepening. On the “upstream” side of farming, the shifts comes by “regrounding”, with the

reconstitution of the resource basis of the production units, reducing the inflow of external resources and improving the conditions for reproduction of internally available resources (natural, human and material). Re-grounding strategies include ensuring self-provisioning, pluri-activity and access to non-agricultural income sources, reducing production costs and investing in labor-driven intensification and skill-based technologies. Regarding the “wider economic environment” in which farmers are located, boundaries are shifted by “broadening”, with the inclusion of a set of non-agricultural productive activities into the farm. Agro-tourism and hospitality services, energy production, mining, aquaculture, nature conservation and landscapes management, all exemplifies broadening strategies.

Rural development policies, in their turn, represent efforts made by the state to face and respond to the demands and expectations of the social actors, stimulating and strengthening, or restricting and controlling, the individual practices and the general processes of RD. Distinct from the traditional agricultural and agrarian policies, the new generation of RD policies focuses increasingly on generating and sustaining new circuits of social and economic reproduction for peasant and family farmers, allowing them to remain viable as food producers, even in the face of adverse market conditions (Ploeg, Ye, Schneider 2010). The main strategic goal of the current DR policies is to redefine the role of agriculture in society, but it can embrace and support a wide range of related social goals in distinct national trajectories.

A common feature, then, of RD policies and practices [in Brazil, China and some European countries] is that they are emerging as responses to the difficulties caused by the functioning of the main agricultural and food markets [largely controlled by the ‘food empires’]; (i.e. they are responses to what economists refer to as major ‘market failures’). It is evident that the main agricultural and food markets have a tendency to destroy positive externalities, are unable to address poverty and major inequalities, and/or are not capable of reproducing farming as an activity that provides employment opportunities and reasonable incomes to large parts of the population. Another commonly shared feature regards the ‘fluidity’ of RD objectives. RD policy objectives seem to be, at first sight, somewhat slippery. RD processes and policies usually start out with relatively focused objectives, but these often shift or seek ways of moving between, and incorporating, new and broader goals. (Ploeg, Ye, Schneider 2012: 138). The [ambiguity and] vague-ness of rural development policies also has institutional roots. Whilst rural development represents an important paradigm shift at the theoretical level, at the level of practice it represents a far reaching and multi-dimensional transition that unfolds in a step-by-step way through ongoing negotiations over early-existing and newly emerging contradictions (Ploeg, Ye, Schneider 2010: 178).

The recent performance of conventional markets – or “self-regulating markets” in the words of Polanyi (2000) – of agricultural, food and factors, has resulted in a wide, albeit variable, range of negative consequences, that many societies are no longer willing to accept. However, at the same time, it is equally clear that the processes of globalization and liberalization that are driving it constitute obstacles to the effective intervention of regulation and control of these markets. This basic contradiction is a factor that greatly contributes to explaining the more or less simultaneous emergence of new rural development policies and practices in Brazil and China. And the same contradiction also allows us to understand the *modus operandi* of the RD processes, which basically consists in redefining and redirecting the path of agriculture, food and the rural areas through the regulation of existing markets and the construction of new markets. RD processes, thus, encompasses four elements of “embeddedness”, which can become combined or not: i) the ‘demonopolization’ of conventional markets; ii) the construction of new connections between existing markets; iii) the creation of new markets; iv) the development of new governance structures for both existing

and new markets. Through the construction of new “nested markets”, RD is viewed as a socio-material process of transition that involves remodeling distributive mechanisms (for products, services, value added) and leads to the reshaping of agriculture and food production, rural livelihoods and the countryside. The construction of new nested markets in practice constitutes a form to by-pass the controls exerted by the food empires on the commodity chains and bridge the structural holes they create between producers and consumers. Recent experiences documented and interpreted as examples of new nested markets in Brazil include agro-ecology networks and organic products, farmers’ markets (*feiras livres*), and ‘institutional’ markets linked to the food procurement system for public institutions (schools, hospitals, army, public stocks, etc); and in China include organic, ‘green food’ and ‘non-polluted’ agricultural products, ‘one village, one product’, and agro-tourism.

The relations and interactions between consumers and producers within these nested markets permits the connection of previously separated value circuits, adding value and improving farmers’ livelihoods, opening access to quality products at fair prices for the consumers, creating new forms of sociability and reciprocity, trust and values shared by both (Ploeg, Ye, Schneider 2012; Hebinck, Ploeg, Schneider 2014). In line with Polanyi’s (2000) “double movement” thesis, such an approach allows us to understand the new rural development dynamics emerging in Brazil and in China since the 1990s as part of a protective “counter-movement” driven by certain actors and institutions in response and reaction to the “assaults of the satanic mill” undertaken by the food empires under the food regime.

For a long time, RD in Brazil was associated with a set of compensatory interventions of the state and international agencies in poor rural areas that failed to integrate the technology patterns of the ‘agricultural modernization’ process, along the lines of the ‘green revolution’ promoted by the military regime. However, after the ‘lost decade’, as the 1980s became known, many changes marked the entry to the 1990s, under the auspices of the democratic regime, signed by the New Federal Constitution of 1988, and the economic stabilization, with trade liberalization, privatization and financial deregulation. Many social actors repressed during the dictatorship returned to the scene and new actors of civil society began to rise. The 1990s began making room for discussions on the future of the country, when rural development arises as an important theme. Symptomatically, from the 1990s onwards, family farming comes to light in the public debates and begins to assume greater legitimacy as a social category in Brazil, given the struggles for political affirmation driven by farmers’ unions and rural movements, the intellectual interest among scholars, researchers, mediators and advisors, and the institutional recognition from the state, through new laws and policies (Schneider 2010).

The first half of the 1990s gave rise to mobilizations of great political impact on the state and society, such as the Cry of the Earth Brazil, an annual movement that persists today. CONTAG (Confederation of Agricultural Workers), despite being a traditional and official union organization, arose in the 1950s, leading a set of struggles and mobilizations by different rural policies (credit, pricing, marketing, retirement and social security). MST (Landless Movement) has emerged in the early 1980s in the south and in the 1990s became national, with a strong critical stance and demands for land reform. Later on, MST led to other movements, such as the MPA (Movement of Small Farmers) and MMC (Movement of Peasant Women), all of them articulated with the Via Campesina, whose social basis share a peasant identity. Competition with MST for representing landless farmers, rural workers and smallholders, led CONTAG to ally and share agendas with emerging movements, such as the National Bureau of Rural Workers (DNTR) of CUT (Unique Workers Central) in 1995. FETRAF (Federation of Workers in Family Farming), consolidated its national representation by 2005, although its origins date back the struggles of DNTR, divisions within CONTAG and differences with MST. FETRAF also has important interfaces with other rural organizations, such as CRESOL (Central Credit Union of Solidarity Family Farming) and farmer’s cooperatives organized in networks around UNICAFES (Union of Cooperatives of Family Farming in Solidarity Economy). One cannot forget two other social actors of the rural: NGOs working in mediation and advisory activities,

especially on the themes of sustainability, alternative technologies and agro-ecology; and organizations linked to the Catholic Church, such as CNBB (National Conference of the Bishops of Brazil) and CPT (Pastoral Land Commission). Between 1990 and 1996, there was also a surge of several studies, books and researches that produced theoretical and interpretative displacements. Firstly, the family form of production in agriculture was shown to be not only prevalent in the advanced capitalist countries, but also capable in playing an important role in economic development. It was then formulated as a classification of Brazilian rural households, according to labor relations (family vs. employer), and a typology of family farming, with three categories (consolidated, transitional, peripheral). This work had an influence on academic research and policy-making, and could be considered a precursor of the current debates on family farming diversity and heterogeneity (Schneider, Cassol 2013).

The struggles of organized rural social movements and their pressure on the state led to the creation of PRONAF (National Program for Strengthening Family Farming) in 1996, and the Family Farming Law, in 2006. In 1998, the MDA (Ministry of Agrarian Development), was created, for which INCRA (National Institute for Colonization and Agrarian Reform) is subjected. It is worth noting that Brazil has two ministries in charge of agrarian issues: MDA, with policies and programs focusing on family farming and land reform; and MAPA (Ministry of Agriculture, Livestock and Supply) focusing on large-scale export-oriented commercial agriculture. In addition, the Ministries of Fisheries and Aquaculture (MPA), Environment (MMA) and Social Development (MDS) also keep important intersections with RD policies. CONDRAF (National Council for Sustainable Rural Development) and CONSEA (National Council for Food and Nutritional Security), both established in 2003, are also some important spaces of political representation of family farming and other actors interested in RD. PRONAF is the most important RD policy, focused on credit for working capital and investment, which each year has increased the resources launched by the Family Farming Harvest Plan, after negotiations between actors and the government. Two other policies also deserve special note: the PAA (Food Acquisition Program), created in 2004 to respond to farmers' problems with commercialization, price instability and markets access, and to meet the demand for food from public institutions (hospitals, prisons, army, etc). And PNAE (National School Feeding Program), formerly existing but reorganized by the obligation of municipalities to purchase at least 30% of school feeding products from family farmers, creating new institutional markets. The evolution of policy goals is marked by three generations: the period from 1993 to 1998 is characterized by the formulation and implementation of land reform and rural settlements and differentiated rural credit policies; the period from 1998 to 2004 by compensatory and distributive policies, widely extended in rural areas of the country, focusing on rural social assistance and protection; and from 2005 up to now, policies begin to incorporate a strategy of building new markets, oriented to ensure food and nutrition security, with channels of connection between consumers and farmers, and the attempt to promote environmental sustainability, with specific norms and regulations (Schneider, Shiki, Belik 2010; Schneider, Cassol 2013).

In China, the institutional reforms on agriculture and the countryside caused euphoria with its first positive results in relation to increased production and productivity, rural poverty reduction and income enhancement. But with the changing times from the 1980s to the 1990s, the sense of dissatisfaction with the situation of stagnation and deterioration of rural living conditions grew at the same pace as migration exploded. The ideology of urbanization as development and the denigrated rural image, the unprotected rights of migrant workers, the emptying of working age men (mostly), and its reflection on the growth of people left behind (children, elderly and women) in the villages, all of these problems have negatively affected the peasants. The 1990s also witnessed the spiraling of rural taxes and fees, increasing the already heavy fiscal burden on the peasants. Together with the problems above, the peasant burden was the major cause of resentment and contention, leading to a growing number of rural riots and protests: from 8.700 in 1993 to 180.000 in 2011 officially named "mass incidents" (Yeh, O'Brien, Ye 2013). This crisis became known as "*sannong wenti*" – the "three agrarian problems": agriculture (*nongye*), countryside (*nongcun*)

and peasants (*nongmin*). This concept, introduced by the well-known intellectual Wen Tiejun, is a mark for the new RD dynamics in China, and emerged to explain and envisage limiting the growth of agricultural production, the restrictions on improving the living conditions in the countryside and the difficulties in enhancing the income and well-being of the farmers (Ye, Rao, Wu 2010).

Since the communist revolution, the peasants always have borne heavy taxes, charged with views to extract and transfer the resources to industrialization, creating huge disparities between rural and urban populations. But since the reforms and transition into a market economy, decollectivisation left an organizational vacuum that gave rise to discontent and unrest, causing social instability in the Chinese countryside. The provision of public goods and services were neglected; irrigation, roads, schools and health deteriorated; and conflicts between the rural population and representatives of the local state intensified. Thus, since the 1990s, local actors, academics and officials has been reacting to crisis signals pointing out that rural development has been ignored over the transformation brought about by the reforms, and that traditional forms of “top-down” state intervention, while important for its massive mobilization capacity, have proved insufficient and incapable. The growing interest in rural change processes involves leadership and negotiation between different social actors: formal representatives of the party-state at various levels (village, township, city, province and central); social activists as academic scholars and intellectuals linked to universities or NGOs; and local residents, through grassroots organizations (farmers cooperatives, family, religious and cultural associations) or rural elites (business and local party cadres) (Thøgersen, 2009). During the 1990s, the so-called “new left” emerged in Chinese politics: a key actor within debates on rural issues, with strong stances taken against land privatization, protection of the peasants’ livelihoods from market forces, and for the building of cooperative relations in the countryside. Its most prominent manifestation is the movement of New Rural Reconstruction (NRR), an attempt to bring together rural experiments in democratic cooperatives and social organization modeled in part on the Rural Reconstruction movement of the 1930s (Day 2013).

The state also took steps to face the *sannong wenti*. The tax-for-fee reform in 2002 fore-shadows the abolition of agricultural taxes completed in 2006. And in the same year a new program was launched, similarly called New Socialist Countryside (NSC), designed to spark RD, reduce income inequality and prevent social unrest, by redistributing resources through fiscal transfers from the central to county level governments, for whom villages and townships at the local level had to apply for project funding. Its policy objectives includes investments in infrastructure and social services: expanding cooperative medical systems, eliminating school fees, improving education facilities, enhancing water conservancy, constructing roads, completing the electric power network and resettling peasants through housing projects. Despite a shared aim of addressing rural problems, the thrust of the state’s program is very different from that advanced by left-wing intellectuals, insofar as it calls for further urbanization, consumption and market-driven growth. Actually, while the NSC has meant different things in different areas, one important feature is the encouragement of in-place urbanization and commercialization, making use of specialized supply and marketing cooperatives or DHE’s, recognizing, at some extent, that migration to large cities is not an immediately viable path for the majority of China’s peasants (Ahlers, Schubert 2009; Yeh, O’Brien, Ye 2013; Day 2013).

What lies clear from this sketched comparison of Brazil and China is that RD is a process of social change resulting from the interactions between actors and institutions, which Polanyi saw as a protective “countermovement” of society against the “self-regulating markets”, actually controlled by the food empires (Schneider, Escher 2010). In Brazil, the struggle against poverty and historical inequalities, the promotion of socioeconomic reproduction and the Opursuit of sociopolitical emancipation of family farmers and other rural social groups constitute the gravitational center of RD policies and practices, by creating mechanisms to include their participation and valorize their diversity against the monoculture hegemony of the “agribusiness”. And in China, the gravitational center of RD policies and practices is the maintenance of

social stability in an explosive context of economic growth, industrialization and urbanization, seeking to contain the escalating inequality and promote a “harmonious society”, with rural-urban integration and the inclusion of peasant migrant-workers as citizens (Ploeg 2011). Indeed, Ploeg, Ye and Schneider (2010) stress that RD dynamics become more effective when they can synergistically combine the governmental policy interventions with the actors’ initiatives and practices and support of farmers’ organizations and social movements, in order to adjust the institutions to the social values in a balance of forces.

In China, RD occurs in a gradual, pragmatic and incremental manner. The government, in its different levels (central and local), has a lot of capillarity and ability to recognize and embrace promising practices and initiatives of social actors at the grassroots level. Then the state supports these experiences, including them within its broader strategy, mobilizing the necessary actors to implement and institutionalize a policy framework that is rather vague and adaptable to practical contingencies (Ye, Rao, Wu 2010). While in Brazil, the structural holes created during the agricultural modernization and the empty spaces left by the dismantling of state institutions and policies in the neoliberal period have been filled, to some degree and not without contradictions, by the inclusion of civil society in the formulation and operation of actions, programmes and policies. To the extent that the state has become more permeable to social demands, the scope of action of the rural social movements and organizations also seem to have shifted over time, from a vindictive and anti-establishment stance of the 1980s to a purposeful and proactive stance in the 1990s and the co-management of public policies by the mid-2000s (Schneider, Shiki, Belik 2010). In common, the *modus operandi* of RD processes in both countries occurs through the processes of regulating old and constructing new markets, combining actors’ practices and state policies, with the concern to ensure food security for the urban/rural citizens and circuits of social reproduction for the farmers’ livelihoods.

4 Concluding remarks

In the first part of this article, we argued about the economic development and international rise of China and its impacts on the development trajectory of Brazil. Since the institutional changes triggered by the reform and opening up policy, still designed by Zhou Enlai, but put into practice by Deng Xiaoping, China has experienced a trajectory of over thirty years of rapid growth, industrialization and urbanization. And given its characteristics, pace and magnitude, the Chinese path of economic development and international rise has consequently become the key factor in the restructuring of the international division of labor and the accumulation dynamics of the world economy. The impacts of the rise of China are felt in many developing countries in the world. And especially in Brazil, the main driver of their bilateral relations has been trade, albeit the surge of FDI flows between the two countries since the outbreak of the 2008 crisis constitutes a rising trend. Anyway, their trade patterns by technological intensity indicate that the Brazilian exports are increasingly concentrated in mineral (iron ores) and agricultural (soybeans) commodities, and its imports from China are almost entirely manufactured goods with increasing technological sophistication. As a major producer and exporter of primary commodities and a diversified producer of manufactured goods, Brazil experiences both the positive stimuli of the ‘China effect’: increased demand and higher prices of resource-intensive commodities; and competitive pressure on its domestic and export markets, carrying instability on the Brazilian trade balance. It has sparked controversies about the risks of regressive specialization and the threats of deindustrialization in Brazil. This situation reflects on its domestic economy and balance of forces, and poses great challenges for Brazil to assert its development path and to lead the integration process of South America. Without tackling these strategic challenges, Brazil will no longer build the most autonomous and sovereign path for itself and the region, which is essential to realizing its emerging condition and finding its place in the new political and economic world order of the Twenty-First Century.

Thereafter, in the second part of the article, we introduced three interconnected issues through a political economy comparative institutional analysis of Brazilian and Chinese development trajectories. The

first issue is about the patterns and trends of inequality and distribution and its outcomes in terms of poverty reduction and class mobility. Brazil and China both achieved a striking poverty reduction, but in Brazil it came together with a significant drop in income inequality in a context of moderate growth, while in China it accompanied escalating income inequality in the context of accelerated growth. Despite the distinctiveness of each country, the principal conclusion is that these dynamics have driven processes of social mobility and transformation of their class structures, with consequences on the domestic markets and the political balance of social forces. It sparked debates involving the government, business and intellectuals on the rise of a “new middle class” in both countries; although grand processes of class mobility also occurred at the bottom of their social structures, with a rising “new working class”. The second issue is about the mutually constitutive changes in the agri-food systems of Brazil and China, through the construction of a soy-meat industrial complex. And it has to do with the former issue, as the processes of urbanization and the rising income of the “affluent” portion of the population has carried shifts in the lifestyles of the “new” working and middle classes; particularly through the phenomenon of nutrition transition and the corresponding changes in the eating habits and class diets, increasing the weight of demand pressures. These mutually constitutive changes connect the boom of soybean production and exports in Brazil and the restructuring of the meat and feed industries in China, driven by the interests and strategies of the food empires. Thereby, the soy-meat complex has brought together great contradictions, expressed in environmental, health and social negative consequences for both countries. And the third issue is about the new RD dynamics emerging in Brazil and China since the 1990s in response and reaction to these consequences of the globalization of their agrifood systems under the food regime. In post-democratization Brazil, RD decisively involved the struggles of rural social movements, farmers’ unions, cooperatives and NGOs, which have had the ability to influence the policies that are changing the countryside. In post-reform China, RD involve courageous peasants’ initiatives and protests, bringing up issues that have been absorbed by the state and subsequently translated into new policies. In both cases, RD dynamics demonstrate the agency of a range of social actors engaged in collective actions.

By taking politics seriously, as claimed by Borras (2009), in times of “great transformations”, marked by the dismantling of the post-Second World War political and economic world order, the crises of globalized capitalism under neoliberalism, and the BRICS’ rise, agrarian issues have returned to the centre of the contemporary “double movement”. In Brazil and China, the changing class structures, the burgeoning agrifood question and the emerging RD dynamics expresses such a fact. It brings us to the question of how these issues relate to each other and whether they could really be seen as part of a “counter-movement”. If we consider Burawoy’s (2003) framework, we must keep the focus on the relations between markets and society (Polanyi) and between state and society (Gramsci). That is, the ways by which the social actors deal with markets and politics to turn the balance of forces in their favor and push a counter-hegemonic project against hegemonic interests.

Even with the high levels of social inequality that plague Brazil and China, the upward social mobility and re-composition of the class structures within both countries, has made room for new values and expectations in society. And although these processes are primarily associated to poverty reduction and the accession of the lower classes to the consumer markets, one cannot ignore that it also reverberates on the political balance of social forces and cause pressures and struggles for improved livelihoods’ conditions; labor, social and civil rights; and public infrastructure and services. In addition, it must be recognized that, except for labor rights – which in China are increasingly claimed by the huge mass of peasant migrant-workers, and in Brazil by the sub-proletariat joining the new working classes – most other claims are not directly linked to the realm of production, but to the realm of circulation (distribution and exchange). This is the key feature to understanding the mutual significance of the two other components of the contemporary “double movement”: the agrifood question and the RD dynamics.

On the one hand, the commoditization movement could be named ‘Gramsci’s moment’. This is the

moment when the economic interests of the food empires and agribusiness capital encounter the interests of the state, then both are translated as broader societal interests and become a constitutive part of the coalition of power that form a hegemonic bloc. Central to the relationships between Brazil and China is the convergence of hegemonic interests from both sides, coalesced around trade and investment flows in the formation of the soy-meat complex, with narratives for the justification of vested interests on both sides. In the Brazilian case, the interest of the “political economy of agribusiness” is to pursue a private and state strategy of appropriation of land rent deriving from the comparative advantage of natural resources as the frontline of capital accumulation to the whole economy, articulating large rural property and land markets, agriculture and the downstream and upstream sides of the value chains, and finance capital under the state credit policy. The claim of universality of such interests is based on a discourse that praises the capacity of agribusiness to generate the trade surpluses necessary to bridge the gap in the balance of payments caused by deficits in the (foreign capital) services account, supposedly crucial to preventing imbalances in the current account.

However, despite the strength of the state and private ideological apparatuses (Agriculture Parliamentary Front, Agribusiness Association, media groups, part of the state bureaucracy) this narrative has been challenged by a reality in which the tendency of high prices of commodities in the international market is reverting and Brazil is facing increasing risks of regressive specialization, deindustrialization and global competitive losses. In the Chinese case, a strategy that includes industrialization of agriculture, large-scale (domestic and overseas) land investments, land transfers from peasants to agribusiness ventures, all supported by state credit and subsidies, represents the hegemonic interests. The official defense of these private and state interests is built upon two combined narratives: a ‘crisis narrative’ – ‘China is feeding 21% of the world’s population on 9% of its arable land’ – which suggests that the amount of land and water in China are limiting its capacity to feed the population; and a ‘victory narrative’ – ‘We will feed ourselves!’ taken against the provocative question of ‘Who will feed China?’ – which claims success over this limitation. However, the ideological legitimacy of this discourse could be questioned based on the fact that the concept of ‘food security’ (*shipin fangyu anquan*) is unusual in China, as the concept actually used is ‘grain security’ (*lingshi anquan*), or grain self-sufficiency, which means adhering to a 95% baseline of rice, wheat and maize domestic production. By using this concept, the massive amounts of soybeans imported to feed hogs and sustain the ‘meatification’ of diets in China, is not accounted in the balance sheets of grain security, and because maize is increasingly used to produce industrial meat, it is also subject to being liberalized and excluded from the list of ‘strategic crops’. Thus, both cases evidence the fragility of the agrifood hegemonic discourses.

On the other hand, the protective countermovement could be called ‘Polanyi’s moment’. This is the moment when the actors affected by the first movement (specially farmers and consumers) become conscious of the negative consequences of the commoditization of food production, distribution and exchange at the expense of livelihoods, health and the environment. Thereby, new commitments could be created, and rural development, food security and ecological sustainability are asserted as constitutive parts of a counter-hegemonic project, able to represent broader societal interests of different classes, groups and segments of the population, in order to respond and react to the new challenges and lead society through a path of constructing a new historical bloc. Both in Brazil and China, the way these values and commitments evolve in terms of RD practices and policies depend on the interactions between certain categories of actors and institutions: the organized peasants and farmers; the organic intellectuals; part of the policy-makers; and increasingly, the consumers. The general interest of such an alliance is to meet the expectations of those affected by the commoditization of food, by ensuring food access and quality for the urban and rural citizens, as consumers, and to create circuits of social reproduction and improved livelihoods for the farmers, as producers. And the mechanisms by which these outcomes have been achieved in both countries involve two combined processes: the creation of public regulations and controls of the conventional markets; and the

active social construction of new, nested markets. Such processes can open new pathways through the reconstitution of existing patterns of production, but principally of distribution, allocation and use of resources, in ways that dominant interests find it difficult to capture, even more so when these new patterns take the form of “rightful resistance” (O’Brien 2013).

Thereby, the meaning of the Twenty-First Century’s “double movement” could be interpreted as follows. The movement led by agribusiness capital and food empires for the commoditization, liberalization and globalization of the agrifood systems of Brazil and China under the current food regime is understood as Gramsci’s moment because he correctly saw the realm of production as the site for the organization of the interests of the capitalist class and capital accumulation as the source of power and the material basis for their hegemony. But as for Gramsci, along with Marx, markets are just epiphenomenal and commodity fetishism is a veil that obscures the productive core of capitalism and uncovers its contradictions, he errs in thinking that only the realm of production can provide the basis for counter-hegemony and discarded the possibilities of a producer-consumer political alliance and the agency of actors in the realm of circulation. Whereas the protective countermovement driven by the actors and institutions affected by the commoditization process, is understood as Polanyi’s moment, due to Polanyi being able to conceive the realm of circulation and the relationships between producers and consumers that take place in the markets as fully possible grounds for counter-hegemony. Whether such an alliance is not sufficient in radically overturning the capitalist domination as a whole, in a ‘war of movement’, it does wield power to politicize the contradictions ingrained in the transformation of agrifood systems and to shape the direction of rural development dynamics, in a strategy of ‘war of position’. Thus, it is important that, in the cases of Brazil and China, the construction of new, nested markets – by linking the provision of material needs and shared social values for both producers and consumers – has the *locus* of the relationships between them principally in the realm of circulation. In the realm of circulation stands the transformational potential of this alliance to defend the resilience and autonomy of farmers and the rights of consumers against the “assaults” of food empires. In this sense, the changing class relations, the agrifood question and the rural development dynamics in Brazil and China are definitely located at the center of the contemporary double movement.

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