

THE POLITICAL ECONOMY OF GLOBAL AGRARIAN RESTRUCTURING AND ITS
MANIFESTATION IN AZERBAIJANI AGRICULTURE DURING THE THIRD FOOD
REGIME PERIOD

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ABSTRACT

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History demonstrates that organizing agricultural production has always been a significant issue with far-reaching consequences in a global and particular country context. Nowadays, agriculture is moving towards large-scale farming, and there is also a tendency of increasing pressure on small-scale farms. Therefore, there is a necessity to analyze the policies that have implications for structural changes in agricultural production. This thesis attempts to analyze the global political-economic factors of ongoing trend between small-scale family owned-farms and the large-scale corporate farms by placing the World Bank 's *The World Development Report 2008: Agriculture for Development (WDR 2008)* at the center of discussion in terms of its contradictory statements about the small-scale farming versus large-scale farming that reopen the old debates of structural transformation and agrarian change issues in developing and transition countries. In the country-level context, it attempts to understand the political economy of the agrarian restructuring in one of the post-socialist countries, Azerbaijan, where it raised a call for large-scale farming from the government officials. The study attempts to develop arguments within the terrain of the Marxist tradition, especially the political economy of agrarian change and the food regime theory, which analyzes the classic and contemporary agrarian question.

Key words; agricultural restructuring, WDR 2008, small versus large-scale farms, the agrarian question, food regimes, agriculture in Azerbaijan

ÖZ

ÜÇÜNCÜ TARIM REJİMİ DÖNEMİNDE KÜRESEL TARIMIN YENİDEN DÜZENLENMESİNİN EKONOMİ POLİTİĞİ VE ONUN AZERBAYCAN TARIMINDA TEZAHÜRÜ

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Tarih boyunca tarım üretimin düzenlenmesi hem ülke çapında hem de küresel çapta geniş kapsamlı sonuçlar ürettiği için hep büyük önem arz eden bir konu olmuştur. Günümüz tarımı büyük ölçekli tarıma doğru bir geçiş yapmaktadır ve bu süreçte aynı zamanda küçük işletmeler üzerinde baskı da artmaktadır. Bundan dolayı tarımdaki yapısal dönüşümlerle ilgili politikaların analizi büyük önem arz etmektedir. Bu tez kalkınmakta olan ve geçiş dönemi ülkeleri tarımında yapısal dönüşüm ve değişimler ile ilgili akademik tartışmalara yol açan ve eski tartışmaları yeniden başlatan Dünya Bankası 2008 Kalkınma İçin Tarım raporunu çelişkili görüşlerinden dolayı çalışmanın merkezine koyarak küçük ölçekli aile ve büyük tarım işletmeleri arasındaki dünyada yaşanan eğilimin ekonomi politliğini anlamaya çalışmaktadır. Ülke seviyesinde tartışmalarda ise bir eski Soviet ülkesi olan Azerbaycanda tarımdaki yapısal dönüşümün ekonomi politliği, yönetimin büyük ölçekli tarımın teşviki için çağırımı yapması ile bağlantılı olarak incelemeye çalışmaktadır. Çalışma Markist gelenekden özellikle klasik ve çağdaş tarım sorununu araştırarak tarım dönüşümünün ekonomi politliği ve gıda rejimleri teorisinden yararlanarak argümanlar geliştirmeye çalışmaktadır.

Anahtar kelimeler; tarım üretiminin yenedüzenlenmesi, Dünya Bankası 2008 Tarım raporu, tarımda küçük ve büyük ölçekli işletmeler, tarım sorunu, gıda rejimleri, Azerbaycanda tarım

To my mother...

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LIST OF ABBREVIATIONS

AZN	Azerbaijani Manat
CIS	Commonwealth of Independent States
FAO	Food and Agriculture Organization of the United Nations
FSU	Former Soviet Union
IMF	International Money Fond
OECD	Organization for Economic Co-operation and Development
WB	World Bank
WDR 2008	World Development Report 2008; Agriculture for Development
WTO	World Trade Organization

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CHAPTER 1

INTRODUCTION

The way the agricultural production is organized has been among the most debated topics throughout the 20th century. As being integral to rural development thinking, it was vastly debated by scholars and policymakers how to organize the production relations in the countryside to bring growth and prosperity. Structural or organizational changes in agrarian production and the question of which farm structure, small-scale farms or large-scale farms should be supported and promoted have been debated in politics and eventually manifested in practice. Changing ideas and opinions on the preferred type of agricultural production units provoked debates and discussions between ideological systems, which caused collisions, even within the same ideological camps. Consequently, over time either large or small farm production units have been encouraged and discouraged to spur the growth in agricultural production, to decrease poverty and meet the food security in a country.

The new developments in the 21st century signify the importance of this issue because of the expansion of large-scale farming. Large farms nowadays are becoming more popular and increasing both in number and size. Deininger and Byerlee (2012) indicate that between 1970 and 2000, in the countries of Latin America, Eastern Europe, and Central Asia, the countries abundant in land, large farming has increased and in South East Asia, especially in the palm oil industry, large farms or large plantations started to dominate the farming sector. Moreover, between 1960-2000, in upper-middle and high-income countries, the average farm size increased, and most of the lower-income countries, this number decreased (Lowder et al. 2016). In other words, the size of large farms is going to increase, but small farms are pushed to use the smaller size of land.

Parallel to this process, there is a de-peasantization wave in the developing world, which causes a massive leave or extraction of small-scale farmers from agricultural production. Small farming is under increasing pressure nowadays. The de-peasantization process, land grabbing issues has been evicting thousands of small-scale farmers from their land, especially in developing and transition countries. As Edelman (2000) said, there is an ongoing decline in the economically active population in agriculture, the proportion of agriculture and farming in rural producers' income is decreasing, and there is an accelerated rural-urban migration parallel to these tendencies.

1.1 Definitions

Before the introduction, the main concern of the thesis, there is a need to define agricultural production units. There are a number of parameters that have been used to that end. Size, type, and scale are the most used ones (Ellis 1998). But the way that the agricultural production is organized could be roughly divided into two types; large-scale farms and small-scale farms. In other words, agricultural production generally is carried out either by a small family or large industrial production units.

Large-scale farms in terms of size carry out production in large landholdings using industrial technology with a lower number of hired labor. The large-scale farm is also known as industrial mechanized farms. In terms of size, they can cultivate the land area higher than 5 and 10 hectares. But when this thesis uses the term “large farm” or large-scale farm,” it mostly concerns the way the production is managed. It intends to examine large-scale corporate farms that produce substantially for the market and drive-by profit incentives, in other words, the logic that governs them and makes them produce is the market-driven forces.

The proponents of large-scale farms argue that like industry there is *a scale economy* in agriculture. The existence of an *economy of scales* in agriculture is the main proposition, which is believed will allow using resources and technologies more efficiently compared to small farms (Ellis and Biggs 2001). The beliefs about economies of scale in farming create the view that large capital intensive farms are more productive, economically viable and efficient compared to small farms (Kirsten & Van Zyl 1998). Depending on the increase in production, it is expected to decrease the average cost per unit of production (Duffy 2009). Therefore, the supporters of large-scale agricultural production units in the countryside argued that by increasing cultivated areas of land and promoting large-scale farming, they could increase the production of food and be economically viable.

To define small-scale farms is more problematic because of the difficulty in their interaction with market relations. As Khalil et al. (2017) argue, there is no “universally-accepted international definition of smallholder”(p.6). Instead, there are a number of typologies developed and used interchangeably to classify and generalize the small producers in the countryside such as peasant, family farms, small farms, smallholders, etc. According to World Bank's definition, “smallholder farming – also known as family farming, a small-scale farm operated by a household with limited hired labor – remains the most common form of

organization in agriculture, even in industrial countries” (World Bank 2007, p.91). In terms of size, the World Bank Rural Development strategy (2003) argues that smallholders “with low asset base” operate “in less than 2 hectares of cropland” (as cited in Khalil et al. 2017, p.7). But as Kirsten & Van Zyl (1998) argues, “small-scale farms are not simply scaled-down models of large farms” (p.553-4). Although they are together part of generalized commodity production, peasants or small farmers show some resistance to capitalist development in agriculture.

Small farms are usually used interchangeably with family farming, which is organized under family management or family labor. According to Kirsten & Van Zyl (1998), in family farms, the owner operates, and his/her family provides the regular labor requirements for a year. Although the definition of a family farm does not exclude the possibility of hiring labor from outside, especially part-time, they do not rely on this too much (Kirsten & Van Zyl 1998).

They also have other characteristics that make them different from large-scale corporate farms. Besides some machinery, small farmers use some traditional methods. Besides that, according to Narayanan and Gulati (2002) smallholders practice, “a mix of commercial and subsistence production.” But for Hazel et al. (2007), small farms primarily produce for household consumption, and they are subsistence-oriented.

The supporters of small farms based their arguments on *the inverse relationship* between farm size and productivity. A number of studies have been carried out to prove that the increase in farm size decreases productivity; therefore, small-scale farms are more productive than large farms. It was argued that small farms relying on family labor could use resources more effectively and ensure better monitoring in the production process, thus become more efficient (Fan *et al.* 2005). This argument was raised against who favored the increasing land size in agricultural production.

In the Azerbaijani case, which the thesis is intended to analyze, Azerbaijani State Statistics (ATS) uses private owners, family peasant farms, and households to define and classify agricultural production units. “Individual farms” as a term was used interchangeably with family farms, household plots, and sole proprietorship that excluded any collective property rights (Mathijs & Swinnen 1998). The family farms require registration, and that is the main difference between family farms and households (Dudwick et al. 2007). Large or “corporate farms are the farms that represent a mixture of reformed state and collective farms, joint-stock companies, limited liability companies, partnerships, closed or open corporations, and cooperatives” (Dudwick et al. 2007, p.4).

1.2 The World Bank's farming policy

In understanding the agrarian restructuring process, international financial and donor organizations are among the influential figures that produce ideas and opinions about the best form of agricultural production and attempt to shape the organization of agricultural production. The international organizations that produce policy papers on the issues of structural change in agriculture and have the capacity to influence this process deserve close examination. Therefore, the study concentrates on one of the significant institutions, the World Bank and its agricultural development related report, the World Bank's *World Development Report (2008): Agriculture for Development*, for its significance in restructuring agriculture and agrarian change issues in the developing world.

1.2.1 Post-war period small farm support policy

Being one of the most prominent and most influential Western institutions, the World Bank, during the post-war period, spent a significant amount of sources, time, and effort on the agriculture and rural development projects (Paarlberg and Lipton 1991). Especially during the presidency of McNamara in the World Bank (1968-1981), agriculture was the leading beneficiary of financial aids (Stryker 1979). Supporting small-scale farming as part of the state-led agricultural development project was on the agenda of the World Bank before the late 1980s (Aydın 2010, Güvercin 2018). The president of the World Bank, Robert McNamara, during his speech in Nairobi, Kenya in 1973 explicitly expressed supporting small-scale farming policy in the developing world. This speech underlined the “global strategy for rural development” (Midgley et al., 2019, p.175). The way to eradicate poverty was seen through the “increase in the productivity of small-scale agriculture” (Kristen&Llambi 2010). He emphasized the importance of pro-poor and small farm bias strategy of development policy. Rejecting the idea that “the productivity of small-scale holdings is inherently low” (p.14), McNamara (1973) argued that “a number of recent studies on developing countries demonstrate that, given the proper conditions, small farms can be as productive as large farms.” (p.15). He argued that through creating a link between social equity and economic growth, in this new design of development strategy that based on small farms, the Bank would embrace the poorest group of the population in the developing world who can contribute and get a share from the overall economic growth.

The Bank supported the strategy of increasing the productivity of small farmers through the delivery of “technological packages” and upgrading agricultural support services like credit systems (Bello 2009, Sharma 2017). As part of the integrated rural development (IRD) projects, the Bank “was providing small farmers with instruction in modern agricultural techniques” (Sharma 2017, p.122). Because of the equity and growth nuances of this paradigm, it was widely used by policymakers and became one of the favored approaches in rural development thinking during the post-war period (Ellis and Biggs 2001).

This period also witnessed a proliferation of small-scale family-owned farming in many corners of the world. Land reforms that were initiated in many parts of the world distributed land among the peasants, especially landless peasants, through dismantling the large estates. The new agricultural technologies were gradually modified to meet the needs of small-scale farms. The Green Revolution technologies also played a significant role and were offered for the productivity growth of small farms. These developments created a suitable environment for the development of small-scale agriculture despite all other negative impacts that worked for the dispossession of peasants from the land.

The small-scale farm support, despite all new political-economic changes and developments in the next decade, still occupied its place in the rural development thinking. The World Bank 1982 (the WDR 1982, p.89) report argued that; “small farmers can be highly productive.” The report argued that although they suffered from being disadvantaged in accessing credits, markets, inputs, and fertilizers, “they produce more from each acre than large farmers do” (p.89). Until the next publication, there was a long period of negligence towards agriculture and particularly small-scale farms in the World Bank development narrative in the upcoming years.

1.2.2 World Development Report, Agriculture for Development 2008

In the new millennium, The World Bank released its *World Development Report 2008, Agriculture for Development* (hereafter, the WDR 2008). It manifested a renewed thinking in agriculture. The report 25 years later again (after the WDR 1982) put agriculture “at the center of development agenda” (WDR 2008, 1). By bringing back agriculture to development studies in terms of poverty reduction and food security concerns, agriculture was again emphasized as an essential part of development policy in the World Bank report. With this new reassessment of agriculture, other major donor organizations also showed a willingness to put more effort and resources into this sector.

But the most interesting issue with this report is related to the Bank's position in the preferred form or unit of production in agriculture. The report produces contradictory statements about the preferred form of production in agriculture both within the report and more generally in the Bank's position considering its previous official statements. The report starts with emphasizing increasing productivity of small farms, but later it seems to be concerned about the "disadvantages in being small" (WDR 2008, p.91), which argues that eventually will lead to "a potential decline of the family farm" (p.92). By giving reference to Berry and Cline (1979), as the main academic paper that the Bank relied on justifying small farm efficiency during the post-war period, the report argues that inverse relationship was typical in places where significant imperfections exist in land and labor markets (ibid., p.91).

Therefore, the World Bank's support for productivity increase of small-scale farming has reverted to emphasizing and exalting of large-scale farming and large-scale agricultural units. By emphasizing the advantage of large farming in ensuring economies of scale, it argues that "the economies of scale in the 'new agriculture' is "the key for obtaining inputs, technology and in getting products to the market" (ibid., p.91). That is the way of production that modern food markets require to get supply from, as the report argues (ibid., p.91). It suggests smallholders to "benefit from economies of scale in input or output markets by renting out their land and working on the larger farms" (ibid., p.92). The small farms that chose to stay in agricultural production have to get integrated with the market system and follow the route of "farm consolidation and mechanization" (ibid., p.92). The WDR 2008 also suggests that small farmers should leave the land to look for an off-farm income in rural and urban areas as a way of escaping from poverty.

Comparing the two stances of the World Bank, it is apparent that there is a policy shift in the WDR 2008 in terms of the preferred type of farming and agricultural production unit. Besides that, there is an ongoing transformation in agriculture, the expansion of large farms, and the degradation of small farms came out as a global tendency. These factors raise questions about the changing stance towards small-scale farming versus large-scale farming in capitalism in general, in the position of the World Bank in particular.

1.3 Azerbaijan: decollectivization and a call for large-scale farming

The 1990s witnessed significant events in world history; one of the leading states of the Cold war period, the Soviet Union collapsed, which led to the withdrawal of socialist regimes

from the significant part of the World. The collapse of the Soviet regime also ended large-scale socialist agriculture. The successor states took the direction of a market economy and transformed their respective agrarian systems. The transformation in the agrarian structure came to be understood as a process that restructured state and collective farms and units of agro-processing in a market-oriented way (Davis 1997). The process called de-collectivization as a part of economic reforms of liberalization and privatization process intended to divide former collective and state farms into individually operated farms (Mathijs&Swinnen 1998). With the land reforms, “land tenure and farm structure have advanced from the socialist model of predominantly large-scale collective agriculture to the market model with the predominance of relatively small family-operated units” (Lerman 2009, p.318). The process followed the “break-up of large-scale farms, organized either as co-operatives or state enterprises, into individually operated farms and their creation as autonomous production units independent of the government” (Pry 1992, p.265).

Although the transition to a market economy was a general trajectory in all post-Soviet and post-socialist countries, the transition process in agriculture did not exhibit a unilinear path. The differences can be observed in different countries, regions, even within the same countries’ regions, over the past decades (Mathijs and Swinnen 1998). Some countries followed different paths instead of the dismantling of socialist collectives followed the different paths. As in the example of some post-Soviet and post-socialist countries, large farms persisted, but the transition to a market economy “turned them into new forms of production” (Maurel 2012,p.25). In Russia, for example, the individualization of the farm system went very slowly. As Lawrance (2003) said, collectives maintained the former management system and kept the former members as shareholders and turned them into stock companies. Davis (1997) also describes the process of staying intact, maintaining the traditional way but under a new name, joint-stock companies, or ‘limited liability partnership.’ Kazakhstan and Ukraine also followed a similar path of transition, where emerged dual structure of the economy, small individual farms, and large-scale capitalist farms function together in the economy. On the other hand, Belarus, Uzbekistan, and Tajikistan were the countries that “retrain exclusive state ownership of land” (Lerman 2009,p.317).

Azerbaijan, as a Post-Soviet country, underwent the structural transformation in the economic system, and agriculture was not outside of this transformation. The country followed the radical path of transition in agriculture during the mid-1990s. Through the 1996 the Land reform, privatization and farm restructuring, the land got transformed from

collective to individual ownership. Through the complete dismantling of more than thousand of collective and state farms, the farms were subjected to liquidation, and their land was divided among the state, municipality and private owners. As a result of the farm privatization process during 1997, about 825 000 new farms were created (Thurman 2004). Although agricultural land in individual farms was around 2 (%) in 1990 (Macours and Swinnen 1999) with land share, their number increases significantly. The land share as the “equalizing element of the Land reform” (Rzayeva and Rzayev 2019, p.10), distributed the land through first in shares, then in physical plots, which led to the “rapid growth of family farms” (Swinnen, 2009, p. 727). The first transfer of land between 1995-1998 decreased the possession of corporate farms from 90% to 20%, which fell further and got stabilized at 2% during the 2000s (Lerman and Sedik 2010).

However, two decades after the land reform, there was a new call for the reconfiguration of the agricultural production system. The government began to give incentives and support for the expansion of large-scale farms. It was announced that there is a need for a strategy to develop large-scale farming in Azerbaijani agriculture. Azer Amiraslanov, the head of the Presidential Administration's Agrarian Policy Department, emphasized the development of the large farms as a part of the policy of increasing productivity and technological innovations in agriculture (Dadashova 2013). Moreover, the former minister of agriculture of the Nakhchivan Autonomous Republic (part of Azerbaijan), Rajab Orujov, in his interview, stated that the creating of large farms and agrarian cooperatives could positively impact the development of this sector. (Trend, March 2018). He argued that it could help to increase the incorporation of unused lands into agricultural production, increase irrigated areas and facilitate the application of new technologies. It is also believed that structural change will decrease unemployment in the countryside through the effective use of the labor force.

The government is interested in large-scale farming, which first adopted the Law on Cooperatives and later started to encourage the creation of agricultural parks. On June 14, 2016, the National Assembly adopted the Law on "Agricultural cooperatives" targeting to establish large farms. In the law, volunteerism was emphasized as the main component of the corporatization, initially using the land fund of the state and municipalities and later to encourage the consolidation of small farms. Recalling that the 1996 Land reform “did not explicitly allow for newly formed cooperatives or other types of corporate farms” (Dudwick et al. 2007, p.34), this call for large-scale farms was a new tendency in the Azerbaijani agriculture. The first cooperative was created at the end of 2018 as a pioneer of this tendency. On the other hand, in December 2016, *the Road Map to Agribusiness* was adopted

by the government and the creation of agricultural parks was started in 2016, which claimed would extend by using fallow pasture and arable land for agricultural production. The state is the leading investor in agricultural park creation. In 2018 there were 15 agricultural parks (Market Analysis 2019), but the plan is to increase the number of agro parks to 51.

1.4 Research questions

The study attempts to answer mainly two questions. First, why is there a policy change in the Bank's position in terms of international preferences of farm and agricultural production form? What political-economic factors pushed the Bank to support small farm development during the post-war period? What political-economic factors drive large-scale farming organizations and make small farms less favorable? With these questions, the study attempts to understand the shift in the favored farm type in the World Bank and aims to bring out the global political-economic factors behind the degradation of small farming and the expansion of large farming nowadays by placing WDR 2008 at the center of discussion.

Secondly, why is there a policy change in Azerbaijani agriculture in terms of the preferred type of farming and agrarian production form? What is the political economy of decollectivization in Azerbaijan? What are the main political-economic factors that drive a new large-scale farming interest in Azerbaijani agriculture? With these questions, the thesis will attempt to elaborate on the country-specific reasons to understand the previous and new changes in the Azerbaijani countryside together with the possible interaction with and influence of global agrarian development discourses and structural change.

1.5 The motivation, and the objective of the study

The motivation behind the choice of this topic was the contradictory position of the World Bank in terms of small-scale farms versus large-scale farms. The issue of *economies of scale* in large-scale farms as a rationale can be observed both in the capitalist and socialist system, respectively, both in private and collective property (Bernstein 2004, note 24; Ellis Biggs 2001). But during the post-war period, large mechanized farms have been a socialist legacy and publicized in revolutionary agenda. This recalls historical irony. The irony is that compared to the post-war period, nowadays, the large farm bias agricultural development again found a place in the global development agenda, but this time in the agenda of a different political-economic system, capitalism. The World Bank, with the publication of the WDR 2008 report, contributed this debate.

The study attempts to bring theory and policy, rhetoric, and practice together to understand the policy shift and transformation in terms of large-scale farming versus small-scale farming in capitalism and its institution of the World Bank. The overall aim is to construct the relationship between the ongoing restructuring in the agrarian production system and policymaking nowadays in developing countries.

In the Azerbaijani case, the question about the dismantling of large farms and later expressing a need for large-scale farming raises a question of why then large farms were dismantled after independence. Besides that, considering the low level of integration with the global agricultural trade, analyzing a country like Azerbaijan that has not thoroughly interwoven with the global agricultural markets would be interesting. Because it may provide how global tendencies of agrarian change may affect countries whose participation level is not high within the global agricultural markets due to country specific reasons.

The study will look at one of the ex-soviet republics, Azerbaijan, and attempt to understand the complicated nature of transformations in terms of farm structure; how country-specific reasons pave the way for new changes in farming and agriculture in this small post-socialist, post-soviet country. Azerbaijan will provide a prime example of the development of farm structure in post-Soviet space together with drawing comparisons and similarities from other parts of the post-Soviet area.

1.6 The significance of the study

Why agrarian restructuring and the why WDR 2008?

Agriculture is a unique sector in terms of its importance for having far-reaching consequences for food production, ensuring food security, the livelihood of rural people, reducing poverty and providing the economy with a surplus. Its multiplier effect can stimulate growth in the other sectors of the economy, especially for the countries where the economy is predominantly based on agriculture (Dürr 2016). Moreover, farming as the foundation of agricultural production stands at the core of these structural issues (Lobao 1990). Global restructuring in agriculture is not only limited to the production process, land, and labor issues, has far-reaching consequences ranging from food safety, the livelihood of rural people in developing countries. Therefore, any structural change in farming and agricultural production is an integral part of agrarian transformations, which carries significant risks in damaging these rationales, which have a political-economic impact on the whole society.

Besides the economic and legal value of land assets as ownership and property rights, it also carries social status and has implications beyond the sphere of agricultural production, so the policies that deal with the land have a special place in the broader process of development (Deiningere and Binswanger 1999). Because of the including the question of land as Harriet Friedmann said, it “is much bigger than the question of farming” (cited in Bernstein et al. 2018, p.704). Therefore, it should be noted that the discussion here is not a simple discussion around *the large-scale versus small-scale farm* or is not a mundane process of transfer of assets ownership from one owner to another (McMichael 2005). Instead, it deals with the political, economic, and social relations that govern the structural change that finds its reflection in the World Bank 2008 report, which had implications for world agriculture, especially for the agriculture in the developing world. The World Development report series provides the rationale for the Bank’s support and resource allocation (Akram-Lodhi 2008). Harvey (2004) also emphasizes the importance of financial agencies and state institutions in the reallocation of capital and labor surpluses. There is a necessity to understand the link between policy and practice as the agricultural production forms in the countryside are subject to structural changes that are realized under certain political economic and social factors. In this way, the political economy of agrarian structuring will help us better understand the contradictory position of the *World Bank 2008; Agriculture for Development report* in terms of small versus large-scale farming.

‘The unique relation’ of capital with agriculture “always occupies a central place for political and academic praxis” (Singh 1997). Concerning the spatial implications of the capitalist restructuring in agrarian social formations, this thesis recognizes the necessity of understanding structural transformation in the countryside. The ability of capitalism to facilitate and advance productive capacity and forces of society should not be downgraded. However, there are some consequences that society has to bear. As Mandle (1980) says, capitalism can produce substantial development but at the expense of human social means, which have ‘harmful social requirements.’ Harvey (2004,p.66) also said that the history of capitalism is proceeding with the ‘history of creative destruction’; destructive social and environmental consequences are a part of the “evolution of the physical and social landscape of capitalism.” Therefore, its harms should be considered. McMichael (2015) argues that small-scale farmers still are the biggest food producers in the world despite increased pressure and continued assault that they receive under capitalism. Therefore, understanding

the changing farming structure will help us to understand “the ever-shifting relationships between land, varied social formations, and capitalism” (Fairbairn et al., 2014, p.655).

The estimated calculation indicates that; in the world, there are “570 million farms are small and family-run” (Lowder et al., 2016, p.16). According to the International Assessment of Agricultural Knowledge, Science and Technology for Development (IAASTD) (2009), 1,5 billion farmers are working on 404 million small-scale farms of less than 2 hectares. Kirsten&Llambi (2010) also states that there are around 500 million smallholders with less than 2-hectare land possession in developing countries. About 12% of the world’s agricultural land is operated by small farms (less than 2 ha). Considering their number and pressure on decreasing land-holdings of small-scale family farms necessitate understanding the ongoing agrarian restructuring process.

Additionally, the transformation in the organization of agricultural production has always been an essential aspect of rural development. The modernist approach to agrarian development has been asserting the importance of “technological development, material prosperity, and consumption” but mostly neglected the “quality of life values, equity issues and long-term sustainability” (Knickel et al., 2017, p.589). Social effects of the separation of small agricultural producers from their land as worldwide reality nowadays reach dangerous levels (Negri and Auerbach 2009). De Janvry and Sadoulet (2009) argue that many studies prove that “agricultural growth is key to reducing poverty in rural areas”(p.7), but the more important thing is that “the structural conditions under which agricultural growth occurs matter for the poverty reduction”(p.5). Large agribusinesses may produce massive agricultural output, but their spillover effect on poverty is questionable (Kydd and Dorward 2001). With the WDR 2008 calculations, three out of four poor people live and work in rural areas, and most of them suffer from poverty and hunger. Recalling that reorganizing agriculture has significant economic, political, social and ecological impacts (McMichael, 2009), the policies that target smallholder farms, especially in developing countries where a significant number of poor earn their living on the small-scale farms (Fan et al.,2013), the analysis should consider this fact. As Wandel et al. (2011) also argue, the high percentage of the rural population and food spendings in their consumer budget implies that sound agricultural reform can help reduce poverty and increase people’s well-being substantially.

The massive transition of ownership raises concerns about the fate of people who are forced to give up their rights and search for other options to survive. There are some negative connotations related to the term corporate farming, which was used mutually exclusive with

family farming. The restructuring process does restructure not only the land but also social relations. Akram-Lodhi (2007,p.1437) notes that the land transfers “fail to recognize the socially embedded character of” land. Mousseau (2019) claims that there is an ongoing and highly destructive damaging impact of large-scale farming in the Global South as this process threatens the livelihood of millions by forcing millions of people to leave their land. What will be the future of the displaced small farms deserve attention, that is the question which needs an urgent answer (Holt-Giménez and Altieri 2013). By further marginalizing small farmers, this process can jeopardize the food sovereignty of developing countries. In the absence of alternative employment opportunities outside the agriculture, like the absence of active economic sectors, industry, or service, the social consequences of dispossession of small producers from agriculture are at the level of disaster (Borras et al., 2012). In that sense, it is crucial to understand the policies and modern agrarian restructuring that facilitate the dispossession of small farms without providing them socially acceptable employment opportunities

The close history of the 2007- 2008 global food crisis, can illustrate the importance of the restructuring issues. During the crisis period, export bans due to the food security concerns increased among countries. The food shortages led to the food crisis. The dramatic rise in the essential foodstuffs from 2006 to 2008 (Bello 2009) made food unaffordable for a large number of people in the world, and this shows its impact, especially on the least developed countries’ (LDC’s) food imports expenditures. The poverty in rural areas increased to a dangerous level, and some countries experienced food riots which put agriculture at a crossroad during 2008, in McMichael (2009, p. 139) words, brought “the end of the era of cheap food.” Considering the socio-economic consequencing of agrarian restructuring, the changing stance in farming may have produced less favorable conditions in the food provisioning of LDCs.

There are also environmental concerns in the expansion of large-scale farming. The impact of industrial agriculture, which is mostly carried out on large farms, has attracted many concerns worldwide. Intensive industrial farming produces severe impoverishment of the soil, pollution of water sources, poor diversity, and deforestation. New profit-driven agriculture, which favors large-scale farming, negatively affects the environment (Kledal 2003). Their high dependence on industrial inputs and their inefficient usages, such as excessive use of agrochemicals, carries a risk for the well-being of natural sources and ecosystems (Knickel et al. 2017). This process characterizes the shift from mixed farming to monocultures which mostly applies large farming practices and damages biodiversity

(Knickel et al.,2017). This process also contributes to climate change through deforestation and environmental degradation (Mousseau 2019). Deforestation of the countryside to acquire more land for large-scale production is an ongoing tendency in many parts of the world.

There is also a concern about the well-being of consumers of goods that come from the land. Amin (2011) argues that future development in agriculture will end up in 50.000 large industrial farms (as cited in Holt-Giménez and Altieri 2013). They could produce the demand for food on the best soil of the land, given that they can get subsidized inputs, have easy access to markets, there is a problem with the sustainability of those products and production processes which makes it questionable (ibid.). Large industrial farms create new “agro-industrial food diseases” by consuming more fertilizer and more pesticides (Kledal 2003, p.11). Genetically modified crops that come from the industrial large-scale farms also carry possible health risks. Thinking about the globalized channels of international food trade, its worldwide impact on the health of people on every corner of the world must be one of the concerning issues. Given its possible global impacts, this issue is not only related to the food security of developing countries but most likely will affect all the world people.

In the country-level analysis, Azerbaijan is also undergoing agrarian restructuring since its independence. And Azerbaijan's history is part of the neoliberal restructuring of capitalism and globalization. Like its location at crossroads of Europe and Asia, its historical journey through economic systems also put Azerbaijan on crossroads. It passed from feudalism to the development of capitalism at the end of the 19th and beginning of the 20th century when it was part of the Russian empire. This process was interrupted by the Soviet invasion which was the beginning of the socialist experience under the Soviet Regime. Later with the collapse of this regime, the reintroduction of a market economy opened a new path for the development of capitalism. Therefore it is a compelling case in terms of agrarian change and transition issues.

Analyzing and understanding the agrarian restructuring and agrarian change within the process of the reintroduction of capitalism in Azerbaijan would give us invaluable insights in terms of the agrarian question in this post-soviet, post-socialist country during the third food regime period. Recalling that the classic peasant/agrarian question “in its origins was socialist problematic that was rooted in a political concern about how to conduct socialist revolutions when a substantial majority of the population consisted of peasants” (Araghi 2009,p.118), the transition from communist agriculture to market agriculture was the first experience in its kind (Wegren 2006). The introduction of capitalism not into the feudal

system in its classic form but into the area that has experienced seventy years of communist rule, changed the communist institutions, policies, and behaviors upside down (Wegren 2006).

Agriculture is the third biggest economic sector in Azerbaijan, after oil and construction. Around 47% of the population lives in rural areas (Elver 2019) and despite the biggest share of the economically active population work in agriculture, roughly 38% of the active working-age population (Sadiqov 2018a), it contributes only around 5,5% of the country's GDP (Elver 2019). Especially with the development of the oil industry, and the rising global oil prices, the importance of agriculture declined significantly. However, the recent decline in global oil prices and concerns about the end of the oil era necessitated a diversification in the economy and relying on the other sectors of the economy to substitute the oil industry and sustain the economic growth. Agriculture can perfectly suit this position and ensure the country's food security concerns. In this sense, the trajectory of agricultural restructuring gets more significant here.

Additionally, considering the WDR 2008 categorization, Azerbaijan is among the countries where poverty is still 'overwhelmingly rural,' The statistics show that the most deficient 20% of the population of Azerbaijan spends 60% of their budget on food. They are vulnerable to food prices, which increase by up to 5% annually. Therefore, the call for restructuring can have a significant impact on rural people, particularly on rural poor in Azerbaijan.

1.7 The scope of the thesis and limitations

By taking its starting point from the World Bank's post-war small-scale farm support policy, this study attempts to unpack the real reasons behind the changes in the preferred type of farming and farm structure in capitalism together with their impacts. The thesis generally develops its argument around the effects of agrarian restructuring on the small producers in the countryside. First, this study deepens the analysis of global political-economic reasons behind the support policy of the World Bank for small farms during the 1960s and 1970s. Second, by analyzing the *World Bank 2008 Report, Agriculture for Development*, together with the new developments in the last decades since the 1980s, attempts to understand the political-economic origins and impacts behind the degradation of small-scale farms and expansion of and interest in large-scale corporate farms. It attempts to historically situate the study, first within a post-war period of the 1950s-1970s and secondly after the 1980s, when

the support for small farms was subjected to new global developments and culminated with the erosion in that support in the WDR 2008. Thirdly, Azerbaijan is chosen from post-socialist space to examine the political economy of a call for a large-scale farming from the government centers. In the Azerbaijani case, for a better understanding of collectivization, it includes the decollectivization process of large-scale socialist farms in order to depict the general picture of agrarian transformation and change by linking development policy, politics, and transformation in the rural production system. Recalling that the previous land reform, privatization, and decollectivization process dismantled large farms with the close participation of the World Bank with the slogan of individual farm efficiency, this new call raises some critical questions.

There are some issues that the study does not concentrate on them. The study is recognizing the ecological and environmental effects of large-scale farming versus small-scale farming restructuring. Besides that, the study does not examine the most productive farm unit. Because of varying degrees of different results, the thesis does not intend to discuss which farm is more productive or relatively superior; instead, it attempts to unpack the political economy of their support and expansion. It attempts to focus on how capitalism depending on the needs of its reproduction as a system, incorporates production systems into its broader accumulation process.

There are several limitations and risks regarding the study. First of all, there is a difficulty in differentiating concepts in farming and agricultural production. The different methods that have been used to define small and large farms by different institutions and states may hinder our analysis. Another issue is lacking adequate and authentic statistical information in the Azerbaijani rural studies, especially land structure, which is an important limitation for our work. In order to avoid these limitations, the study attempt to find common ground in defining production units in the countryside. And also, to avoid giving wrong statistical information, the thesis will try to provide different sources and compare them with the numbers that international organizations produce.

1.8 Methodology and Hypotheses

This thesis will be based on secondary data and qualitative approach analysis. This descriptive and qualitative analysis will allow us to see the transformation that is not only related to the changing ownership structure of land and form of production but something bigger related to processes of capitalist accumulation that has an impact on production, distribution, and consumption process in agriculture. Besides books, articles, reports,

additionally, state or government papers, international organizations' policy documents, bulletins, and mass-media outputs will also be used.

The study by using the political economy framework attempts to understand political economic and social aspects of the changing policy shift in farming both in the global and country-level analysis together with the ongoing transformation in agricultural production units. To that end, the thesis benefits from the *Marxist Agrarian Political Economy*, particularly *the political economy of agrarian change* and *the food regime theory* to understand the agrarian restructuring process. By using a political economy of agrarian change and food regime theory, when examining the changing stance within the World Bank and the capitalism and Azerbaijani authority in terms of farming and agricultural production units, the study attempt to see the big picture of change and transformation in agricultural production both in policy and practice with its local, national and global level political-economic actors, their incentives and objectives behind the policies that they implemented.

The study starts with the four hypotheses.

Hypothesis 1: It takes its starting point from the arguments that the World Bank's previous support for small farms carried a Cold war strategic concern of global capitalism and was a counter answer to Soviet-led collectivization.

Hypothesis 2: With the neoliberal turn and collapse of the Soviet/socialist alternative, the World Bank was ready to retreat from the small farm first strategy because of its decreasing significance in capitalism with the new developments in technology and the increasing scale of global trade.

Hypothesis 3: In the Azerbaijani case, the egalitarian land reform imposed as the only way to end stagnation in agriculture, spur growth, and reduce poverty in rural areas in the newly independent state during the mid-1990s after the breaking up of the Soviet Union. On the other hand, the nowadays call for large-scale farming is closely related to the decline in the global oil price, which led the government to diversify the economy and spur agricultural development where in this context, small-scale agriculture came to be seen as an obstacle.

The study finds that the structural change in agriculture and food systems is more complicated than was expected. There are a number of significant political-economic factors that played a role in the formulation of support policy for small and large-scale farming. Regarding the first hypothesis, during the post-war period, peasant wars were the primary

concern of the century. Their close alliance with socialists, carrying out socialist revolutions together, created an urgent need to formulate policies and programs to establish political stability in the Third World and ensure the reproduction of global capitalism. In this process, the US, as the leading capitalist state and the World Bank as a capitalist institution with a number of mechanisms, land reforms, food aids, transfer of Green Revolution technologies, attempted to decrease the peasant revolts and contain the expansion of communism. The World Bank small farm support policy was an integral part of this stance.

The neoliberal turn in the 1980s brought radical changes that, although the small-scale farm paradigm continued in rhetoric, in reality, new developments undermined its primary sources. Cutting state support and minimizing the state as a whole was one of the factors that affected the well-being of the small farms. Although there was still some emphasis on small-scale farm productivity, it does not go further by offering market populism that only triggers the dispossession of peasants and small family farms. Rising the weight and role of transnational corporations (hereafter, TNCs) in agriculture began to create pressure on the small family farms in the developing world. Commercialization, supermarketization wave, financialization in agriculture, advances in agricultural technology, rising urban population, and grabbing peasants' land were part of the whole story that promotes large-scale farming and downsize small-scale farming. Depending on all these developments, large-scale farming is becoming more popular and increasing in number and size in the agriculture of developing countries. Parallel to this, small farms are under the pressure of global capital and, and with constraints of a limited number of sources, attempt to reproduce themselves.

In the Azerbaijani case, there are a number of political-economic factors that played a role in dismantling large-scale socialist farms and new large-scale farm support policy. The difficulties of the transitional period, both economic and political problems, elites' role led the government to follow the decollectivization process in the country. After dismantling the large-scale socialist farms, the oil money helped to finance food demand for a while. But the devaluation and monetary crisis related to the declining global oil prices push the government to diversity economy, and in this sense, large-scale farms were seen as a more efficient way to serve to that end in agricultural restructuring. The stagnant development of capitalism in agriculture, the unfavorable environment and the difficulties of small-scale farms to cultivate and marketize their product within the monopolized economy eventually made the small-scale structure of agriculture to be seen as an obstacle in the way of agricultural development. However, the Azerbaijani government, because of the high percentage of the rural population and a high number of small farmers in the countryside

with the state legitimacy concern creates agricultural cooperatives. By doing this, the state aims to bring scale economy advantage of large farms and incentive and supervision advantage of small family farms together to spur agricultural growth and ensure political stability in rural areas.

1.9 Outline of Chapters

This thesis is divided into six chapters. Chapter 1 provides the background information, the objective, motivation, and significance of the study, research questions, methodology, hypotheses, and limitations. It is intended to introduce the primary concern of the thesis and states the arguments which will be developed in the thesis. Chapter 2 discusses the main theories and concepts to take the arguments further. In this chapter, besides the significance of preferred theoretical position and theories, changing frames in rural development thinking and criticism of the WDR 2008 will be examined. Chapter 3 talks about the small farm support policy in the World Bank as part of the agricultural policy in rural development narrative and its political economy. It attempts to give a broad political economy of World Bank small-scale farm support policy. Chapter 4 attempts to provide the political-economic rationale for the changes in the WDR 2008 since the 1980s that have shaped and reconfigured the farm structure in the developing countries. Citing from WDR 2008, this chapter attempts to show the new global political-economic developments and their impact on the changing position of the World Bank in the WDR 2008. Chapter 5 is dealing with the decollectivization process and large farming interest in Azerbaijan. First, it frames the reasons for the decollectivization in agriculture and then explains a recent interest in and expansion of large-scale farming. Chapter 6 concludes the study, together with the evaluation of the hypotheses.

CHAPTER 2

LITERATURE, CONCEPTUAL AND THEORETICAL FRAMEWORK

This chapter attempts to frame the literature, theoretical, and conceptual framework that will help us to understand the ongoing transformation in agriculture and its link with the policymaking. Because of the complexity of agrarian change and restructuring, there is a need for a contemporary understanding of transformation in agricultural production. The chapter will highlight the mainstream and critical rural development narratives in order to understand the link between policy change and ongoing structural transformation in agricultural production. It will first introduce the scholarly ideas and opinions on the publication of the WDR 2008 and its statements on the agricultural production forms or type of farming regarding small farms/small-scale farming and large farms/large-scale farming. Following that, it will be continued with the concepts and theories of agrarian change and agrarian restructuring that will be used to explain the political economy of the change in preferred type of farming and agricultural production units.

2.1 Criticism of the *WDR 2008*

A number of scholars have praised the publication of the WDR 2008. Oya (2009) welcomes the WDR 2008 because of its “nuanced and empirically-informed approaches to agrarian questions in developing countries” (p.594). Akram-Lodhi (2008) also argues that it may “not an immediate response to the deep structural changes taking place in the world food system,” but it is still ‘timely’ thinking on the negative consequences of the global poor in the light of the rising food prices and food riots in many corners of the world (p.1145).

Besides that, the report attracted much more negative criticism from scholars and activists. The overall position was that the way the report approach to the small farms accommodates some contradictions. According to Oya (2009), there are some critical problems regarding the World Bank’s stance on production units in agriculture, which came out as contradictions and shifting tendencies “around the WDRs and within the WB.” Although WDR 2008 produces support for the increasing smallholder productivity, still, there exists a “tense and inconsistency around small vs. large-scale farming” issue (p.594). The contradiction is that the report “takes U-turn” after providing some initial generalizations about the superiority of small farming and the introduction of the “inverse relationship” (ibid, p.596). Later, it turns to give an example from Brazil and Chile to justify their success stories where agriculture

based on large farming. Besides that, the report graphs the positive relationship between land size and productivity (ibid). There is also a tension between the Bank's traditional self-employment narrative of small farming and its new position towards wage labor in agriculture, which is offered to small farms as a way of getting out of poverty (Oya 2009). These facts put under the question of the report's statements on smallholders and their productivity.

Patel (2007) also argues that the most "controversial recommendation" in the WB 2008 report was its new vision of smallholder agriculture, which is not seen as "an economically viable activity" (p.17). He thinks that after a long period of praising small-scale agriculture, the World Bank has shown its distrust about the efficiency of small-scale agriculture to be a remedy for world food demand and rural poverty. By acknowledging the process of land transfer, as transferring land to "more efficient" farmers, the World Bank uses vacating the countryside as a solution to reduce poverty and to contribute to development (Patel, 2007).

Akram-Lodhi (2008) argues that there are three particular aspects in the report that have significant implications for the agrarian structure and rural economy. The first one is the statement (p.78) that the market-oriented farmers mostly are the farms that have more land resources. It means successful commercially oriented smallholders tend to farm on large farms, which perfectly shows the future trajectory of the peasant class differentiation process (Akram-Lodhi 2008). It is a crucial change in the report's consideration of the inverse relationship between farm size and productivity, which with this "disavowal of the inverse relationship" (Akram-Lodhi 2008, p.1157) the report welcomes the socio-economic stratification in rural areas. Secondly, the report (p.37) thinks that the non-farm sector is successful in reducing poverty and has higher farm productivity only in regions of commercial agriculture, as Akram-Lodhi (2008) said, which is consistent with the report's statement about waged labor as an important pathway out of poverty. Thirdly, as in the table 3.3 (p.87), by arguing that "falling farm sizes can be associated with lesser and greater levels of inequality," according to Akram-Lodhi (2008), the report attempts to remove the direct relationship between rural equality and access to land which is also consistent with the WDR 2008's suggestion of the rural waged labor as a remedy to rural poverty.

2.2 Rural Development thinking, the idea of progress

Rural development, as one of the crucial parts of the development studies, deals with rural issues in developing countries. As a discipline within the development studies, it first

emerged to study the role of agriculture in the Third World. In our case, The WDR 2008, as its title indicates, *The World Bank 2008; Agriculture for Development*, shows how agriculture was placed within the terrain of development. Midgley et al. (2019) argue that while development in the broader term is the social change and transformation, rural development takes its root form, the failure of that development and social policy discourse. It employed a number of different models to understand the role and weight of agriculture in the overall economy in the way to increase growth and reduce poverty.

As Edelman and Wolford (2017) argue, “modern societies around the world arose from soil - the soil of peasant farms and big plantations” (p.2). One significant area of the rural development thinking studies the peasants or, as Bromley and Kitching stated: “the problem of small-scale agriculture” in the Third World (in Redclift 2010). Therefore, the differentiation of peasants or small family production units in agriculture grasped the attention of scholars. There is a vast study on peasants' way of life, their role in agricultural production, their resistance, and adaptability under a different mode of productions, as a politics of peasants, etc. The Peasant Studies contributed academia with a number of significant works regarding the role of the peasant in contemporary agrarian political economy.

In order to understand the debate of large-scale versus small-scale agriculture, first, we need to be familiar with the different views on the agricultural production forms and the trajectory of agrarian change in the countryside. Van der Ploeg (2018) argues that many theories attempt to explain agrarian change and rural development processes, but they can be grouped into three different epistemological stances. One of them is the modernization approach that focuses on market and technology-driven differentiation. Second, the Marxist tradition, in which class differentiation, is the main driver of agrarian change. Third, the Chayanovian view of agrarian change which concentrates on demographic differentiation and the internal dynamics of peasant family farms. However, as Van der Ploeg (2018) argues, although these three different approaches “mutually exclusive” because of analyzing different drives for agrarian change and development, they “might very well co-exist and thus contribute to contradictory and heterogeneous dynamics.”(ibid. p.493).

2.2.1 Modernization theory

Modernization theory stresses the importance of social change and progress in agriculture and farming, like in other sectors of the economy. It offers the bourgeoisie view about rural

society and concerns about the way how to incorporate it into its great picture of an industrial town. Dualism as rural and urban dichotomies in social science disciplines has long period occupied the founding features (Edelman and Wolford 2017), where rural was characterized as backward and urban as modern. In “the ideal-typical dichotomization of tradition and modernity” (Bernstein 1971), peasants as cultivating land on a small-scale was part of this dichotomy. Modern theories of social change defining traditional societies as rural, undifferentiated simple bodies saw the direction of historical movement towards urban, industrial, differentiated, and sophisticated societies (Araghi 1995). Therefore, the decline in farm numbers and the increase in capitalist farms have been seen as a normal tendency in the modernization process as industrialization and urbanization absorb the masses from the countryside.

According to modernization theory, small peasant farms eventually will pave the way to big production units in the countryside. This process proceeds through defusing and penetrating of market relations into social relations in the countryside, which entails differentiation among small producers. Some peasant family farms have to extend their arable land and develop their farm to stay in the market. Those manage to be competitive, becomes more attached to the market system, which is subject to changes. In this process, some of them will not be able to apply new technologies and enlarge their farms, leave and join the urban workers' class. Therefore, some agricultural space is becoming abundant for large-scale farming, and “better-off peasant farms develop into capitalist farmers” (van der Ploeg 2018, p.491). “An ongoing enlargement of farms is required” because of the alteration in exchange relations between town and countryside in the long run (ibid., p.490).

2.2.2 Agrarian Populism and the Persistence thesis

The persistence of family labor enterprises in developed capitalist countries provoked analyses of their production system and internal relations in the way of reproducing themselves and their stability in the subordinated circuits of capital (Goodman&Redclift 1981). It also questioned the adequacy of Marxism in explaining this phenomenon. Russian agricultural economist, A.V. Chayanov (1888 – 1937), praised and defined the peasant way of production as a distinct mode of production possessed some ability to improve specific defense mechanisms to resist against capitalist relations in agriculture, that managed to resist full subjugation of capitalism and against all predictions do not abolish within the changing conjunctures and environments (Aydin 2018). His position came to be defined as a

populist/Chayanovian account or view of agrarian change. The populist account adopts the view of development that presupposes the superiority of small-scale (family) farming within technical, sociological, moral meanings, and the necessity of its advocacy and protection (Bernstein 2002). In his polemic with Marxists, particularly with Lenin, Chayanov argued that in the countryside, social order could be based on the peasant institutions (Wegren 2004). The Chayanovian or populist view of rural differentiation was “a cyclical or generational phenomenon” (Edelman and Wolford 2017, p.6). The inverse relationship was used to indicate how small farms are more productive than large capitalist farms.

Van der Ploeg (2018), as one of the leading scholars in the populist account, in line with the Chayanovian understanding, defines peasantry as a different form of production that successfully resists the subjugation of capital. He looks at the peasantry as a process; therefore, they move between peasantization and de-peasantization and earn their life despite all predication that envisioned their ultimate demise. He developed a new concept of ‘*repeasantization*’ to describe the movement from urban to rural areas or peasant-like agricultural production as a response to the narrative that has been kept predicting the ultimate demise and end of the peasantry.

The agrarian populist account has been subjected to some criticism from Marxists scholars. Levien et al. (2018) argue that Marxists initially rejected the analysis of the land reforms and rural welfare programs in the sense that they acquire the populist nature which as a process impedes the polarization of peasants; joining the ranks of industrial labor and diminishes the possible radical politics of Marxist parties. The main problem in agrarian populist and especially Chayanovian accounts is that they analyze internal dynamics of the family character of peasants independently from class relations within the society and political-economic conjuncture that they perform (Aydın 2018). Besides, the peasant economy was constructed in a way that it does not get affected by the structural crisis (ibid). However, after revaluation of the peasantry as a political agency on the Marxist side, these two accounts of rural development thinking began benefiting from each other (Levien et al.2018). There emerged a tendency of the incorporation of the Marxist analysis of class and dynamic relations in capitalism by Populist scholarship (ibid.).There was also some attempt to developed the Chayanovian Marxism to incorporate small-scale farm analysis better.

There is a difficulty in understanding the political philosophy of populism nowadays (Wegren 2004). A number of institutions adopt populist accounts. Large agribusinesses support this policy, but they do this for the sake of market principle, property rights,

efficiency, and minimizing state intervention (ibid.). Some international financial organizations also adopt populist policies. The World Bank was classified as a populist institution by neo-Marxist scholars because of its small farm support policies (Byres 2004). States also incline towards the populist oriented policy. And it is known that, as Wegren (2004) argues, contemporary populism, do not oppose the dispossession of peasants from their land standing on the liberal philosophical ground. One of the main aims of this study is to uncover what stands behind those support policies and with what incentives capitalist market-oriented organizations or states adopt and implement populist policies.

2.2.3 Marxist view of rural development

Marxists have their own view on the agrarian change and trajectory of structural transformation in agriculture. Marxist view of agrarian reform through social revolutions supports to sweep away the predatory landed property and establish and benefit from the *scale economies* and technological advances, with social property and planning schemes to realize industrialization and secure its accumulation process (Bernstein 2002). The collective ownership of property as one of the important ideas in socialist thinking constituted the core of the future communist societies. The collective ownership of land in the countryside was realized through collectivization policies in socialist countries. The approval of the collectivization of agriculture, which based on the large-scale farming of the land, as the central policy of communists in agriculture, was going back to the 19th century. In the Lausanne congress of 1867, despite some protests, the resolution passed “in favor of the nationalization and leasing of land to cooperatives rather than individual cultivators.” and later in the Basle congress of 1869 the acceptance of “the principle of the nationalization of land and its collective control” signaled the adoption of collectivization (Oganowsky 1913, pp. 702-4. quoted in Hussain & Tribe 1981, p.10). Marxists or collectivists expressed the support for the nationalization of land in line with the claim that it does not differ from any other means of production (Hussain and Tribe 1981). However, the demand for nationalization of land was not included in the socialist agrarian programs, until when Bolsheviks brought it back for political revolution and overthrowing the Tsarist state apparatus in Russia during the 1890s, (ibid.). In the Soviet Union, China, Vietnam, and other socialist countries, the governments followed the path of the collectivization of agriculture and established large-scale mechanized farms and also substantially eliminated small-scale family peasant farms.

2.3 Marxist Agrarian Political Economy

A better understanding of social processes and a society necessitates an evaluation of “the interplay of the forces of economics and politics” as joint realms (Akindele et al. 2003, p.239). As Edelman and Wolford (2017) argue, “agrarian life and livelihoods shape and are shaped by the politics, economics and social worlds of modernity” (p.2). As Van der Ploeg (1988) said, agricultural development as an arena of the interplay between national, regional, and international social forces generates specific trajectories and rhythms for agrarian change, which makes it “many-sided, complex and often contradictory in nature” (p.37). Agricultural development embodies a number of market forces and actors that engage in and interact with each other over the production, distribution, and consumption of agricultural commodities. They range from rural workers, small and big producers, elites, state agencies, transnational corporations, financial institutions, and other geopolitical actors. Therefore, the political economy analysis can be helpful to understand their incentives and motives in agrarian change and restructuring. In that sense, the agrarian political economy was praised because of its diverse nature and interest in the understanding of “the dynamic complexities of rural situations” all over the world (Raynolds 2013). By applying the political economy conceptual framework, the thesis attempts to understand the contradictory statements in the WDR 2008 in terms of farm structures in the period of growing interest in and expansion of the large-scale farming, on the one hand, and the degradation of small farmers in the developing world, on the other. By using the political economy perspective, this study aims to elaborate and unpack the complex power relations that govern and configure agricultural restructuring and the incentives of the global, national, and local actors.

Akram-Lodhi and Kay (2010) argue that “the technical conditions governing farm production” in terms of large-scale or small-scale farming, “can only be understood when set within the social relations of production” (p.190). Following the same line, the study argues that the structural change in farming or the question of land as a production unit can not fully be grasped without placing the question of labor, the question of capital, the question of land and food in the broad contemporary debate. The interconnectedness of these issues necessitates considering their dynamic development parallel to the development in the countryside. In this study, small-scale farming versus large-scale farming debate should be read as social relations between small producers and large-scale capitalist producers and in broader terms between small rural producers with the global and national capital.

What is the political economy, particularly the agrarian political economy, and how it can help us to understand the degradation of small farms and the expansion of large farms in rhetoric and practice?

‘Political economy’ is used here to refer to an approach to development which is derived principally from Marx, although the compass was shared by other contemporary political economists. This approach locates economic analysis within specific social formations, and explains development processes in terms of the benefits and costs they carry for different social classes. Political economy recognizes the historical specificity of social formations but seeks to explain structural variation within a coherent interpretative framework (Redclift 2010, p.5)

Political economy in Marxian approaches as “a theory of conflict, trying to uncover and explain the formation of the social relations in production, hidden by the seemingly free and independent actors on the market” (Kledal 2003, p.2). With Engels's (1877) words, "political economy, in the widest sense, is the science of the laws governing the production and exchange of the material means of subsistence in human society" (p. 105). The political economy, as Aina (1986) describes, as a context of the operation of socio-economic activities ranging from production, distribution, and consumption together with the close relationships of exploitation and domination is more crucial for this type of analysis.

Besides that, it has to be noted that there is no unified political economy. Political economy varies from country to country from time to time and changes constantly (Engels 1877). Parallely, although there are unified temporal and spatial tides that globally influence all processes, this does not assume that all areas and peoples are subject to the “same wave of change” (Raynolds 2013, p.86). Instead, in agricultural restructuring, unity and diversity parallel to each other, which came out as a political process and necessitates understanding both domestic and international actors (ibid). In line with that, Byres (2004) argues that state analysis is indispensable for the political economy. According to Byres (1995, p.565), despite that the orthodox economics tries to “roll back” the state, the political economy as a perspective and especially in terms of its agrarian question dimension emphasizes that the “mediation of the state has a critical influence in a way that question is resolved. The nature and the activity of the state in the context of the agrarian question are important because without giving reference to the state, we cannot understand the structural change in the countryside (ibid). States are important actors in the capital accumulation process with its mechanisms to facilitate it (Borras et al. 2012). Therefore, in the analysis of the post-war period, the study considers the importance of the US as the hegemonic state in the capitalist

block together with its impact on the World Bank policies. Besides that, in the Azerbaijan case, as a country that the thesis is intended to analyze, the state has a significant weight in the political economy of the country.

The study attempts to produce a critical analysis of the implemented policies and ongoing transformation in the agriculture of developing countries before and now. The Marxist version of political economy analysis offers invaluable insights on agrarian change and restructuring issues in agriculture and farming that a number of classics and new generation scholars contributed vastly to the literature. As Edelman and Wolford (2017) argued, Marxist tradition can be observed in almost all tendencies in Critical Agrarian Studies. This proves how it is important in the analysis of “agrarian social classes and the political-economic forces that call them into existence or make them disappear, and that facilitate or impede their reproduction” (ibid. p.5).

Patel (2013, p.3) also argues that in “understanding of contingent and temporary historical class compromises,” Marxist analysis is essential. In our case, in line with the argument of the study, the small-scale farm support policies in capitalism, particularly in the World Bank, coincided with a particular temporary phase of capitalist development between the 1950s and 1970s. Besides that, there is an ongoing relevance of - “the agrarian branch of the Marxist tradition”- in nowadays agrarian change and politics (Levien et al., 2018, p.854). In the twentieth century driving their motivation and insight from the classic works, Agrarian Marxism seeks to “investigate the role of agriculture and rural population in the reproduction or transcendence of capitalism” (Levien et al., 2018, p.855). According to Levien et al. (2018), in the 20th century, Marxism precisely interested in the investigation of the role of agriculture and peasants within the development of capitalism. It attempted to answer the questions of how peasants reproduce themselves in the reproduction of capitalism, how they articulate their pre-capitalist mode of production into it, and how they “retard the laws of concentration and centralization in agriculture” (ibid. p.855). Therefore, it can help us to elaborate on the political-economic factor that affects the expansion of large-scale farming and degradation of small-scale farming comparing two periods in global capitalism; between the 1950s and 1970s and the neoliberal period of capitalism. In the Azerbaijani case, the introduction of capitalism after independence, although it could be argued to be early to apply Marxist analysis, it may still provide insights on the political economy of agrarian restructuring before and now. And it may also provide insights on the future trajectory of the agrarian change and farming structure in rural Azerbaijan.

One of the rural development discourse was *the political economy of agrarian change*, which became popular, especially during the 1970s with the contribution of Marxist and neo-Marxist social science, and still operates and enriches current rural development debates (Ellis and Biggs 2001). It focuses on “class, power, inequality and social differentiation in agrarian settings driven by large-scale forces and tendencies of development of capitalism” and critical to mainstream rural development literature (ibid., p.440). They especially were critical with the negligence of mainstream rural class structure when they produce support policy for small-scale farms (ibid.). Therefore they criticize modernization theory and populist account, which the later one was started to be used for political reasons by mainstream institutions. This account revalues the classic Marxist writing on agrarian change and attempt to apply and, if needed to reformulate in understanding dynamics agrarian changes.

There are two assumptions in the political economy in the Marxist tradition; the need for accumulation by capital, and the value is created by labor (Kendal 2003). Social class analysis, in this sense, concerns about who works, lives, and accumulates in the countryside. Class struggle and accumulation emerged as a twin theme, as Harvey (1978) argues. Accumulation can not be isolated from class struggle issues (Harvey 1978). Byres argues that the accumulation with all of its characteristics depends on “the social character of those who accumulate” (ibid, p.564).

As part of the political-economic framework, class and state analysis, accumulation, and exploitation also need a closer examination (Byres 1986). Bair et al. (2019) also suggest that the agrarian political economy by using historical and comparative analysis needed to carefully examined labor supplies and wage-labor relations. At the center of the class differentiation was standing capital accumulation and commodification processes (ibid.). Exploitative relations between large farms and small farms and commodification wave of market system have been studied by Marxist scholars (ibid.). If class analysis managed to rescued from reductionist analysis, especially from economics reductionism and conceptualized within the cultural and political contexts, then this type of class analysis can enrich the debates of the agrarian question and political economy of agrarian change (Kayatekin 1998).

In the political-economic framework, accumulation as a process is a vital aspect to explain power relations behind the structural changes in the countryside. Capital accumulation and its determinants lie at the core of the classical political economy (Byres 1995). Accumulation

of capital as a “historic mission” and a “central dynamic” in capitalism was stressed by Marx more than a century ago (ibid., p.564). In order to reproduce and sustain, capitalist production has to increase and expand the profit base of production continuously, accumulation for accumulation, and production for production's sake (Harvey 1978).

As Marx (1990) argues, the never-ending circle of capitalist accumulation starts with the primitive accumulation of capital. He creates a similarity between the role of primitive accumulation in the political economy and the role of original sin in theology. The capitalist production put two classes, “two different kinds of commodity owners” in front of each other; the owner of money and means of production on one side and free labor, which only owns his or her labor-power on the other side. In order to make this process work, there is a need to appropriate the means of production. Therefore, For Marx, primitive accumulation “is nothing else than the historical process of divorcing the producer from the means of production” (ibid., p.875). This process starts with their emancipation from serfdom and changes them from producers into wage-workers. “The expropriation of the agricultural producer, of the peasant, from the soil is the basis of the whole process”(ibid., p.876).

Bernstein (2010, p.491) argues that in agriculture concentration of land was “the main mechanism of accumulation and centralization of capital,” which is also activated the development of productive forces. As a part of the capitalist accumulation process, it establishes the domination of capital, reconfigures the power relations among the land, labor, food, and capital, and other characteristics of agriculture to transform the production relations in the countryside. However, it is not only mechanisms that capital uses to accumulate in agrarian systems. Following the Kautsky’s path of understanding how capital seizing hold of agriculture requires understanding how capital “destroying and reconfiguring social and socio-natural relations” (Fairbairn 2014, p.656).

Byres (2004) argues that small farm versus large farm debate needs to be analyzed within the analytical framework of the development of capitalism in the countryside. Kautsky, Luxemburg, Lenin, Gramsci, Mao, and other scholarships elaborated on “the development of capitalism in agrarian societies and the political potential of peasants across the world” (Levien et al. 2018,p.854). How capitalism changes the production and social relations or how it incorporates them into its accumulation process sheds light on the agrarian restructuring issues. When capitalism penetrates agriculture, it encounters landed property and tenants or landless peasants. “In the genesis of agrarian capitalism, changes in social relations driven by shifts in the balance of class forces gave rise to changes in the structure of

property relations and economy”(Akram-Lodhi & Kay 2010, p.198). The Marxist scholars argued that the tendency of capital to concentrate and consolidate the production process in agriculture would bring the ultimate superiority of large-scale farms under capitalism over small producers in the long run (Kautsky 1889, Lenin 1889).

In the Marxist tradition, following Marx (1990), it was argued that capitalism is a mode of production based on the exploitation of classes that do not possess means of production by the classes that own that means of production. As Kautsky (1988) argues, capitalism as a mode of production in a capitalist society builds on the two antitheses; wage worker (proletariat) and capitalist class (bourgeoisie). It stems from the class character of capitalist society where capital dominates on labor (Harvey 1978). But it does not mean that it is alone in contemporary society; there is also a pre-capitalist mode of production which may exist and survive in the society (ibid).

In the Marxist tradition, it was argued that agriculture does not offer a smooth development path for capitalism. Marx (1992) wrote that; “the capitalist system runs counter to rational agriculture, or that a rational agriculture is incompatible with the capitalist system (even if the latter promotes technical development in agriculture) and needs either small farmers working for themselves or the control of the associated” (p.217). But this was a transitional phrase, and overall, Marx believed the superiority of large-scale farms. There was a common belief that, in the long run, the destination of the trajectory of the development of capitalism would not differ from the other sectors. Marx (1990) argues that “centralization completes the work of accumulation by enabling industrial capitalist to extend the scale of their operations” (p.779). By giving an example of the disappearance of the farms under 15 acres in Ireland after the Irish Potato Famine, Marx informs the existence of the same tendencies in agriculture (Marx 1990). He thinks that the characteristics of agriculture in favor of large-scale farming and “expanded reproduction” realizes under the centralization and concentration as an ongoing tendency like in industry (Goodman&Redclift 1985). In the first volume of ‘Capital’ (1868), Marx presents his reasoning for the superiority of large-scale capitalist agriculture over small-scale petty commodity production (as cited in Goodman&Redclift 1985). For Marx agriculture by obeying ‘the same laws’ that the industry follows, agriculture will become ‘indistinguishable’ with the industrial sector (as cited in Goodman&Redclift 1985).

Some Marxist scholars argued that there are contradictions that arise in the development of capitalism in agriculture. McMichael argues that agriculture is the source of the central

contradictions that capitalism encounters (as cited in Friedmann 2016). For Harvey (1978), it is because of the antagonistic relations of capitalist production with peasant form of production as a pre-capitalist form of productions. It also characterizes the contradiction of capital with nature (ibid.). Goodman et al. argue that because of natural characteristics of agriculture, land, production time, biological processes, it is not easy for capital to bring agriculture under its wholesale control and exploitation (as cited in Pechlaner, 2010). Land resources as being fixed in quantity and impossibility of increasing via more production is an important peculiarity of agriculture (Aydin 2018). Varying productivity of land from place to place and from time to time, make it difficult for land to fit into one size policy (Aydin 2018). Different fertility of land among the plots produces different land productivity and rates of return, and therefore, “many parts of the agricultural processes are resistant to standardization” (Murray 1976, p.11). Considering these factors, the small, family producers in agriculture or small-scale family farmers, show different resilience to capitalist development, by self-exploitation, they survive for a long period under difficult economic conditions (Aydin 2018) which in other sectors of the economy that would be impossible. These all show how agriculture poses some constraints for the development of capitalism, but still, it does not make agriculture a particular case.

Here, one of the significant issues is related to the role and weight of peasants in the Marxist agrarian political economy. It mostly stemmed from the perception of peasants and their role in the future of agriculture. Rurality was also problematic in Marxist thinking, like in Modernization theory. The different character of peasants, both as owners of land and workers on the land complicated their analysis for Marxist scholars. It was also closely related to the two souls of peasants; both own the means of production, which can act as a capitalist, but at the same time, using their family labor, they look like workers (Vergara-Camus 2014). Marx (1972) in *The Eighteenth Brumaire* described peasants as “potatoes in a sack,” rural dwellers were not masses capable of bringing change in the political and economic system. It was related with as Araghi (1995) said, that although Marx brought much criticism, he also used the language and inspired from “the culture of modernity.” Therefore, the Marxist tradition developed the disappearance thesis, which was predicting “the dissolution of the peasantry as a logical consequence of the advancing process of class differentiation in the rural areas of (European) nations” (ibid., p.340).

There was a bias towards industrial workers in the Marxist analysis. It was as because of the role and importance of the working class in “the fight for socialism or the collective ownership of the means of production”(Hussain and Tribe 1981, p.7). They surpassed all the

others and distinguished because of the “very virtue of its social position” (ibid., p.7). Hussain and Tribe (1981) argue that rural inhabitants, because of the difficulty of dividing production place and household lacked the individual freedom from work, hierarchical social differences, and the political organizations in the countryside. For Engels and orthodoxy, “peasant form of production besides being inconsistent with socialism will be disappeared as capitalism holds sway,” and the “capitalist large-scale production is sure to run over their impotent and antiquated system of small-scale production as a train runs over a pushcart.” (in Hussain and Tribe 1981,p.18). Furthermore, the disappearance of the peasantry meant that there was no need for any attempt to support or prop up the peasantry because, as Engels envisioned, they were about to disappear (ibid).

The peasants on land from the socialist point of view were seen working with the capitalist mentality. Lenin argued that “‘peasant production,’ far from being the ‘peoples’ production’ as populists argued, it was already capitalist, and that capitalist relations were extending in the countryside at a fast pace” (Hirst and Tribe 1977, p.298). It is taught that the “perpetuate individualistic, petty-bourgeois proclivities” incapable of competing against large, private estate with its technical capacity, and would not spur the development in the rural economy (Ladejinsky 1938, p.60). That is why the importance of the peasants until they participate and lead the revolutions have not grasped the deserved attention of Marxist scholars.

2.4 Classic Peasant/Agrarian question

At the end of the 19th century, the fierce debate heated on the fate of peasants. Many have attempted to discuss the fate of the peasantry concerning capitalist development in agriculture during the intensifying industrialization period (Aydin 2018). Peasant/Agrarian question was at the center of the Marxist agrarian political economy, which is closely related to the agrarian change and restructuring process. A century-old classical debate of the agrarian question and the peasant question revolved around the concern of the fate of peasants under the development of capitalism in rural areas (Araghi 1995). Because of its nature, Byres (1986) states that the agrarian question, in essence, is the peasant question. Developing from the first debate, it evolved to answer the questions of whether the survival mechanisms of peasant families in the face of penetrated capital were successful or whether their class differentiations are inevitable (Kayatekin 1998).

Agrarian Marxism and its theoretical traditions pioneered by the ‘peasant /agrarian question,’ which attempted to explain the existence of peasant masses in the countryside and their

evolution under the development of capitalism. In this process, the agrarian question was initially used and understood as “the relation of the peasantry to capitalist development (Kayatekin 1998, 2007). Levien et al. (2018) define Agrarian Marxism as the intellectual works of Marx and Engels on the agrarian question that later developed by contributions of Marxist theorists. A number of Marxist thinkers pondered the question of peasant and grappled with the fate of peasant under the development of capitalism concerning how to establish a socialist society. The classic writings of Marx and Engels on peasants were formulated as a peasant question. Later Lenin and Kautsky contributed to this tradition in the particularities of small-scale family-owned production units in agriculture.

When Byres (1995) argued that the political economy is a useful method for analysis of the problems related to economic development, he especially emphasized its importance for the poor developing countries where *the agrarian question* has central importance. The transformation of agriculture in the developing world, “a political economy view to the agrarian question” in terms of land and farm structures, has been widely used (Kay 2015). Analyzing the agrarian question will help uncover the agrarian roots of accumulation of capital as a “crucial dimension of the agrarian question” (ibid., p.564), which helps to understand the capitalist transformation in a given country. These facts indicate that the agrarian question is significant in understanding the political economy of agricultural restructuring and the political economy of agrarian change.

The 1890s agrarian question was developed around how to win the support from peasants in elections (Hussain and Tribe 1981). The agrarian question was formulated as the political problem of socialist parties on the capturing power in societies that are predominantly peasants (Byres 1986). Engels long before argued that in order to successfully maintain the power, socialist worker’s parties definitely “must first go from the town to the country, must become a power in the countryside” (ibid, p.458). Because of that, “in essence, the agrarian question became a political question” (Hussain & Tribe 1981).

Another concern behind the agrarian question was how to extract surpluses from rural areas in order to fuel industrialization and foster economic growth (Wegren 2004). The generation of surpluses for the development of capitalist industrialization is a crucial factor within the development of capitalism, and capitalist development in agriculture from different channels fuels the capitalist industry (Byres 2016). Agrarian questions in the Soviet example also fuel the socialist industrialization process, but this time in a socialist context.

The classic Marxist scholars on the solution of the agrarian question suggested their view of the fate of peasants under the development of capitalism, which was the ultimate demise of the peasantry. They believed that in the long-run, as a result of the development of capitalism in agriculture, peasantry, or small family farming will be abolished (Aydin, 2018). Eric Hobsbawm (1994) claimed, “the death of the peasantry”(p.289) and argued that it was already an ongoing process since the 1950s. It envisioned that “sooner or later, rapidly or slowly, directly or indirectly,” peasantry will be transformed, and out of it, laborers and capitalist farmers will emerge (Araghi 1995, p.338). In this process, rural producers differentiate: either became capitalist farms or agricultural laborers. Therefore, the debate of the disappearance of peasants informs the transformation of ‘traditional’ agriculture into capitalist agriculture where large farms dependent on hired labor outcompete smaller farms dependent on family members.

Marx (1990) said that the capital aims to separate the direct producers from their means of production and forced them to sell their labor force, which leads to proletarianization in the countryside. The West European experience, was the primary example of this process, the expropriation of peasants in agriculture created the wage labor class (Neocosmos, 1986). In “The Eighteen Brumaire,” as Goodman and Redclift (1985) argue, Marx expresses his thoughts on the destruction of French peasantry in ‘The Eighteen Brumaire, in which the peasantry illustrated as the primary target for rural capital. Goodman&Redclift (1985) also argue that depending on their way and level of subjection to the capital, they experience modifications in their internal structure. For Marx, small family farms carry transitional nature as petty commodity producers, which at the end will likely be replaced by the capitalist production forms (cited in Mann&Dickinson 1978). Scott (1979) also states that in Marx’s analysis, the variations small-scale production examined “as stages in a historical process rather than as separate theoretical states” (p.111). Although there is some harsh criticism against peasant stance in classic Marxist writings, Marx’s proposition of the ultimate proletarianization of the peasantry, according to Goodman and Redclift (1985), “is difficult to refute empirically,” because it is reasonable to the processes that “have not fully matured” (p.233).

Agrarian Marxism had to undergo fundamental revision and subject to reconstruction after facing some significant anomalies, and one of the significant ones was the success of socialist revolutions in peasant societies, although they were expected in advance capitalist societies (Levien et al. 2018). Another essential factor was the presence of peasants even

under the development of capitalism, which put a Marxist prediction on the peasantry under the question. Classic Marxist scholars, especially Kautsky and Lenin, played a special role in reformulating Agrarian Marxism and its stance towards the peasantry.

Kautsky, with his *Agrarian Question* (1889], 1988), contributed to the Agrarian Marxist tradition. He argued with the scholars who refuted Marxist analytical prediction of disappearance thesis and who was praised the superiority of small farms and their strength and persistence against the development of capitalism (Alavi and Shain 1988). He supported Marx's analysis that predicted that the development of capitalism in agriculture would be like other sectors of the economy and claimed that in this process, the elimination of peasantry eventually would take place, which as a process is a matter of time.

Kautsky ([1889], 1988) believes that large-scale farms are more effective than small-scale farms because they enjoy the economies of scale and advance technology in agricultural production. Therefore, the expectation was that the struggle between large and small establishments in the countryside would lead to the dissolution of the latter and make the task of a proletarian party be worker's party to win the support of the rural population easily. At the same time, Kautsky believed that the development of capitalism in agriculture was a more obscure process (Aydn 2018). While agroindustrial capital was the motor of agricultural development, survival mechanisms of small family farms may obstruct some tendencies, and therefore, agroindustry may leave some areas to the non-capitalist farm sector (Watt 1996). As holding to the economies of scale absolute, a source of labor-power peasants are needed for the capitalist industry and the large-scale farms, and that is why they persist, he argues (Kautsky 1988). It was because the disappearance of the peasantry becomes a long term process and because peasantization creates worker-peasants and part-time farmers (Banaji 1977). Kautsky argues that "capital does not confine its machinations to industry. As soon as it gets strong enough, it also takes agriculture into its grasp."(Kautsky 1988, p. 19). While agriculture does not follow the same path of development of industry, it does not exhibit an opposite and irreconcilable pattern; instead, it is "advancing toward the same end" (Kautsky 1988, p. 12).

At the same time, Kautsky (1988) opposed the view that reduces the Marxist understanding of development to the formula of "elimination of the small establishment by the large" (p.12). He thought that the debate should be transcended beyond the size distribution of the farm, because the change and transformation was the outcome of the integration and

international competition (Watt 1996). Instead of focusing on the question of future of smallholdings, the more important thing is to understand; “whether, and how, capital is seizing hold of agriculture, revolutionizing it, making old forms of production and property untenable and creating the necessity for new one” (p.12), if the concern is the understanding is the agrarian question with Marx method.

Lenin also played a significant role in the reformulation of the political side of the agrarian question, which brought together peasant masses and industrial workers in the political arena. After the 1905 revolution in Russia, he started to work on the political role of the peasants (Alavi and Shainin 1988). He contributed to Marxist agrarian thinking with the “*Development of Capitalism in Russia.*” In line with Marxist ideology, Lenin believed that, like industry, agriculture was also governed by the same fundamental laws of development. In his analysis of Russia, Lenin argued that the existence of capitalist relations in the countryside creates class polarization (Wegren 2004). As Alavi and Shainin (1988) argue, for Lenin, the disappearance of peasants was inevitable. In his peasant analysis, there were three main groups of peasants; propertyless peasants as the bottom strata, poor small peasant farmers as a middle group, and well-to-do peasant farmers as the top group of peasants. The propertyless peasants could not earn their living from farming (McMichael 1977). Middle peasants were peasants that independently engage in small-scale farming (Lenin [1899] 1977). On the top group of peasants as wealthy peasants were exploiting the rest of the peasant class, especially landless ones (ibid). And in this context, the top peasant groups are going to differentiate into capitalist farmers (Bernstein 2008).

2.5 Agrarian transitions

Although class differentiation as the historic process was unavoidable, its “rhythm, length, and even direction” could vary significantly (van der Ploeg 2018,p.491). According to Byres (1986), the changes that bring the whole development of either capitalism or socialism, the eventual superiority of one of these modes of production in a specific national social structure can be defined as an ‘agrarian transition.’ Agrarian transition includes the change, from pre-capitalist to capitalist relations, from feudal to capitalist relations and in Marxist account from capitalism to socialist relations (Wegren 2004). In Post-soviet and socialist systems, it has a different meaning as the agrarian transition from communist economic relations to capitalist relations (ibid.). The Azerbaijani case will talk about this process.

In the agrarian world, there is a number of varying and geographically uneven forms of trajectories of agrarian change within capitalism (Levien et al. 2018). It is because of the diversity and heterogeneity of political-economic factors, country specific reasons, and the specialty of the historical conjuncture. Capitalism uses different mechanisms to transform the agrarian social structures in rural accumulation processes (Byres 2016). Marx, Lenin, and Kautsky were all aware of the differentiation of peasant classes across different time zones and places, which instead of following a single path of agrarian transition under the development of capitalism there are emerged diverse form of agrarian transformations with its different characteristics in different time zones and places (Bair et al. 2019). Marx (1990), when introduced the English path of capitalist development, argues that this is the classic form of expropriation of agricultural producers from their land. Therefore, the English path was seen as the first example of ‘full agrarian capitalist transition’ in the world, both in agrarian and industrial terms (Byres 2016). Besides the English, Prussian, and American paths examined by Lenin, there is also the French path that was examined by Robert Brenner, and the Japanese and Taiwanese paths that were examined by Terence Byres. The empirical variations have significance in the understanding of diversity and unevenness both in development or blockage of the transformation of the rural production process, the process of agrarian accumulation by the capitalist mode of production, the relations of class forces within the transformation (Akram-Lodhi and Kay 2010). And also they are important because the substantive varieties of capitalism in agriculture produce different economic and political implications (Byres 2016, Bair et al. 2019).

In ‘capitalism from above,’ as Byres (2016) argued, the landlord class was the main driver of the agrarian change. In the Prussian model, as an example of an accumulation from above, large capitalist estates came to dominate agriculture, and there are emerged wage labor (as cited in Martiniello 2019). On the other hand, in ‘capitalism from below,’ peasantry played a significant role; the northern part of the United States was an example of this transition and England was an example for the “landlord-mediated capitalism from below”(ibid, p.434). The American path characterized the social differentiation that paves the way to family farms where followed the path of an accumulation from below (Martinello 2019). These paths show that “the capitalist development in the countryside not determined by the dictates of capital alone”(p.553); therefore, contrary to the imposing macro theories on to the agrarian paths, there is a need for empirically inductive analysis of those contingent and variety of forms of trajectories.

Capitalism, with its world-historical nature, once finds its way attempts to reach all pre-capitalist social formations in the world and impose “a general logic of social change” (Berstein 2004, p.10). As Marsden (1989) said, capitalism moves to new and untouched areas to exploit; in this way, it develops and implements new techniques to sustain the accumulation process. The transition to market economy in post-soviet space opens new areas for the accumulation processes of internal and international capital. As the *Capital* claimed as an inevitable process in the long-run with the operation of “the economic law of motion of modern society” within time would root out the non-capitalist social relations (Byres 1986). However, in Post-Soviet Space, it first needed to destruct socialist social formations and thoroughly sweep the Soviet heritage. As Harvey (1978) said, capitalist production is in contradiction not only with the pre-capitalist sectors but also non-capitalist ones. In our case, the socialist form of productions in the post-socialist countries has been subjected to transformation, and Azerbaijan, as being part of this system was not out of the radical changes. Moreover, there was no uniform agrarian transition in the region countries of the Post-Soviet area. After the Collapse of the Soviet Union, some countries followed the path of decollectivization and dismantled large-scale socialist farms. This process, through land reforms and farm restructuring, paves the way to small individual family farms. However, some countries preserved large-scale farms, but they are not any more socialist but capitalist corporate farms. Azerbaijan also passes through the process of collectivization and decollectivization. And nowadays there is an incentive for large farms. In this case, the agrarian question with its new formulation have to be applied, whitening the context of the transition from the socialist social formations to the capitalist ones.

2.6 The food regime theory and the contemporary agrarian question

The 1980s as characterizing a new period in the history of capitalism witnessed several new developments ranging from the increased globalization of agricultural commodity markets, questioning of the role of agriculture in industrialization strategies, dispossession of peasants, diversification of household survival and reproduction strategies both in farm and non-farm incomes, increasing struggle over land sources and social reproduction means, new institutional arrangements in agriculture such as contract farming, which have all implications on the contemporary agrarian question (Levien et al., 2018). During the neoliberal phase of global capitalism and the last decades of the 20th century, “the era peasant wars had faded,” and this produced new anomalies for Agrarian Marxism (ibid,

p.855). Under increased pressure of neoliberalism, Marxist analysis both institutionally and essentially severed, and especially after the collapse of socialism in a significant part of the world, this process is severed (Kayatekin 1998).

A new penetration of global capitalism in agrarian formations led to the reconstruction of the “theoretical heritage of the classic ‘agrarian question’” to understand the trajectory in agrarian transition. History witnessed the changes in contours and concerns of this historical and theoretical question over the passing periods. Looking at the ideas about the previous agrarian transitions it is seen that they mostly occurred in the national and local contexts which are different nowadays developments in terms of its dynamic and scale that is ongoing under the conditions that were generated and sustained by the development of global capitalism (Bair et al., 2019). Furthermore, with its new nature, the agrarian question became one of the core issues in the academic circles that examines the neoliberal restructuring of agriculture nowadays (Atasoy 2017).

Kayatekin (1998) argues that, during the era of the marginalization of the agrarian question, the food question was more operative within political economy research areas. It was partly due to its capacity to increase or undermine state legitimacy as possessing precise political potency and importance in laying the ‘fertile ground’ for the rebuilding of the agrarian question (ibid.). FAO (2016), in line with the *2030 Agenda for Sustainable Development*, argues that food, livelihood, and management of natural resources cannot be analyzed and approached separately. The concept of “food regime” is produced by Harriet Friedmann (1989) and later developed by Philip McMichael and Harriet Friedman (1989), inspiring by the Regulation theory and the World System theory, attempts to explain the trajectory of agrarian change by examining the periods of the global capitalist accumulation process through the global food relations. The food regime theory, as the extension of theoretical approaches of agrarian and peasant questions, puts the food relations at the center of the capital accumulation process. Friedmann (2009) argues that agriculture and food as the key profit sectors shape and are shaped the development of capitalism. Therefore, the question of food or analysis that puts food relations at the center of the debate can help understand the agrarian change and transformation in practice and the policy.

Before the 1980s, in rural and agrarian issues, especially in the Marxist tradition, the state was the main unit of analysis (Aydin 2018). In the political economy of agrarian change analysis, as Byres (1995) argues, the state captures a significant role in agrarian change. On the other hand, in the Chayanovian approach, the main unit of analysis was the peasant

household (Aydin 2018). The contemporary developments during the neoliberal globalization period showed that they are not adequate alone to understand the whole transformation and change in the agrarian world (ibid.). Food regime theory is significant because of its capacity of incorporating world-historical forces and capitalism's logical processes into the analysis (McMichael 2006). Food regime analysis is essential in our analysis, because of its nature of "problematizing linear representations of agricultural modernization" within the "agro-food dimension of geopolitics" (McMichael, 2009c, p.140). In the new conjuncture, Food regime analysis by placing the global developments in agriculture and food systems attempted to examine and explain the ongoing transformation in the global agrarian restructuring process more precisely.

The food regime theory played the role of synthesis in agrarian change and restructuring. Contrasting to capital centric or peasant centric approaches, it offers a contemporary view of global agrarian change. According to McMichael (2006), under the expansion of a self-regulating market, the system faces some protectionist counter-movements from other classes against full commodification of land, labor, food, and money by capital. He argues that peasants still are important in the modern agrarian question and reproduction of capitalism. Despite all assaults on peasants either incorporating or dispossessing them, the resolution of the current agrarian question depends on "the peasantry itself" (p.407). He argues that the dispossession of peasants by providing an "endless supply of surpluses labor" contributes to the depression of wages all over the world, which is significant for the development of capitalism (p.407). Food regime theory by benefiting regulation theory and being within the terrain of the agrarian political economy creates syntenic and provides a better analytical tool in agrarian change and restructuring issues. By doing this, it incorporates many Marxist concepts to understand contemporary agrarian change and transformation better.

By framing out the large versus small farms debate in the landscape of food regime theory, this study depicts the greater picture of ongoing transformation and agrarian change in the production sphere that evolve and expose to reconfiguration under the development of capitalism. The food regime theory can provide us with invaluable insights into small-scale family farming versus large-scale industrial farming debate. Understanding global agricultural restructuring through the lenses of food regime theory will help us to see the driven forces behind the contemporary restructuring in agriculture that favors large farm structure and put the fate of smallholders under question who are dominant in the countryside in most developing countries. Framing the question of the validity of food

regime nowadays can also help us to understand” contemporary structuring forces in the global food system” (McMichael 2009c, p.141). Therefore, as an analytical tool, it helps understand the “environmentally catastrophic agro-industrialization and alternative, agroecological practices” (Patel 2007 as cited in McMichael 2009c, p.141).

As McMichael (2009b, 281) argues;

the food regime concept is a key to unlock not only structured moments and transitions in the history of capitalist food relations but also the history of capitalism itself. It is not about food per se, but about the relations within which food is produced, and through which capitalism is produced and reproduced. As such, the food regime is an optic on the multiple determinations embodied in the food commodity.

McMichael (2016) also defines the food regime as an analysis of the food production and circulation relations in capitalism on a global scale from the political and economic relationship prism to historicizing of the global capitalist relations and the state system under evolving hegemonic relations. Capitalism itself came to be a food regime because of its concern about reproduction, which depends on the provisioning of cheap food for decreasing the costs of reproduction (McMichael 2015, Araghi 2009). McMichael (2005) states that the food regime as an important process ensures the access of agribusiness firms to the land, labor, and markets of the Global South to realize their accumulation through binding production in their respective countryside to the particular global consumer class. And additionally, he suggests looking at the food regime as a tool that shows us the global social reproduction of capital under the lenses that concentrate on the dispossession of social groups.

The changes in organization and structure in agriculture depend on the historical conjuncture. The distinguishing and world-historical feature of food regime theory lies in establishing ‘a world price for staple foods’ (McMichael 2013, p. 24). Friedmann (2005), regarding the hegemonic food regime period of the time, argues that the regimes were ruling by ‘implicit rules’ and the system was standing on the “the distillation of political struggles among contending social groups” (McMichael 2009c, p.143). There are three periods of food regime theory, and each periodization implies the particular periods of hegemony and hegemonic transitions in recent capitalist history (Friedmann and McMichael, 1989). The first food regime during the British world hegemony (1870-1914) based on meat and wheat

import from colonial settlers. It was the “first price-governed market is an essential means of life”(Friedmann 2004,p.125). The second regime continued from 1945 to 1973, under US hegemony during the post-war period. McMichael (2009c) draws the intervals of the second food regime period as between the 1950s-1970s. The US, with price supports, contributes to the overproduction that then was used in the form of aid for Europe and the Third World. It was the starting point of the food import dependence in South; cheap foods would fuel industrialization at the expense of national agriculture. The third food regime or “corporate food regime” started to evolve in globalized and industrialized agriculture during the 1980s and the middle of the 1990s. McMichael defines the corporate food regime as “a set of rules institutionalizing corporate power in the world food system,” which attempts to eliminate barriers in social and natural relations in favor of capital (McMichael, 2009,p.153).

In the political economy of agrarian change account, there is a criticism against the food regime scholars because of their more inclination on peasant movements and rights. Bernstein (2006) argues that the support for small-scale farms’ rights and sustainability against capitalism are not but a romantic populist attempt, and he refuses to accept the relevance of peasant questions anymore in the global capitalist world. Like polemic between Bolsheviks and Populists, initiated by Lenin and Chayanov, today there are also “polemics over the viability and desirability of small-scale versus industrial agriculture” as in the example of debates between Henry Bernstein and Philip McMichael (Edelman and Wolford 2017, p.5). This debate also signifies the tension between the political economy of agrarian change and food regime theory. Although they have some differences, they do not entirely disregard each other instead completes each other. This study uses both Marxist accounts to understand agrarian change and restructuring issues.

Besides that, Bernstein (2009) offered a new understanding of the agrarian question and claimed that there is difference between the agrarian question “then and now,” based on the idea that globalization with all of its forces by connecting local national and international economic activities changed the trajectory of agrarian transformation and consequently produced different agrarian transitions. Bernstein argued that the classic agrarian question as the agrarian question of capital was already solved at least in many corners of the world. And it passed to another agrarian question that deals with the labor, as the agrarian question of labor. However, Bernstein (2006) still acknowledges the unresolved agrarian question in some parts of the “South.”

There is also criticism for more inclination on global political changes and neglecting individual state analysis within the global economy during the neoliberal globalization period. The Azerbaijani case can contribute to this relative negligence of state analysis and can show how the countries that are not fully interwoven with global agricultural markets get affected by the global agricultural restructuring. Azerbaijan is an example of how agrarian structure evolves in the absence of global transnational capital in agriculture and as being out of the WTO membership area. Besides that, the analysis of the agrarian sector and rural people in a rentier state in a post-socialist country can bring out a number of new interesting facts. The study will allow us to understand the role and weight of agrarian production structure in the reserve run economy.

CHAPTER 3

SMALL-SCALE FARM PARADIGM DURING POST-WAR SECOND FOOD REGIME PERIOD

It was argued that the *WDR 2008*'s contradictory statements regarding small farming versus large farming debate signified a policy shift in the World Bank's rural development narrative, which departed from its previous statement of supporting small-scale farms that were most apparent during the late 1960s and early 1970s. To answer the question of what were the main political-economic reasons for leaning towards large-scale farming, we should first go back to the post-war period attempt to analyze the global political-economic factors stood behind the World Bank's support policies for small farms which nowadays raises questions about the erosion of that support. Unpacking the hidden faces of power relations as the main parameters of political economy analysis can provide a better explanation in the World Bank's 1970s small farm paradigm.

There was an overlap of policymaking and geopolitics during the post-war period. State socialism as a competing economic and political system stood against capitalism. The two global powers, as the leading economic and political powers of these blocks, the United States of America (USA) and the United Socialist States of Union Republics (USSR) had different visions about the course of development in general and rural development in particular. Inevitably, the policies of global development organizations could not be constructed in a vacuum, independently of strategic political and economic concerns of global capitalism during this period. The U.S as the hegemonic capitalist power strongly influenced the policy formation in the World Bank, under the pressure of the global historical conjuncture of the post-war period. It is argued that the geopolitics of the period, peasant risings and their possible cooperation with communism, led global capital, by backing up by the hegemonic power of the U.S and international development institutions, such as the World Bank, to offer support policies for peasants or small farmers in developing countries which was the main activity and livelihood of massive rural poor in the Third World rural areas.

On the other hand, despite the existence of communism, global capitalism formulated and applied the functional role of peasant farms for the development of capitalism in the context of the Third World countries. In this process, the World Bank managed to lay the foundation

for the further development of capitalist relations in the newly decolonized countries of the Third World and incorporation of their agriculture into the circuits of the global capitalist system. It has become clear that by representing the majority of the poor in the developing world, the peasant masses could play both a strategic and a functional role in the development and consolidation of global capitalism.

3.1. The nature of the hegemonic regime and rural development thinking during the early post-war period

At the end of the Second World War, the world came to be politically divided in line with the competing ideologies that were governing main global political and economic life; the First World as capitalist western and the Second World as communist Soviet (McMichael 1996). During the 1950s Third World as a term started to be used for the world that consists of the ex-European colonial countries, which got their independence after decolonization movements and which mostly consist of poor developing countries (ibid.).

In this political-economic historical conjuncture, the US at the end of the Bretton Wood conferences began to give a new design to the capitalist world. Harvey (2004) argues that in capitalist social formations, often, there is a place for a hegemonic center or power around which territorial or regional configurations develop. Moreover, as one of the victorious side of the Second World War, the United States emerged as a hegemonic power in the post-war world's political and economic affairs and got actively engaged in constructing a new world under its supervision. Marx (1990, p.91), in the first volume of *Capital*, says that “the country that is more developed industrially only shows, to the less developed, the image of its future.” The U.S, as the rising power out of the state system, offered its accumulation model (McMichael 2005); “American capitalism became the model for post-war theories of development applied to the Third World.”(Friedmann & McMichael 1989, p.111).

The post-world war period was different from its previous counterparts in many respects. McMichael (2005) argues that differently from the period when the British Empire was a hegemonic power and was governing the regime through manipulating its rivalries, the U.S. was more concerned with controlling and restraining the Soviet Union rather than attempting to maneuver her economic rivals. Most of the former colonies at least accepted some degree of socialism in their political and economic formation, so it was difficult “to preach the virtues of capitalism” to the Third world countries (Berstein 1971, p.146). As Harvey (2004)

said during this period, “accumulation by dispossession was relatively muted” (p.77). Providing society with social protections regarding agriculture and the managed farm sector (McMichael 2005), the U.S managed to construct political legitimation under the label of a development project (McMichael 2004a). As known as the *inner-directed development model* (McMichael 2004a), through the integration of industry and agriculture, it injected the food consumption relations to the core of the capitalist accumulation (Friedman&McMichael 1987) and produced a different model of modernity. The “inner-directed” development model characterized the development of agriculture and industry together within the parameters of the national economy (McMichael 1998). It aimed to construct a system that giving priority to an “internally articulated national economy, based on the dynamic exchanges between the farm sector and manufacturing” (McMichael 2009c, p.145). As a social contract between the First World and the Third World, the development of industry and agriculture were incorporated into the development project in developing countries (McMichael 2005).

Araghi (1995) also argues that the balanced development or inward-oriented growth strategies as a part of nationalist development programs during the post-war period was a particular phrase of the world economy when global depression in the markets, the decline in prices of the agricultural products, increasing protectionist policies targeting agriculture in advanced countries were widespread global problems. In this picture, as Arrighi (2009) argues, “the postwar agrarian question...became developmental problematic rooted in a theoretical concern about how to understand the lack of development –or the persistence of backwardness-in the third world countryside...the lessons of the original debate (were married) to an altogether different purpose” (p.118).

Agro-food relations were put in place immediately after World War II and being stable around twenty-five years, where agriculture experienced significant transformations to such extent that Friedmann (1993) called it a new food regime. A legacy of the post-war II food regime was its characterization of a gap between national regulation and transnational economic organization in agriculture (Friedmann 1993). In this period, agricultural and rural development policies came to be a product of the specific historical political, economic climate which shaped and was both shaped by political and economic concerns of capitalism. Friedmann (1993) argues that agricultural support policies and programs introduce in this period “in response to farm politics” (p.30). The protectionist policies in the US, like farm subsidies, continued by leaving agriculture outside of the GATT, which left agriculture intact

from measures of trade liberalization (McMichael 1998). Agriculture was treated separately because of its 'unique political status' in some major developed countries (Sharma 2000). By leaving the agriculture out of the GATT formats, developed capitalist countries managed to have some room to maneuver the implementation of an independent agricultural policy; especially the United States using this opportunity implemented a highly subsidized agrarian sector policy (Friedmann 2009).

In the new design, international financial, developmental, and donor organizations pioneered their lasting influence on global politics. The proliferation of international agencies during the post-war period was a worldwide tendency (Bernstein, 1971). True to the spirit of the claims that "development was an international obligation" (Staples & Sayward 2006, p.2), the international donor organizations have taken a major responsibility of helping developing countries to modernize and rationalize their economic and political systems, through development projects. The 1945 Bretton Woods Agreement was responsible for governing and regulating dollar/gold standard based on 'the stability of exchange rates,' and 1947 GATT was writing the rules for international trade (Kledal, 2003, p.9).

The International Bank for Reconstruction and Development, commonly known as the World Bank (WB), was among those significant international donor organizations that enthusiastically engaged in the process of creating, funding and implementation of developmental projects. The World Bank, as founded in 1945 by advanced developed capitalist countries, played a crucial role in shaping rural development thinking during the post-war period due to its weight and capacity to impose specific policies on developing countries. With the investments and recommendations on the preferred type or form of the agricultural production unit, the World Bank has been playing a significant role in the development of agriculture in the developing world.

It should be noted that the structure of the World Bank played a special role in conveying and publicizing the view on rural development that global capitalism favors. Stryker (1979) argues that, contrary to the claim that the Bank relies on "economic consideration," in its decisions, in reality, the World Bank "is a profoundly political institution" (p.325). Especially the US influence as the founding member and global capitalist power in its functioning and policymaking is an undeniable fact; being the main shareholder since its emergence, the US has been influencing the bank's decision and policymaking. Therefore, the analysis will proceed with the programs, policies initiated by the capitalist power of the

United States. Before his appointment as president of the World Bank in 1968, MacNamara was the CEO of the Ford Motor Company (U.S.) and also served as the Secretary of Defense during the U.S. presidents John F. Kennedy and Lyndon B. Johnson. He was serving as a secretary during the Vietnam War.

The three views in rural development, capitalist Modernization theory, Marxist modernization theory, and the populist account can be observed in the objectives and outcomes of agrarian reforms in the agencies, state's policies and practices in the post-colonial developmental period of the 1950s and 1970s (Bernstein 2002). Since the 19th century, Bourgeois and Marxist views of development have been fighting to make their view of development hegemonic.

It was argued that in the bourgeois view of development, a modern state highly welcomes and promotes capitalist farming systems (Bernstein 2002). Development institutions, also as being part of global capitalist ideology, were favoring large-scale farming. During the heyday of modernization theory in rural development thinking in the 1950s and until the mid-1960s, the dominant paradigm was large-scale farms that were believed to be more efficient and used resources more effectively than small farms (Midgley et al., 2019). As mentioned before, the Modernist view envisioned the future of agriculture in large-scale farms as the standard development path, depending on the employment creating capacity of other sectors of the economy agriculture will follow the path of dispossession and open the space for large-scale farming.

The World Bank, as the institution of global capitalism, initially was favoring the bourgeois view of agrarian differentiation, in other words, modernization theory. However, later during the late 1960s and early 1970s looking at the World Bank's policies and programs, it is apparent that the Bank adopted small farm support policies and programs which in later period raised questions about the size of the most optimal production units in agriculture. The World Bank, inclined towards the Chayanovian or populist account of rural development during the post-war period. After this policy, against socialist large-scale mechanized farms, there was an expansion of small family farms in the Third World. The supporting small, poor farms were not a normal tendency in the capitalist modernization account. As Van der Ploeg argues in the 1970s, there emerged a theoretical approach that premised on the self-employment and autonomy of peasantry, which contrasted with the previous deterministic modernization script; the inevitable demise of the peasantry (in

Bernstein et al., 2018). As Friedmann (2006) also argues, the post-war period, to some extent, interrupted the tendency of the dissolution of the peasantry, the incorporation of land, and labor into the circuit of global capital.

Even McNamara (1973) asks, “...a very fundamental question: is it a sound strategy to devote a significant part of the world's resources to increase the productivity of small-scale subsistence agriculture? Would it not be wiser to concentrate on the modern sector in the hope that its high rate of growth would filter down to the rural poor?” (p.13). McNamara’s (1973) answer is no to all these questions, and therefore, he proposes that -small farms should be supported. His views were put into action by the World Bank, especially in the 1970s, and this had a direct influence on state policies in many countries and rural development thinking. From here, the question arises; what political-economic factors drive the Bank to produce small farm support policy?

3.2 Peasant upheavals in the 20th century

As discussed before, the view about the role of the peasantry was mostly negative. But, despite all negative views, history showed that, as Friedmann argues, peasants under certain circumstances “can act collectively,” and this also included “an outside leadership they are willing to trust” (Bernstein et al., 2018, p.698). During this period, peasants were the majority in the Third World countries like nowadays. But they were under pressure of landlords and states that interested in the extraction of significant parts of their earnings. The ascendant capitalism was another pressure on the pre-capitalist classes, mainly agrarian peasant laborers (Bernstein 2002). Their response to the unjust system came with the revolutions. Bernstein (2002) argues that social upheavals since the French revolution came to traverse the history of capitalism. Especially between the 1910s and 1970s, it differentiated for its intensity (Bernstein 2004). Peasant uprisings produced “fundamental changes in agrarian property regimes” (p.436) many corners of the Third World (Bernstein 2002). The “defeat of the USA military machine by a peasant army in Vietnam” (van der Ploeg in Bernstein et al., 2018, p.659), was another factor that fascinated the US scholars about the revolutionary potential of the peasantry in the Third World (Skocpol 1982). Bernstein (2018) also argues that, the peasants “stopped the Americans from winning the war” (p.692). The new perception also reevaluated the Chinese Revolution and concluded the role of the peasantry as the leading social force.

3.3 The revisionist approach in Marxism

The general view on peasants was negative and pessimistic among the classic Marxist scholars. When Marx (1972, p.10) said, “men make their history, but they do not make it just as they please,” he did not refer to peasants among those men. History exhibit a different story from what some early Marxist thinkers thought. As the title of McMichael’s (2008) article in the *Journal of Agrarian Change* says, “Peasant make their own history, but not just as they please” (p.2005). They proved that they were not passive actors of history; instead, as classes depend on their development and descendants on the historical circumstances, they fought against others or between themselves for protecting their interest conditioned by the historical circumstances (Wolf 1969). The revolutions in dominant peasant societies affected the trajectory of the development of history, which changed the stance and attitude in the ideological systems towards them. Wolf’s (1969) study perfectly illustrated peasants led anti-colonial wars and socialist revolutions. Lenin elaborated on the role of peasants after observing their revolutionary potential in 1906 and 1917 revolutions in Russia (Bernstein 2009). A gold hammer on the Soviet Union flag as the representation of peasants and a gold sickle for industrial workers perfectly illustrates this alliance. This caused a “significant revision of Marxist views on peasant politics” (Levien et al., 2018, p.855).

Socialists had to undergo 'reformism' and 'revisionism' in their position towards peasantry “who were neither capitalists nor workers” (Hussain and Tribe 1981, p.18). Besides taking an active role in politics against dominant ruling classes, they survive and even prosper under capitalism, which eventually gave socialists a good reason for supporting them (ibid.). Friedmann, in line with Wolf and Chayanov, argues that there is a “paradox of peasant households”- they participate in markets differently what economic theory expects (as cited in Bernstein 2018,p.698).

In this sense, the 1917 Russian revolution was a significant historical event that gave impetus to new debates on how to organize the production in the countryside for the future development of socialist agriculture, which later was put into practice. The issues of fate of feudal landlords and a massive number of peasants again were intensified in academic and political spheres. Agrarian reform became a priority under the pressure of peasant and left-wing parties (Kay 2015). Communist and socialist parties getting in alliance and sometimes leading peasant risings within the context of national liberation movements and anti-imperialism initially had to support redistributive land reforms (Bernstein 2004). According

to Bernstein (2006), Marxist and bourgeoisie shared the same goal in destroying the common enemy of landlords. During the New Economic Policy (NEP) period, Lenin favored following the American path to capitalism in Russia that depended on the small, family farms. It was thought that before establishing a socialist society, it was a path that should be followed. The October Revolution first put an end to large-scale estates and changed the configuration of Russian countryside in favor of peasants through the liquidation of the Kulaks.

However, the distribution of land among the peasants, to gain their support did not last long because of its incompatibility with the “Marxian scheme of the Soviet state,” (Ladejinsky 1938, p.60). Pro-peasant, market-oriented NEP period was cut it short by Stalin “in the lead-up to the complete collectivization of agriculture” (Edelman and Wolford 2017, p.6) Collective cultivation got incorporated into the Bolsheviks' Decree on Land Socialization, (Maynard, 1936). But it was undertaken contrary to what Engels stated in the ‘The Peasant Question in France and Germany’ as the necessity to “transform individual production and individual ownership into production and co-operative ownership, but not forcibly way of example and by offering social aid” (as cited in Burns 1939, p.44).

Liquidation of rich peasants-kulaks later included an attack on all peasant groups. The belief in the efficiency of big farms outperforming small production units or peasant farms resulted in the formation and enthusiastic encouragement of large mega-farms. Collectivization during 1929-1932 replaced the individual farming by collective farming of kolkhozes and sovkhozes (Ellman, 1988). According to Bernstein (2006), the Soviet collectivization of agriculture was an “attempt to translate aspects of the classic agrarian question into a doctrine of development: an intent and strategy to achieve modernization and accumulation” (p.449). As Levin&Neocosmos (1989) said, ‘primitive socialist accumulation’ as Preobrazhensky’s notion describes, was the rationale behind the ‘policy of enforced collectivization’ in the example of the USSR. Still, the Soviet model of collectivization because of the ending superiority of landlords in the countryside had some positive impact on the peasants in the Third World. The Soviet Union put collectivized agriculture and large-scale mechanized farms as priorities on the revolutionary agenda and offered as a strategy for the development of agriculture in the Third World.

Despite some differences in their implementation, large-scale socialist farms as part of Marxist modernization theory expanded their geography in the Third World. After the Russian collectivization experience, another gigantic socialist project of collectivization

attempt was experienced in China after the Chinese revolution. In the Chinese experience of collectivization in 1955-56, firstly, the land was expropriated from landlords and distributed to landless peasants and created private smallholders, which later were compelled to join collectives called 'People's Commune.' First land reform in 1953 distributed land to poor landless peasants after confiscating it from landlords, later this reform followed another land reform in 1956 with which the state started to promote large collectives, and 1958 experienced the emergence of larger-scale production units (Fan et al., 2005). Chinese attempt was fundamentally different from Soviet Union collectivization "with less social disruption, without widespread bloodshed and loss of human life, and without drastic economic losses" (Nolan 1976, p.194). Nolan (1976, p.195) argues that it was more related to the way they approach the peasant question and construction of the relationship between town and city, which in Chinese way it "was seen by peasants more cooperative rather than exploitative." As Edelman and Wolford (2017) argue although Wolf (1969) analyzed Russia in his study of the *Peasant Wars of the 20th century* which was more relatively urban biased, "the Chinese revolution was the first revolution led by Marxist that unambiguously relied on mass peasant support" (p.6). Thinking these together with the enormous population of China, that the collectivization brought the majority of world people under socialist agriculture, the Chinese experience created more shock on the other side of the Atlantic Ocean. Some other countries such as Eastern European countries, Vietnam and other Third World countries also followed the same path with some country-specific differences.

3.4 The Counterinsurgency policies

Western and American academic and policymaking centers initially produce a negative view in which social scientists used to define the traditional as a negative opposite of the modern (Bernstein 1971). In line with the mainstream economy, there was consensus around the perception of peasants as not being 'economic men' behaving with a profit maximization motive but instead ruled by traditions or conservatism (Lundahl 1987). But the active role of peasants in overthrowing political power in many corners of the world and their alliance with socialists change the perception about them. Therefore, the period witnessed the "increased intersection between agriculture and diplomacy" (McGlade 2009, p.82). During this period, the anti-communist stance in geopolitics shaped state policies and international organizations' attitudes in the Third World. The development narratives in Cold War politics closely "tied development to anticommunism and counterinsurgency" and shaped under the concern of expansion of socialist regimes to the Third World (Sackley 2011, p.481). There

was a belief that financial well-being and wealth may impede the revolutions and communist takeovers, and that is why aid was used as a foreign policy tool (Taffet 2012). As communists were successful in revolutionizing the masses of the peasantry (Kapsetin 2017), socialist modernization theory was expanding to Third World countries. While the Soviets had ‘a program of action’ for countryside and rurality, which appealed to the majority of the population, the Americans initially lacked this policy (Cullather 2006). The peasant and socialist alliances exacerbated the situation and changed the overall picture of the world. The concern of securing the countryside and controlling the rural population against communist propaganda and attacks were the main motives behind the US policies and programs that guided and influenced both foreign policy and international financial and development agencies for strategic reasons (Sackley 2011). The understanding and addressing the problems of rural areas of the Third world attempted to be solved “within the logic of counterinsurgency doctrine and modernization theory” (Cullather 2006, p.31). In order to avoid the same mistake that they learned from rural lessons of ‘the loss of China,’ social scientists, especially modernization theorists, took responsibility in understanding the peasant culture and producing effective policies, theories and models for social and economic change as the central part of the US answer to political and economic changes in the Third World (Sackley 2011).

Third World rurality came to be defined as a new problem for U.S foreign policy. McNamara as the secretary of the U.S., emphasized the importance of the stability of Third World nations for the security of the United States “even if no threat of Communist subversion existed” (1966, p.212). But the history exhibited “the importance of poorer parts of the world as the key battleground in the Cold War” (Taffet 2012, p.11) against the communist threat in the policy formulation. Ben White, in his interview, argues that during the turbulent 1960s, peasants representing the majority of people in the regions within which the Cold War strategies “played out directly or by proxy” (cited in Bernstein et al. 2018, p.705). Bernstein (2009) also argues that there is a belief that rural development programs during the 1970s appeared as a result of the communist-peasant alliance victory in the Vietnam War. According to Sharma (2017), McNamara’s Vietnam experience taught him that there is a close connection between “material need and political instability” (p.54). Recalling that McNamara initiated the support policies for small farms, this uncovers geopolitical strategic reasoning. Stryker (1979) also argues that there were obvious strategic purposes behind the Bank’s emphasis on poverty, inequality, and hunger of impoverished rural masses.

Through linking social sciences to policymaking, the US, as the hegemonic power, attempted to manipulate the approaches to Third world countries and their agriculture. Academic think-tanks and leading policymakers like W.W. Rostow produced works such as *The Stages of Economic Growth, the Non-communist Manifesto* to counter the communist threats and its possible alliances and to guide policies. Rostow (1960) aimed to produce a formula to be a model for a capitalist development pathway for the Third World. Rostow claimed that if developing countries were to follow the prescribed five stages of growth, then they would reach the level of advanced countries. It aimed to be a model of capitalist development pathway for the Third World and was produced to counter the communist threats and its possible alliances and to guide policies. It showed the path for capitalist development contrary to the socialist way of development. They have to follow if they want to reach the level of advanced countries. As Ben White said, this was the functionalist and positivist account of studying peasants, which modernization theory was its main theoretical underpinning (cited in Bernstein et al. 2018).

But modernization theory has changed over the passing periods. During the 1950s, agriculture in developing countries was not recognized as an important sector in economic growth and development, like other sectors of the economy, and also its small-scale farm structure was acknowledged as a “traditional and low level of production sphere” (Kirsten&Llambi 2010). Later with the dual sector models, agriculture was still characterized as a traditional sector and defined the passive role of subsistence or traditional agriculture that creates linkage with the modern sector- industry- through supplying labor force, and there was a perception that it slows down the effect of agriculture on the general economic development (Aydin 2018). The theory was based on the idea that through migration of laborers from low productive agriculture to higher productivity sectors such as industry and service, the farm size would increase, and those that stayed behind could expand and operate more efficiently (Fan et al. 2013). In these conditions, agriculture was envisioned as a large-scale modern sector where large farms with economies of scale would be dominant because of its efficiency in resource and technology use (Ellis and Biggs 2001).

During the mid-1960s, previous perceptions evolved to change with the new contributions of the scholars. The history exhibited the proliferation of the models of the balanced development of agriculture and industry. Johnston and Mellor (1961), challenging “the false dichotomy of agriculture vs. industrial development” (p.565) and suggested the “balanced

growth” (p.590) models for achieving overall economic development. Theodore Schultz wrote *Transforming Traditional Agriculture* in 1964 and was awarded Nobel Prize in Economics in 1979, was arguing that small farms were more efficient but poor, he attempted to find an answer to “how traditional agriculture can be transformed into a highly productive type of farming” (Lundahl 1987, p.109). Its central proposition was the rationality of traditional small farmers in their resource allocations (Ellis & Biggs 2001). Therefore, the peasants and small-scale farmers were getting attention in rural development thinking.

Levin and Neocosmos (1989) also argue that there was a need for state intervention to set up suitable capitalist development for small-scale farms. Bernstein (2009) also adds that “a successful small farmer path of development requires conducive market institutions and a supportive state” (p.69). The Bretton Woods design of “the agricultural welfare state” from one hand protecting agriculture from more liberal trading practices, ensured “the development of national state protection for agriculture” and also stimulated and encouraged the rate of funding in agricultural research and extension, through subsidizing promoted the increased usage of agro-industrial inputs such as technology, chemicals, and fertilizers (Kledal 2003, p.9). The developmental state played a unique role also in adopting the Green revolution as part of the national agro industrialization and land reform, which helped to silence peasant resentment and extension of the market system in a way to embody the countryside (McMichael 2009c). The US promoted a model that welcomed the state involvement in the industrialization of agriculture (Friedmann 2005). Under state-led agricultural strategy by adopting these new modern varieties of seeds, agro technological innovations, chemical fertilizers, and pesticides, there occurred fundamental changed in traditional farming practices for millions of peasants in the Third World (Midgley et al., 2019). In this sense, as Bernstein (1988) argues, small commodity producers, benefited “in particular cases from certain relations with capital and the state,” which got manifested in the agricultural subsidies and farm support policies between the 1930s and 1980s in the U.S. Federal farm policy.

McNamara (1966, p.212), as the US secretary, warned people about “an irrefutable relationship between violence and economic backwardness,” especially in the global South. He stated that the security of the U.S. “is related directly to the security of the newly developing world,” and this security can only be ensured through development, which is the essence of security in modern societies (p.213). He defines development as a combination of economics, political, and social progress. In this process, the U.S has a unique role in the

provision of security help, which is the other name of development. The phrase of ‘hearts and minds,’ explains how the war wanted to be won, respectively, through development and propaganda and the US officials “to develop and to secure” the Third World countryside, made the peasants the main subject of their programs (Sackley 2011, p.481). Wolf (1969) also defined the political and military involvement of the United States in Vietnam as “a war fought for control over the hearts and minds of a peasant people” (p.ix).

There was a need for programs and policies to win the heart and minds of peasants and to expand capitalism and contain socialism. A number of mechanisms were put into practice to contain the expansion of socialism. Widespread land reform, food aids, and the transfer of the Green Revolution technologies and studies on the inverse relationship were closely connected with the support policy of peasants and small farmers. They were used as a foreign policy tool and were claimed that they had a positive relationship with peasants or small-scale family farms. Therefore, it is a necessity to analyze their impact and connection with the peasants and small farms, which can help us to depict the political economy of small farm support policy.

3.4.1 Food aids

Food aids occupy a special place in the capitalist configuration within the second food regime period. During this period, there was a growing disparity and gap in terms of land and labor productivity both in North and in the South (Bernstein 2009). American agrarian support policies produced the surpluses, and its solution also paves the way for creating of second food regime period (Bernstein 2009). Harvey (2004) argues that if internal absorption of surpluses of capital and labor impossible within a given country or territory such as a nation-state, there is a need to send them elsewhere to ‘a fresh terrain’ where they could realize their ‘profitable realization’ and alleviate the overaccumulation problem. During this period, food aid was another version of food dumping, which the US used and disposed of its food surpluses (Friedmann 2005). It brought productivity improvement in the American farm sector (McMichael 1998) and increased its market share (McMichael 2009c).

The direction of the flow of food was from the U.S to the strategic corners of its informal empire in the postcolonial world (McMichael 2009c), and with the law of PL480, US food surpluses flooded especially into the Third world with strategic reasons (Bernstein 2010). Food circuits were used by hegemonic states to enlarge and sustain their ideological stance

(McMichael 2009c). Friedmann (1982) also argues that during the Cold War period, the U.S led food aid program was used “as a geopolitical weapon” (p.140). The increased food surpluses were mostly used to subsidize wages in the “selective Third world industrialization” (p.141) in return for the loyalty against communism (Michael 2009c). The fact that the “food became a literal carrot in the Cold War battle to increase spheres of influence,” in line with the American leaders’ thinking that through food aid would win the countries, especially after food shortages in the Soviet Union, which was facing difficulty to feed its people (Stockwell 2013, p.5). Friedmann (2009) argues that food aids found its legitimacy in;

- 1) convergent interests and expectations among diverse and highly unequal actors, including US farm commodity groups and legislators, Third World governments, grain trading corporations, consumers who benefited from falling grain and meat prices; and
- 2) (2) an ideological framework that defined these as humanitarian, developmental, or anything but a trade relation, even though the scale of food aid shipments dominated world price formation for three decades. (p.337)

Some food aid programs were directly tied to the small farm development program in the United States foreign policy. One of these programs was the *Food for Aid Program*, initiated by the U.S. government in 1954, as Gaviria (2011) argues it was the beginning and the first move in establishing the second food regime period. Another was *The Alliance for Progress (AFP)* which was put on the agenda during the presidency of J.F. Kennedy in the name of promoting economic cooperation between countries of North and South America it is aiming to “increase the legitimacy of Latin American governments and thus prevent Communist revolution.” Anti-poverty policies and land reform police were part and parcel of “internal social reform” imposed on these countries (Gaviria 2011, p.4). That agricultural police aimed to benefit small farmers and farm laborers was pursued under the US and Latin American progressive groups (Barraclough 1970).

It had a positive effect on the Third World countries' peasantry, at least in the short run. Governments in the Third World were eager to benefit all food aids. De Janvry and Sadoulet (2009) argue that “a majority of smallholders are net buyers, benefiting more from a decline than from a rise in the price of food” (p.2). Bernstein (2009) also argues that most of the poor in the South even spending most of their income to the food they still suffer from

hunger and malnutrition. As ensuring the primary source of cheap import demand, this steady flow of aid for a short time benefited and was a remedy for economies and poor people of developing countries.

Still, in the long run, food aid had a devastating impact on the agrarian sector of developing countries, created a dependency on food imports from advanced capitalist economies, which made the agricultural sector unable to ensure its food security and compete in the global agricultural commodity markets (Aydın 2018). And Third World countries' governments welcomed cheap food from the US, especially in the form of aid to fuel their industrialization and proletarianization despite harming their farming sector in the long run (Bernstein 2015). In the long run, food policy made people leave their self-provisioning life style and dependence on the local market (Friedmann 2005). Using political means and artificially depressing agricultural commodities and food prices - “food regime of overproduction and dumping” – during the second food regime period centered on the U.S. policies and affected third world agricultural production and consumption markets through dispossessing vulnerable farmers and cleaning up the markets (McMichael 2005). The international policies that were pursued during that period first pushed food prices down, changed diets, and undermined the productive capacity of small farms, and peasants attempted to leave them outside the process of food production (McMichael 2004).

3.4.2 Redistributive land reforms in the Third World

Another tool was used during the post-war period was redistributive land reforms. Land reform has a close historical tie with the agrarian question (Bernstein 2002). Although local governments were carrying out the land reforms by themselves, donor countries and international financial agencies had a great influence on them (El-Ghonemy 2006). Therefore, the analysis of objectives of land reform may help us to construct the reality behind small-scale farming support and the expansion of small farms during this period.

Horowitz (1993) argues that land reform was a product of complex political-economic and historical circumstances and cannot be constructed independently from a “strategic environment” (p.1003). During this period, in Asia, Africa, and Latin America impoverishment of rural people is closely related to rural population pressure, the concentration of land in a few landlords' hands, and a massive increase in landless labor (Bokermann 1975). It lines with the Ladejinski's argument “... the people in whose behalf

the reforms were designed ... are the objects of reforms, but never the means of helping formulate and carry them out" (Ladejinski 1977, p. 401 cited in Perelman 1980). Instead, as Friedman (2006) argues, it was formulated as a solution against peasant wars by capitalist countries and international institutions, and in this process, sometimes claims were made for high productivity of small and family farms which was contrasted with narratives of the nineteenth century. The growing peasant risings and alliance with socialist-led increased the significance of this issue in the capitalist economic-political centers. In reference to Ladejinky (1975), he writes that with those policies, "mostly the goal was explicitly to negate the appeal of Communist Parties" (Friedmann 2006, p.462). This was the political explanation for the land reform policy (El-Ghonemy 2006).

Because of the political significance of land concentration issues in developing countries, land reforms implemented as a policy option to change the power of balance in the countryside (Bokermann 1975). Therefore, the US policymakers connected peasant landlessness and their reproduction to the possible victory of communist regimes in the Third World countries (ibid). In this process, land reform, by demolishing the class supremacy of landlords transferred the land ownership to small farmers and/or small tenant farmers (Fan et al., 2005).

McMichael (2009c) argues that each food regime "conditioned by forms of agricultural production" (p.139) and rises on the "historically specific relations of production and accumulation of capital" (McMichael 2015p, 310). Second or post-war food regime period as being one of the phrases and specific temporality of the "political structuring of world capitalism" was not only characterized "the geopolitical phrase in capital's history" but also the "changing forms /rhythms of capital accumulation" in food production circulation and labor force configuration (p.310). "A substantial reorganization of the US farm sector" (p. 145) prioritizing family farms that produced cheap food crops, especially wheat for global markets, had "substantial implications for the world" (McMichael 2009c, p.143).

As Gaido (2002) states, like in other ideological fields, in political economy, existence determines the consciousness. American regime of landed property was different from its capitalist counterparts, with one hand had a colonial character and, on the other hand, transited to imperial state, which also had a profound impact on the development of capitalism (Gaido 2002). Bernstein (2002) commenting on Lenin's account of the American path of the transition to capitalism argues that the U.S had experienced a "very different

agrarian path to capitalism” (p.434) based on family farms. Capitalist relations of production between capital and labor emerged in America without facing a pre-capitalist structure of the landed property (Bernstein 2009). Family farmers or yeoman farmers who own their means of production and produce for their own consumption as well as for the market and have both capitalist and non-capitalist features that overlap with Marx’s petty commodity producers (Kulikoff 1989). The support for small family farm can be traced as far back as to Adam Smith’s characterization in terms of “the willingness of small farmers to innovate” which was later developed by Thomas Jefferson and John Adams who proposed to construct society based on the small independent producers who can be serve as good citizens and sustain social order (Kulikoff 1989, p.129). This constituted the moral explanation for the land reform policy within the capitalist ideology (El-Ghonemy 2006). This policy approach consistent with the agrarian structure of the third world countries, where the majority of the population was living in rural areas and agriculture was their main source of livelihood.

The geopolitics played a significant role in influencing all aspects of life, both in developed and developing countries. Following the Second World War, mechanization of American farms facilitated rural-urban migration. The size and scale of the farms began to rise considerably. There emerged concerns about the extinction of the small family farms in the U.S. This concern for the extinction of family farms was formulated as “the farm problem” and shaped under the “modern concerns of the growth of corporate farming and the international presence of collective farming in the Soviet Union” (Stockwell 2008). Accepting corporate farming as a Soviet threat was one of the reasons behind the post-war period of small-scale family support agricultural policies in the U.S. and with her support in developing the world (Stockwell 2008). As Stockwell (2008) argues;

The structure and image of American agriculture became another set of tools in the rhetorical battle between communism and capitalism, one which American political leaders made sure to use. As the Soviet Union turned to collectives in its food production, the U.S. strove increasingly to indicate the advantages not only of a capitalist food system but a particular form, that of the family farm. (p.5-6).

American policymaking believed that the primary cause of the conflict and social turmoil in many parts of the Third World was related to land inequality and the problematic position of peasants as tenant farmers in big landlords’ land (Kapstein 2014) which leads to peasant

revolutions and communist victory in the Third World (Sackley 2011). Because as Samuel Huntington (2006) argues;

Where the conditions of land-ownership are equitable and provide a viable living for the peasant, revolution is unlikely. Where they are inequitable and where the peasant lives in poverty and suffering, revolution is likely, if not inevitable, unless the government takes prompt measures to remedy these conditions (p.375).

American officials defined smallholders as principal elements for the economic and political development of capitalist and democratic society (Farmers of Asia and McCoy (1971). They praised some advantages of small family farms in emphasizing democracy, contrary to forced collectivization, individuality against communality. Americans traditionally emphasized and supported the development of family farms through different mechanisms of credit and land grants. Agricultural subsidies draw its roots from the Jeffersonian tradition, which believed its connection with the democracy (Kapstein 2017).

Therefore, there was increased pressure on the local governments to place the land reform in their development agenda (Kapstein 2014). Through redistributive land reforms, supported by American capital, American foreign policy dictated and imposed its view of agrarian perceptions. That guidance eventually entailed the creation of small farmers in the countryside through the distribution of large estates among the small farm enterprises. Geopolitically important countries received more attention from policymakers. Rural development policies and strategies of Japan, South Korea, and Taiwan were paid particular attention due to their closeness to the Soviet Union and communist China. Especially beside other reasons, “Mao’s success in mobilizing tenant farmers in China” persuaded the US to promote and implement land reform in these countries (Kapstein 2014, p.117). Araghi (1995) argues that in these three countries, “communists-led and inspired tenant unions and peasant struggles were at their peak” (p.346) before the US-led land reform.

The same story was repeated in other countries, also depending on their specific political-economic structures. After the Cuban revolution, American pressure in Latin American countries increased considerably. In a short period of time, between 1960-1964, new land reform laws passed and implemented in Venezuela, Chile, Brazil, Costa Rica, Ecuador Dominican Republic Guatemala, Peru, etc. (Araghi 1995). But generally, land reforms in Latin America were a difficult process and resulted in limited success (de Janvry and Sadoulet 1989). De Janvry and Sadoulet (1989) argue that because the reform intended first

to modernize large-scale farms which landlords reinforced their stance against state power. And the profound conflicts existed in the values and goals of various groups (Barracough 1970). The outcome of these policies in this region was the creation of specialized and capitalized family farms.

Sponsoring by the food regime, South Korea became one of the 'showcase' countries during the Cold war period (McMichael 1998). However, the question of modernization of industry without agriculture questioned the economic development theory that assumed their growth and development together, which explained by McMichael(1998) as the character of the national development strategy that South Korea followed. It was a product of the pressure of the United States and conducted with its supervision under "the international food regime order or regime" during the post-war period (ibid.) In the analysis of South Korean farming development, McMichael (1998) argues, contrary to industry; agriculture was left without modernized, the farm structure left an "extremely small-scale, retaining the average farm size of 1 hectare"(p.61).

The World Bank, with the 1975 report on Land Reform Policy Paper, demonstrated its support for redistributive land reforms and expressed its stance of favoring family-owned and operated farms and called a need for land markets for enabling the transfer of land to more productive users and the necessity of egalitarian land distribution. To describe the political economy of the period, Deininger and Binswanger (1999) argue that the report came out during the very complicated economic and political environment when "land was at the heart of a broader ideological struggle" (248). Fostering growth and reducing poverty was declared as the aim of the World Bank 1975 report. "In circumstances where increased productivity can effectively be achieved only after land reform, the Bank will not support projects which do not include land reform" (WB 1975, p.14). McNamara (1973) also emphasizes the "acceleration in the rate of land and tenancy reform" in his speech in Nairobi (p.17). As an integral element of a broader development process, the World Bank's approach to land reform incorporated into the broad rural development narrative (Deininger and Binswanger 1999). But as Friedmann (2006) argues the World Bank together with other capitalist countries and institutions, through supporting land reforms "attempted to prevent peasant wars" (p.462).

Land reforms achieved political stability, especially in strategic corners of the Third World, eliminating the landlords. Bussing socialist influence to miserable peasants and establishing

small-scale farm agriculture laid the foundation for further penetration and expansion of capitalist relations in Third World agriculture. The land reform demonstrated the political rationality of the persistence of small-scale farming in capitalism (Bernstein 2009). Land reform was appealing to peasant classes as it was alleviating the exploitative relations between the peasant labor and predatory landed classes, which constituted one of the main concerns of the 'classical agrarian question' (Bernstein 2002). After examining land reforms between early 1910 and late 1980, the Central Intelligence Agency (CIA), "Third World Land Reform and Political Instability, 1" report in 1985 stated that "Land redistribution is widely seen as one way to achieve or preserve political stability in developing nations and, for this reason, the US Government is often asked to . . . support such efforts" (as quoted in Kapstein 2017, p.82). One of the leading economists of the World Bank, Lipton (2009), also approves that land reform goals were "goals of governments and donors: stopping the revolution and keeping the peace" (p.58). Horowitz (1993) also argues that behind the land reform, there was the intention to calm down the peasant unrest.

During the Third World developmental period, old peasant and agrarian questions were extended to the Third World because of the numerous majorities of peasants (Araghi 1995). Goodman and Redclift (1981, p.3) argue that resolving agrarian questions would stimulate "the full development of capitalist forces." Considering the classical agrarian question, which was dealing with the transformation or displacement of the 'parasitic landed property' during the transition from feudalism to capitalism, the redistributive land reforms played "a major, if not necessary or exclusive" role (Bernstein 2002, p.434). This is consistent with the Marx (1990) analysis, which argues that in order to open the way of exploitation of man by man for industrial capital, there was a need for breaking all chains and ties of the feudal system. "When pre-capitalist landed property is unable or unwilling to 'metamorphose' itself," there emerges the necessity of redistributive land reform that follows peasant path to transition agrarian capitalism like Lenin's American path (Bernstein 2004, p.10). That was what initiated by capitalist centers during the post-war period, especially the 1950s-1970s. In this sense, redistributive land reforms played a functional role in the classic agrarian question as a "gravedigger of predatory landed property" in a particular historical circumstance (Bernstein 2004, p.203) and by 1970s as Bernstein (2006) argues predatory landed property through vanishment lost its political and economic significance by the end of 1970s.

According to Byres (1991), the unresolved agrarian question was the main characteristic of the economic backwardness, which shows itself in the form of the lack of development of

capitalism, which would otherwise eliminate the non-capitalist relations. Recalling that successful agrarian transition necessitated the elimination of the obstacles presented by the pre-capitalist agriculture on the way of development of capitalism (Byres 1991), by removing the landlords, The US-led land reform partially solved this problem and consolidated further development of capitalism. And also as Moore (1974) argued, both landed upper classes, and the peasantry were reactionary factors in the way of commercialization in agriculture. Thus land reform has swept aside one of the obstacles from the countryside in the way of development of capitalism. In the long term, as Kay (2015) argues, land reforms by weakening or sweeping landlords control on land open the way of future land and capital concentration in market terms.

The persistence of small-scale farms in capitalism in an economic sense also finds its rationale in the development of capitalism. Chanchol (1970) argues that modernize land reform can promote farmers who have entrepreneurship skills and who can compete in the market. Moreover, weakening the ties between cultivators and land, ease the process of their eviction from land and also prevent possible revolts in the future, which generally will contribute and stimulate capitalist development in agriculture (ibid). It benefited the expansion of the internal market for the development of capitalism in third world countries for growing American investments, and this was the economic aspect of the reforms (El-Ghonemy 2006). It was believed that the beneficiaries of the reform with their increase in their income would create sufficient demand for American manufactured goods (ibid.).

3.4.3 Green Revolution

During the late 1960s and in the early 1970s, Malthusians spread concerns about food scarcity in the world (Gaviria 2011). The hunger and famine experiences in the near past led post-colonial developing countries to put food production in their main agenda, which they were trying to find a solution to how to secure food demand, which will also bring peace and prosperity (Midgley et al., 2019). One of the critical improvements came with the introduction of technological innovations in agriculture with the Green Revolution which became “the case of a landmark rural development intervention” (Midgley et al., 2019) and became “the showcase of the agrarian capitalism in the Third World” (Wegren 2004, p.366) in the historical conjuncture post-war period. The Green Revolution was one of the most referred achievements of pro-market centers that argued brought the number of improvements for the life of peasants and developing countries' food self-sufficiency. Some

authors argued that by adopting new technologies of the Green revolution, small-scale farmers, especially in Asia, increased their productivity and strengthened their place in the development agenda during the significant period of the post-war period (Deininger & Byerlee 2010). It was another name of the industrialization of agriculture in the Third World (Friedmann 2005). It was sold out to poor developing countries as a remedy for reducing their chronic poverty, especially in the countryside. Norman Borlaug developed new kind semi-draft varieties of seeds starting with “miracle wheat” and, with the help of Rockefeller and Ford Foundation, spread to the world during the 1950s and 1960s (Pater 2013).

But later, Green Revolution technologies, because of requiring huge investment was criticized for social consequences as favoring scale economies and leading concentration in farming (Woodhouse 2010). Patel (2013) argues that the Green Revolution was used by institutions by which “the truth about agricultural change was produced and became known” (p.1), like in the example of the World Bank, which publicized the advantages and transfer of the Green Revolution technologies. Pater (2013) also argues that the World Bank's support for agriculture initially was a country basis which later began to target small farms. When the Modernization theory reached an impasse and did not produce intend results, there was a new search to understand and incorporate peasants into the capitalist system and contain socialism. It can also be seen in the transition of programs and policies, from community development during the 1950s to small farm growth during the 1960s (Ellis and Bigges 2001). Therefore, some authors termed a new period as McNamara’s small Green Revolution because of its target to small-scale farms and peasants. Sharma (2017) argues that McNamara was aware of the fact that the Bank’s previous loan schemes and technologies were favoring large farms rather than small ones there. Thus modification is carried out in the rural development narratives, and an integrated rural development program was created in the 1970s. This whole process was part of the capitalist transformation, as Wolf argues capital transforms either through incorporating or marginalizing peasants (Friedman 2018 cited in Bernstein et al., 2018).

In reality, the Green Revolution was a product of the anti-communist stance in local politics especially in land politics (Patel 2013) as a part of the U.S aid programs that transferred to the markets of the Third World countries (McMichael 2005). El-Ghonemy (2006) also argues that in the delivery of rural development projects, “politically-chosen areas” were a priority, and those areas were characterized as conflict-prone heterogeneous rural classes.

Under the pressure of geopolitics, to prevent the expansion of the communist revolution, USA agrarian scientists developed new seeds that were increased productivity in small-scale farming in the developing world, which helped to keep them in alliance (Stockwell 2008).

Bernstein (2010) argues that it has some success stories such as increasing India's self-sufficiency in wheat production, but it was not the whole picture. The Green Revolution in one way contributed to a production increase, especially in wheat; on the other way, it also "contributed to the expulsion of farmers from the countryside" (ibid, p.243). McMichael (2009) also argues that the Green Revolution technologies helped "de-politicize the countryside" (p.145).

This whole process also opens the new doors for penetration of transnational cooperation into the Third World agriculture. Stryker (1979) argues that the penetration of corporate agribusiness capital into Third World agriculture necessitated the leading and financing role of the World Bank in the Green Revolution. Backing up the Green Revolution technologies, Transnational Corporations started to move into the countryside. Through the application of green revaluation, corporate agribusiness began to expand their impact and reached from the US to the Third world (Brown 2019). And in the expansion of capitalism through the expansion of agribusinesses and the "selective expansion of the Green Revolution" (p.146) were the mechanisms of uneven development of capitalism to reproduction and solving its crisis. Through creating dependence on food and inputs in agriculture damaged biodiversity and local agricultural knowledge (Friedmann 1993, 2000). In this sense, the impact of the Green Revolution on small peasant farms shaped the role and importance of small farms in the configuration of capitalism. (McMichael 2009). Together with the Green revolution technologies, although in rhetoric targeted small farms, political-economic factors will work for the reproduction of capitalism.

However, because of lacking necessary technology, transnational agribusiness was not so strong to realize full control the agricultural production in Third World Countries during this period. Writing on this issue during the 1980s, Goodman, Sorj & Wilkinson (1984) argued that despite all attempts by agro-industrial inputs, such as equipment, seeds, fertilizers, and seeds to appropriate agriculture, agriculture still poses obstacles to the capitalist production processes. It struggles to maintain control of managing and coordinating those resistance mechanisms and elements. Also, during the 1980s, as Goodman and Redclift (1985) write, agro-industrial capital could not successfully produce and advance technology in that sense

the classic prognosis about the superiority of large-scale, wage labor farms as a capitalist form of production did not fully realize. In agriculture production, time and labor time creates obstacles for the expansion of capital (Dickinson & Mann, 1978). The attempts to decrease the Labor or Nature time in the production of commodities in agriculture, as seeping time and shortening 'the circuit of capital turnover' by agro capital after some certain point itself face constraints on capital accumulation process because of the 'a counter-reaction' emerge inside from agriculture (Kledal 2003) and this what characterizes the social change.

But they managed in the input market, production of seeds fertilizers and pesticide chemicals they had substantial share and weight. With the massive transfer of capital that was in the form of inputs, equipment, consultants, the aim was to make the Third World agricultural soil grow more (Payer 1979). In this conjuncture, they have also welcomed the state subsidies and support policies for small farms because this meant enlargement of their market and small farmers in this big picture were the steady customers of their chemical and other inputs. By creating a smallholder sector and integrating it with the national economy, the Bank encouraged subsistence farmers to become small-scale market producers (Bello 2009). Farms also became a supplier of raw materials for some few largest and technologically superior corporations in the world (Friedmann 1993). The real impact of this penetration became apparent after the 1980s and 1990s (Midgley et al., 2019), as gradual transition of power from national farm lobbies to corporate lobbies because of the marginalization of small farms as sparking elements of the transition in the food regime period (Friedmann 2005) and gradually, TNCs started to increase their weight in Third World countries' agriculture which is the main topic of the next chapter, and discussion will be continued there more elaborately.

3.5 Small is beautiful, justifying the productivity of a small farm and its functional role

To understand the political-economic dimension of support policy for small farming, the way that The World Bank justified its policies can give some valuable insights. The Bank felt the necessity to base its support policy on scientific works and studies. The supporters of the small farm's support policy emphasized its social equity and economic efficiency (Ellis 1998). The *inverse relationship* between land productivity and farm size was the main empirical analysis that served this role. Akram-Lodhi (2008) argues that it was also the rationale behind the Bank's support for land and agrarian reforms during the 1950s and

1960s, the introduction of the Green Revolution, which the Bank had invested in providing and supporting this evidence. As previously examined, with the inverse relationship, it was claimed that land productivity on small farms was higher than large farms; therefore, policies and programs that support and establish small-scale family farms should be supported and financed.

One of the significant studies on this issue was *Agrarian Structure and Productivity in Developing Countries*, written by Albert Berry and William Cline (1976), who brought a number of empirical evidence from developing countries concerning the agrarian structure and productivity issues. It is one of the most cited sources to justify the World Bank support policy for small farms. The authors concluded that, in general, the developing countries' agriculture exhibits an inverse relationship between farm size and productivity (as cited in Dyer 2000). With this study, "the evidence presented... points to systematically higher land productivity on small farms than on large ones, and to total factor productivities that are at least comparable" (Berry and Cline 1979,p. 4 as quoted in Zyl et al.,1999). Therefore, the authors argued that "the expansion of the small-farm subsector of agriculture may be a more effective way of increasing both employment and output than pro-large-farm strategies and thus warrants serious consideration in almost all developing countries" (Berry and Cline, 1979,p.4 as quoted in Dyer 2000, p.1-2). The authors suggested the redistribution of land to the small farmers –except countries with the smallest farm sized- and developing their access to credit and technology, which would ensure social equity and increase the total output level (Dyer 2000). The performance of small-scale family holdings was supported by a number of academic research and publications such as the first Indian Farm Management Surveys and the Inter-American Committee for Agricultural Development reports on seven Latin American countries, etc., (Baglioni & Gibbon 2013). The donor organizations embraced the new findings of the possible contribution of investments in small-scale enterprises that run by poor people, which thought would make them a contributor to economic growth.

Productivity is the measurement of productivity of output per unit of input in which labor productivity represents the partial productivity of labor and land productivity represents partial productivity of land (Lerman 2009). The emphasis was on improving land productivity in agriculture rather than labor productivity during this period. McNamara (1973) stated the importance of land productivity during his speech in Nairobi in 1973 when giving examples from Brazil, China, and India as countries where small farms outperform large farms. He argued that "output per hectare which is the relevant measure of agricultural

productivity in land-scarce, labor-surplus economies; not output per worker” (p.15). The positive effects of retributive land reform on land productivity emphasized even though it associated with a decline in labor productivity (Bokermann 1975) and did not consistent with the classic modernization theory, which was favoring increasing labor productivity, which characterizes the depopulation of the countryside. One of the World Bank economists, Lipton (1991), argues that, through the Green Revolution, land productivity increased faster than labor productivity enabled it to absorb more labor and contributed to poverty reduction. Some scholars state that at least in the short run, land productivity growth that came with the Green Revolution necessitated more labor force, which in the long run with investment in agriculture starts to increase labor productivity (Woodhouse 2010).

Farm scale and productivity are the key themes in the political economy of agrarian change (Byres 2004). The studies on the inverse relationship contributed to the land reforms. The Amartya Sen's (1962) published paper that based on the statistics of small farms in India and, the first time, used *the inverse relationship* as a term. It argued that if there is such a relationship, it may be possible to raise the growth and employment level through land distribution (Dyer 2000). World Bank economists, Deininger and Binswange (1999) argue that the productivity advantage of land reform was based on the incentives of owners-operators, which necessitated avoiding collective forms of farm and ensuring operating their land by owners. There was a limit to increasing farm sizes. Arrighi (1995) also argues that during the 1950-1970s, farm sizes did not increase and were generally constant.

Gulati et al. (2007) argue that the roots of the inverse relationship can be found in Chayanov's self-exploration theory. As discussed before, the populist account was favoring the peasant way of production and small-scale farming. In the populist account inverse relationship was an advantage of small farms against capitalist farms. As Chayanov ([1925] 1966) argued, small family peasant economy could resist capitalist expansion even under challenging circumstances but through exploiting themselves. The inverse relationship is persisting because of the self-exploration of the peasant. “The family farm's internal basic equilibrium makes acceptable very low payments for per labor unit, and this enables it to exist in conditions to undoubted ruin” that would doom a capitalist farm” (ibid., p.86). Furthermore, that was the nature that decided his fate in the countryside and helped to persist.

Byres (2004) defines the World Bank's small farm support policies as neo-populist. He thinks that in this period, the neo-populism approach fusion in neoclassic dominant World Bank's policymaking, which helps conceal the capitalist transformation and class struggle that is undergoing in poor developing countries agriculture without even mentioning the capitalist relations (ibid.). Levin and Neocosmos (1989) also define the WB approach as "neoclassical populism" (p.231). Neopopulism was different from the populist account.

In reality, the inverse relationship between farm size and land productivity is closely related to the peasant's self-exploitation. Overemphasizing peasant farms' higher productivity was based on their ability to exploit themselves in order to survive. The overexploitation of peasant labor power is a significant feature of the peasant mode of production, which gives it a functional role in capitalism (Kautsky 1988). Kautsky saw that capital had to find a way of operating and penetrating agriculture even without the transformation of property rights, which leave small land ownership untouched for a while (Goodman and Redclift: 1981). It means that capital always finds a way to exploit and appropriate the producers into its circuit of the accumulation process. As Alavi and Shanin (1988, p.xvi) argue, for Kautsky, peasants survive because they "are ready to accept 'underconsumption' and 'excessive labor,' underselling permanent wage workers." According to Kautsky (1988), their persistence is not a desirable situation under the capitalist system, creating a 'poverty trap' in reality, because of the exploited and impoverishment character of their non-waged condition. This process was the surplus extraction from the peasant sector as the source for the 'continuous primitive accumulation' in the political economy of capitalism (Alavi and Shanin 1988). Therefore, For Marxist tradition, it is a progressive and necessary process of dissolution of peasants because otherwise, capitalism develops at the expense of peasants through exploitation and worsening their living conditions. These claims were later seen in Lenin's 'plunder of labor' of the peasants and Chayanov's concept of 'self-exploitation.' (Alavi and Shanin 1988).

For Marxists, this whole process was not for the favor of small-scale farmers (Kautsky 1899), and this persistence was needed for capitalism at least for some period. Their survival depends on the heavy application of labor within the existent surplus appropriation mechanisms, which suppressed them to maximize output and at least keep them at the level of the subsistence (Byres 2004). Peasants or small-scale farms through exploiting themselves sustained surplus extraction towards capitalist classes and had an importance in the reproduction of capitalism. Either small or large farming, state or private sector, the main

intention was to establish productive agriculture through deepening commodity relations (Bernstein 2009). In the Cold War conjuncture, capitalist terms, multilateral and bilateral development organizations as a new modernization strategy thought that allowing small farms to stay on land rather than the promotion of large farms might be a more efficient way (Payer 1979). This fact shows how the Bank's policy incorporated peasants or small farms / petty commodity producers in the functioning of capitalism.

Its possible contribution to decreasing instability during the revolutionary time was among the desired outcomes of small farm support policies. Stryker (1979) argues that pro-poor and small farm support policy could be explained with the possible impact of the food crisis of 1972-1974 with its centrality of development of agriculture in the Third World countries and its possible contribution to international stability. Moreover, during the global food market crisis of 1972-73, "rural development" was the Bank's primary response to the agricultural crisis (Bello 2009), which made the World Bank "a new champion of the poor," as claimed by Paarlberg and Lipton (1991, p.475). The WB also maybe did not support establishing large farms, but with other financed projects such as dam and road building, mine projects were to "eat up peasant holdings," pushing peasants that "evicted from their land in the name of development" into becoming city slums (Payer 1979, p. 294). Payer (1979) argues that being more than champions, WB, and FAO were part of the problem of rural poverty. Payer (1979) defines small farm support policies as an attack on the self-provisioning peasantry because of their less dependence on the markets like the modern people. The World Bank defines subsistence farming as the reason for poverty, which should be attacked to be overcome (ibid.). On the one hand, as Edelman (2000) argues that during 1950-1973 there was still a tendency of de-peasantization.

Another factor was the employment creation capacity of small farms. The capitalist concentration and centralization in agriculture by increasing concentration of land ownership in the hands of few capitalists could increase the gap between bourgeois and other exploited classes; thus, the contradiction between classes could further get sharpen (Dutt and Rothstein 1957). In the existence of the global socialist threat, marginalization of rural labor and the working-class and also increasing the ranks of latter with the flux of dispossessed small farms and rural landless labors could increase the tensions in the cities and urban areas and could produce instability and challenge the reproduction of the capitalism. Therefore, the aim was to avoid the tensions among the antagonistic classes. Considering the fact that contrary to socialist large mechanized proletarianized farms, large-scale capitalist farms function through few hired labor, the small farm support policy together with the green

revolution technologies, was a capitalist solution against the expansion of socialist farms during the 1970s which was carried out with the geopolitical concern.

Especially during a crisis, global capital is looking for places to penetrate and sustain the accumulation process; World Bank's small-scale farm policy could be evaluated in this context, which increased its support for small farms especially during the 1970s. As McMichael (2009c) argues, the transition periods from one food regime to another mostly characterizes contradictory relations, and crisis, the food crisis of 1972-73, oil shock in the world, and the collapse of the Bretton Wood system happened in this historical conjuncture. Harvey (1978) argues that during the 1970s, a massive movement of capital was looking for productive investment areas for the sake of building a new environment. Rising costs, especially energy costs, directly affect food production, which describes what was happened during the 1970s (Woodhouse 2010). In this economic explanation, small farm first policy was produced for the needs of the sustainability of capitalism.

3.7 Concluding remarks

The post-war period manifested a "small-scale farms paradigm" in the policymaking and development studies. McNamara's 1973 speech on the support of small farms, as the head of the World Bank, was the main line of global capitalism at that time. The World Bank emphasized the efficiency and productivity of small family farms not only in the developing world but also in the emerging capitalist states. In the emergence of this policy, one of the significant factors was the peasant risings, which changed the perceptions about their role in contemporary society. By merging with the socialist collectivization movement, this led to the incorporation of peasants into a number of policies and programs such as land reform, food aids, and transfer of Green Revolution Technologies that were directed to the Third World countries. In this conjuncture, the U.S, as the hegemonic power, was the leading actor through promoting independent family farms worldwide, supporting and guiding land reforms, assisting in transfer in Green Revolution technologies was trying to produce policies against corporatism. In this process, the U.S as a global economic and political power with internal and foreign policies affected the World Bank policies. The concerns of global capital within the post-war historical conjuncture were one of the significant factors that affected the policymaking of hegemonic state and international donor agencies. Founded and funded by advanced capitalist countries, international development organizations and financial agencies played a significant role in ensuring the development and expansion of

capitalist relations in Third World countries under the label of development mission. The food aids, redistributive land reforms and transfer of Green Revolution technologies to small farms served for the political-economic purposes of global capitalism. The period manifested the expansion of small-scale farms worldwide during the post-war period. However, despite all these policies and programs, the intention was more than to help to small and poor farms spur the growth level of traditional agriculture.

The policy of supporting small-scale farms was useful for two reasons: First, the propaganda for the peasants as part of the support and defense mechanisms in the Third World as a counter-revolutionary step towards Soviet and socialist expansion in rural areas which intensified after workers and peasants allied with their joint struggle towards imperialism and capitalism. The World Bank, as one of the branches of global capitalism, ensuring the hegemonic preservation of global capitalism, offered small farm support policy as a counterinsurgency against the communist threat. It worked for deepening the development of capitalist relations in the Third World countries through providing an opportunity for TNCs to penetrate Third World peasant markets. It was an attempt to incorporate them into global capitalist relations initially by creating consumers for its products and inputs. This process, in the long run, making them dependent on US agricultural production in particular and global markets, in general, opens the way of deepening and sustaining the development of capitalism in developed countries through creating demand for the production and realizing its extra surpluses in production.

CHAPTER 4

AGRARIAN RESTRUCTURING IN THE DEVELOPING WORLD DURING THE NEOLIBERAL THIRD FOOD REGIME PERIOD

Understanding the growing interest in and expansion of large-scale farming and degradation of small-scale agriculture that shows its glimpse in the *WDR 2008* necessitates the analysis of the global political and economic factors since the late 1970s and beginning of the 1980s, which had a radical and long-lasting impact on agriculture in general, small farm sectors in particular. To this end, the chapter analyzes political-economic changes that affected the views on and the trajectory of development of smallholders and large-scale farms during the neoliberal period of capitalism or third food regime period with the periodization of food regime theory considering the World Bank position in this issue by giving examples from *WDR 2008*.

The *WDR 2008* report was the culmination of the processes within the global capitalism that since the 1980s became more dominant. World Bank expressed its opinion on large-scale and small-scale farming. Comparing the previous period, there was a noticeable shift in preferred type of farming in rural development thinking despite that the Bank carries some neo-populist elements and never officially ends its small-scale farm policy. Then the question arises; why did the World Bank change its position in farming or agricultural production units where large-scale farming attracts interest and expands on the other hand, small-scale farms lose their attraction?

Overall, the chapter argues that the contradictory statements of *WDR 2008* in terms of farming have closely related to the new developments in the global functioning of capitalism. Since the 1980s, new political-economic developments pave the way for expansion of large-scale farming and losing importance and weight of small-scale farming. This period began to produce the political-economic underpinnings for a new phase of capitalist accumulation, which in terms of food regime theory characterized the gradual shift to the third food regime period. The state capacity has been subjected to erosion and lost its capacity to intertwine into agriculture compared to the post-war food regime period. The assault on means of production, land, and labor became the global tendency during the third food regime period. Increasing globalization and internationalization of agriculture rising weight of agro TNCs in global agricultural market, commercialization, industrialization

wave in agriculture, land grabbing for food and biofuel production by wealthy political and economic actors, and financialization as significant factors that the study argues brought changes in the farming that eventually found its manifestation in the contradictory statements of the WDR 2008 which could be interpreted as a shift to large-scale farming bias in agriculture.

4.1 Radical changes

The late 1970s and early 1980s brought a number of changes in the functioning of global capitalism. Harvey (2008) described “the years of 1978–80 as a revolutionary turning-point in the world’s social and economic history” (p.1). On the socialist side, particularly in China Deng Xiaoping took some steps to liberalize the communist system in 1978. On the other side, Ronald Regan elected as a US president, and in Britain, Margaret Thatcher, already elected as a Primer Minister. They were the main political actors of the new global political-economic change. The new world was shaped by the policies and programs that they followed. Flomenhoft (2016. p.120) states that the supremacy of neoliberalism started with the 1980 elections that brought Regan to power and “accelerated with the collapse of the Soviet Union in 1991.”

4.1.1....in the socialist world

The late 1970s and the 1980s witnessed the reversal development in the encouragement and publicizing farm structures in a socialist world. After the initial success of collectivization, it encountered serious difficulties and stagnant performance in the agriculture of the Soviet Union, China, and also other socialist-oriented regimes (Lin 1990). In China, the commune system came to an end and with the new land reform, in which ‘a family-based contract system’ or household responsibility systems were introduced. In order to provide incentives for the production, it gave farmers “freedom of land use rights and decision-making” (Chen&Davis, 1998: 124), which facilitated the development of small farms. Farmers gained a “freedom of decision making on major production and marketing activities” (Fan et al., p.139). On the other hand, two crucial institutional changes happened in the Soviet Union during that time that gave autonomy to farms in making their own decisions independently from the party and other state organizations and encourages the development of small-scale agricultural activities (Ellman, 1988). These developments were a revolutionary change that happened in the ‘second world.’

Although the 1970s were the period of “the beginning of the economic dissolution of Soviet bloc” (Friedmann 1978, 2006), the 1980s brought radical changes in socialist agriculture, and the following decade was more significant in terms of its place in world history. The 1990s witnessed the collapse of the socialist regime in the Soviet Union and later in the other Eastern bloc countries. The socialist agriculture, large-scale mechanized farms, was subjected to market-led land reform and privatization, which dismantled them into small individual farms. With the de-collectivization wave in the socialist world, they either transited from socialism to capitalism or went to liberalization in their system. There was no more socialist threat in terms of the capitalist class and an alternative development model for the Third World countries.

The lack of a socialist alternative gave another momentum for capital expansion and reconfiguration of the agriculture of economies of developing countries and transitional countries under the working of market parameters. Together with the collapse of the socialist system in the 1990s, the concern of the socialist expansion and corporate farming, and thus the support for small farms, lose its weight in the United States (Stockwell 2008). The South as a term emerged to define the Third World after the end of the Cold War (Friedmann 2005). The growing competition on resources during the time of the lack of socialist alternatives left poor small producers of the South unprotected against global, transnational gigantic corporations in the competition. Being freed from some of its political concerns, global capitalism with neoliberal policies undermined the support of small-scale agriculture, and a full-scale attack on peasant or small-scale farms intensified. As Akram-Lodhi (2007) argues, while Chinese and Vietnamese experience of decollectivization “created opportunities for relatively egalitarian capitalist farming,” decollectivization in the former Soviet Union “created an opportunity for large-scale capitalist farming” (p.1445). This means that the decollectivization process due to occurring in different historical political-economic conjuncture produced different tendencies. Therefore, the end of the Soviet regime was acknowledged as one of the significant factors behind the large-scale farming worldwide.

4.1.2...in the capitalist world

The 1970s was a transition period in the functioning of capitalism. With a number of changes, the standing points of the second food regime have been eroded. Friedmann (2009) argues that the Soviet draconic purchase of wheat from the US eliminated the demarcation line of the socialist and capitalist bloc already during the 1970s. The sudden drop in the food surpluses in the market created food shortages and consequently led to the food crisis in

1974 (Friedmann 2005). In the late 1970s, there emerged problems in the financial and trade system which overlapped with the changes in ideologies and eventually led to changes in aid programs (El-Ghonemy 2006). The public food aid broke down the barriers of agricultural support and protectionist policies and agro-industrialization in the long run (Friedmann 2005). In this conjuncture, food aids that were specific to the second food regime period came to frame in the new historical, political, economic context. Later with the collapse of the Soviet Union and the end of the Cold War also eliminated the strategic rationale of the second food regime and its food aids (Bernstein 2009). The *food security* and *right to food* emerged as a new language in global food relations. (Friedmann 2005).

Passing from the second food regime to the third food regime, now the dynamics of global capitalism was passing from geopolitics to class relations (McMichale 2005). Friedmann (1993) argues that in the third food regime, food politics have shifted to urban issues with the contribution to their decline in the number, and losing unity eventually affected the workers' bargaining power vis-a-vis agro-food corporations. In this sense, Neoliberalism was an attempt of upper classes to restore their lost class power (Dumenil and Levy 2005). The class struggle began to damage the consensus through eroding the profits (Harvey 2004) and thus eliminated the rationale that was keeping the antagonistic classes together. Feeling threatened, economic elites and ruling class or generally upper classes "had to move decisively if they were to protect themselves from political and economic annihilation" (Harvey p.15).

Since the 1980s with neoliberal turn, the world has changed a great deal, agriculture was not outside of this change. Neoliberal globalization and advanced capitalism generated new trajectories in agriculture. The agriculture after the 1980s came to be shaped by the neoliberal policies that dictated from the IMF, World Bank, and WTO as the successor of GATT (Aydin 2018). Agriculture was brought back into trade agreements in 1986 (Friedmann 198) and under the US pressure in the Uruguay Round of GATT, agriculture subjected to GATT rules in favor of the liberalization of agricultural trade (Bernstein 2001) which was closely related to the US problems in agricultural production (Bernstein 2009). Corporate power began to become dominant over national or public power (Friedmann 1993).

"A tension between replication and integration of farm sectors, arguing that the organizing principle of the world economy was shifting from state to capital" (McMichael 2009c, p.32). With "the collapse of the apartheid development model" (Bair et al. 2019), neoliberalism

came to be dominated in political and economic life in capitalist countries. Breaking down the ‘national economic organization’ it allowed global capital to reconfigure global agricultural commodity markets and go beyond the state boundaries (McMichael and Myhre 1991). With the end of the State developmental period, it produced a profound impact on the rural economy and society (Kay 2015). The neoliberal thinking was already there during the 1960s and 1970s, but as Ellis and Biggs (2001) argue, new ideas and approaches in rural development narrative do not appear and become dominant immediately; they need at least a decade to make its voice to be heard. Neoliberal globalization supports freedom and free flow of capital and rolling back the state (Bernstein 2009). Liberalization of trade, privatization wave, and minimizing state was the essential features of the neoliberal globalization (ibid.). In this sense, the support of small farms has to be conceptualized within the neoliberal framework and neoliberal state parameters.

The supporters of neoliberal policies gradually occupied the positions of the leading global institutions. In the new conjuncture, the Bank’s policies also were subjected to changes. In this context, its effect on the agricultural policy in the World Bank became apparent during the early 1980s. Since the 1980s, neoliberal marketism has been gradually becoming a dominant development strategy (Aydın 2010). The McNamara’s term in the World Bank ended with the coming of the new president, Ronald Reagan, which signaled the radical changes in the foreign policy of the US, such as in the decreasing multilateral aids and loans to third world countries (Toussaint 2014). As Hall (2008) argues the unwillingness of the WDR 2008 to talk about the future of agrarian transitions is a “characteristic tension in neoliberal policymaking,” which avoids giving too many instructions the way life should be organized which might make it look like a ‘planning’ (p.608). Neoclassical economics produces their view of “how the world should work,” and to make this view real, they praise the policy reforms which “make the world more closely mirror that view” (Akram-Lodhi 2007, p.1440).

4.1.2.1 Washington Consensus and Structural adjustment programs (SAPs)

One of the reasons behind the declining attraction and degradation of small-scale farming is the implemented policies and programs during the 1980s and 1990s the so-called *Structural Adjustment Programs* that imposed by the *Washington Consensus*, which undermined the support policies for small agricultural producers and left them alone in the asymmetric competition against the large production units and global counterparts. As Bezemer and Headey (2008) argue that the development view that revolves around the Washington

institutions, which framed as Washington Consensus, is one of the important reasons that explain the declining interest in rural development and agriculture. 'Washington Consensus (WC) first as a set of prescriptions developed by John Williamson in 1990 at the International Economics Institute in Washington in line with the period's World Bank and IMF thinking, especially their structural adjustment programs targeted to Latin America (Stamoulis 2001). These programs later expanded to other Third World countries and newly independent ex- Eastern Bloc countries signaling the end of the developmental period (Bernstein 2009). The neoliberal era wrote down its prescription through these programs that imposed on developing countries. Kydd and Dorward (2001) describe the Washington Consensus (WC) as "the World Bank/IMF orthodoxy," which was the paradigm of the period.

The Washington Institutions was among the leading critics of the so-called urban bias development that was claimed that it had negative consequences on agriculture (Bezemer and Headey 2008). Under the label of *urban bias*, the attack was directed towards state policies that targeting agriculture during the developmental period. They are classified as macroeconomic policies that discriminate agriculture, heavy taxation on agriculture, inefficiency, and inadequacy of support policy due to state involvement in agriculture, which produces rent-seeking incentives and impede the development of the private sector, which eventually erodes the agricultural incentives (Kydd and Dorward 2001). The *Political Economy of Agricultural Pricing Policy, Synthesis of the Economics in Developing Countries* as a World Bank series, examines the agricultural policy in 15 developing countries during the 1960-1985 and study "the effects on agriculture of both direct and indirect price interventions" (Schiff et al., 1992, p.8). Theodore W. Schultz, the writer of *Transformation of Traditional Agriculture* in 1964, argues in the foreword that "the modernization of agriculture was being sacrificed at the altar of industrialization (Schiff et al., 1992, p.8). They argue that the price that developing countries were "paying for their bad economic policies was very costly" (Schiff et al., 1992, p. vii). Schiff et al. (1992) argue that export crops are discriminated against impost competing crops enjoyed protection in developing. Because of the 'undercapitalized' characteristic of agriculture of poor areas, they were seen as and lack of efficiency to compete in the world market, and behind this problem lays the institutional and policy failures (Kydd and Dorward 2001).

In line with this criticism, the report offered the liberal macroeconomic changes to the problems of agriculture that argued suffered from so-called urban bias (Wiggins et al., 2010). It concludes that "agricultural quotas, licenses, and state trading mechanisms be dismantled,

with possible tariffication during the transition,” “social objectives such as protecting the poor-should not be used to justify selective agricultural price interventions, because agricultural growth and incomes will suffer and because the impact on the urban poor is small in the short run and unknown in the long run,” leaving domestic price stabilization because it “is costly and often subverted by pressure groups” etc. in order to the effective agricultural price intervention reform (Schiff et al., 1992, p.232).

The ending farming subsidies, cutting the protection mechanisms that developing states used during the developmental period to support small producers, were among the varied mechanisms that were used to restructure the state’s agrarian policy in the developing world (Aydin 2018). As a result, structural changes during the 1980s brought massive budget cuts and shrunk the public sector institutions (Ashley and Maxwell 2002).

As the previous chapter argued there was a fusion of neoclassical economics and populist stance in the World Bank’s politics. In this view, neoclassic economics attempts to roll back state from the economy kept the previous neo-populist stance, which claimed that support small farms. As Levin and Neocosmos (1989, p.233) argue for neo-populist scholars proponents of the urban bias thesis such as Lipton, state intervention was “anathema” in the market. It was believed that the market would perfectly substitute a state role in the rural economy.

There is an obvious difference between state involvements in the rural development process in different historical conjuncture. During the neo-liberal period of capitalism, the transformation of agriculture in developing countries under the hegemony of transnational corporations intensifies, and this process erodes the state capacity and forces them to abandon developmental projects and policies intended and targeted to industrial and agricultural development. In the new food regime period, state as an institution formalized in a way to serve to capital by neoliberal policies (McMichael, 2016). This neoliberal state depicted as the guarantor of all freedoms, and its “fundamental mission was to facilitate conditions for profitable capital accumulation on the part of both domestic and foreign capital” (Harvey 2004, p.4). This signifies a transition from “market serving states” of second food regime to “states serving market” of the third, corporate or neoliberal food regime (McMichael 2016, p.657).

According to Friedmann (1993), the size of the gap between national regulation and transnational economic organization in agriculture causes tensions in terms of international economic relations. There is a pressure on the states to decrease the domestic support for

their agrarian sector and liberalize their economies in accordance with the global standardized regulations. The implementation of neoliberal policies in rural areas through underlying state capacity and increasing the weight of transnational agribusinesses in agriculture lead to the impoverishment of rural settlers and abandonment of agriculture by small producers (Aydın: 2010). Bezemer and Headey (2008) argue that strong support policies for agriculture are beyond the Washington Consensus conditioned state roles, which state interventions, are allowed only in human capital, ensuring law order and laying down the infrastructure. In this process, governments, by withdrawing from supportive policies from agriculture, leave small local producers alone in their uneven competition against big and financially strong producers. There is an obvious transition from the family farm model to agribusinesses in the transition from the second post-war food regime period to the third corporate food regime period. There is also a tendency among government authorities to promote a program and incentives to encourage and subsidize the large-scale farming due to increased food security issues.

Although the WDR 2008 was not “a simplistic market rule approach to agriculture” (Hall 2008, p.609) because of its support for state intervention in some areas which incorporates many different issues and themes and acknowledges the “visible hand of the state” in realizing promises in the general picture, but we see how the report insists on cutting subsidies and agricultural production (p.1-2). “The visible hand of the state” (p.2) is needed to fulfill the promises about growth, poverty reduction, and environmental protection, which will provide public goods, brings improvement to investment climate, establish better management of natural resources and ensure production of social outcomes (WDR 2008). “Beyond providing those core public goods, the state has to facilitate, coordinate, and regulate, although the degree of state activism in these roles is a debated” (WDR 2008, p.247).

Araghi (2009) argues that an eliminating unproductive producer from agricultural production with the help of the ‘invisible hand’ of the market was the principal message in the WDR 2008. But in contrast to that we see ‘visible foot’ in the example of state policies when it removes rural public welfare services, subsidies and input support for small farms, deregulating land markets, promoting agro-export and leaving small agrarian petty producers alone in the asymmetric competition with large heavily subsidized corporation and financially strong large-scale producers in the North (Araghi 2009). The visible foot also took part in the Bank lending policies and the WDR 2008 (ibid).

In the WDR the role of the state, as Akram-Lodhi (2008) argues, constructed in such a way that it will work for creating suitable environment for the entrance and expansion of global TNCs and predatory markets which regulate the choices of those who subordinated to the world food system either by constraining or forcing them to accept their choices. And also, as McMichael (2009) argues, the role of states revitalizes again, but this time in the context of value chains where market intensification regulates ‘the new agriculture for development’ by backing up the state supports. Therefore, the ‘neo-liberalized states’ will guide and assist agriculture in incorporating into the global development project that the Bank envisioned. And also the WDR 2008 approves the existence of policy mechanisms of government, which can increase their competitiveness. Mousseau (2019) argues that, in Bank’s view, governments in the developing world could not regulate the public land resources effectively, and they need assistance in opening them for foreign investments for private interest and to realize their best use.

WDR 2008 also mentions public interest, which argues in depending on the political economy of countries represents “the upper hand” (p.7). It argues that because the policy is biased towards public interest and the need for the landed elite, smallholders lacked to represent their rights and raise their voice. Byres (2004) reject the urban bias explanation of the 1970s and 1980s; he thinks that this is a tool to hide the real class dichotomy between capitalism and laborers. Looking at the World Bank 2008 Agriculture for Development report, Murphy and Santarius (2007) argue that the World Bank still uses this frame when it divides countries as agricultural-based, urbanized, and industrialized, which attempt to conceal the fact that these all counties host rural poor. The report says the transition from agricultural-based to urbanized countries characterizes a high-income level. Koch (2013) argues that even in Canada, as one of the wealthiest nations in the world possesses more than a thousand food banks.

McMichael (2013) argues that eroding public support programs and letting privatization of state police by neoliberal policies left smallholders without any protection. Making LCD countries decrease their public expenditure left politically weak groups of the population, mostly rural poor without support (Bezemer and Headey 2008). Following the “recommendations of macroeconomic stabilization, economic liberalization, and rolling back of state enterprises” that the Washington Consensus suggested and conditioned for loans, the result was the lost interest in agriculture in development narrative, so in small farms (Wiggins et al., 2010, p.1342). These indirect dispossessions worked for the consolidation of corporate agriculture (McMichael 2006).

WCA offers policies which are not suitable for countries that are in the pre-modernization period, and the policies may work in the long run if agricultural modernization could be achieved to some level (Kydd and Dorward 2001). After cutting the input supply by the parastatal, the entry of the private sector would not produce expected results because of the difficulty in reaching to marginal farmers because of the carrying different risks and costs in access and delivery of credits, difficulties in communication with small farms, especially with marginalized farms (Kydd and Dorward 2001). OECD countries' agricultural and policies acknowledged that they depress world markets by creating price volatilities, which should be re-examined and, if needed, reform (ibid).

Furthermore, liberalizing in commodity markets by creating unpredictability in prices undermined the ability of farmers to plan for future production (Knickel et al., 2017). Through the destabilizing impact of global market forces such as through food import dependence and contract farming accumulation by dispossession continues during the third food regime period (McMichael 2006). McMichael (2005) argues that during the corporate food regime period constructing world prices for agricultural commodities independently from labor costs, the regime through dumping, overproduction, liberalization, and privatization policies make peasants more vulnerable and ease their dispossession. Therefore, compared to the Green Revolution period, after opening to free trade during the globalization period, the local producer had to survive under more pressure of cheaper world prices (Kydd and Dorward 2001).

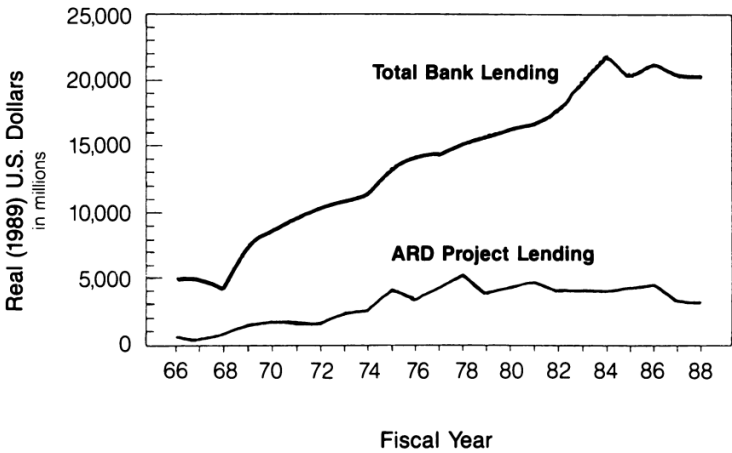


Figure 1. World Bank Lending 1966-1988

Source: World Bank, Agriculture, and Rural Development Department, FY 88 Annual Sector Review: AGRICULTURE, and FY 89 Annual Sector Review: AGRICULTURE (Washington, DC: World Bank, 1988 and 1989).

The interests towards agriculture continued to decline during the 1990s in the development agenda, together with the diminishing funds (Eicher 2003). *The World Bank 2008; Agriculture for Development report* itself recognizes that the past two decades witnessed the decline in “the share of agriculture in official development assistance” programs, and in this decline, the Bank had a more significant share compared to other multilateral financial institutions (WDR-2007 p.41). The last most significant figure was 18% in 1979, and in 2004 it was only 3.5 %. Behind the failure, as the Bank argues in the WDR 2008, stands the “agroskepticism” of many donor organizations that mostly stems from the previous unsuccessful intervention in agriculture, implemented under the supervision of the Bank itself (p.42).

The global restructuring process during the 1980s produced contradictory results for the Third World countries by imposing structural adjustment policies, and putting more emphasis on export production in the agriculture of developing countries damaged their food security capacity (Kayatekin 1998). Structural adjustment programs (SAPs) that governed and imposed by the World Bank during the 1980s in agriculture were inefficient in terms of generating sustainable growth in agriculture (Donovan 1996). These policies and deregulations cut off the investment that agriculture needed (Watt 1996). Although, as Murphy and Santarius (2007) argue, the report does not give enough reference before the 1990s; the WDR 2008 recognizes this period as the years of ‘neglect,’ ‘misinvestment’ and ‘underinvestment’ patterns of donors or governments towards agriculture. The WDR 2008 accepted the fact that;

Structural adjustment in the 1980s dismantled the elaborate system of public agencies that provided farmers with access to land, credit, insurance, inputs, and cooperative organizations. The expectation was that removing the state would free the market for private actors to take over these functions— reducing their costs, improving their quality, and eliminating their regressive bias. Too often, that did not happen. In some places, the state’s withdrawal was tentative at best, limiting private entry. Elsewhere, the private sector emerged only slowly and partially—mainly serving commercial farmers but leaving many smallholders exposed to extensive market failures, high transaction costs and risks, and service gaps. Incomplete

markets and institutional gaps impose huge costs in forgone growth and welfare losses for smallholders, threatening their competitiveness and, in many cases, their survival (p.138).

4.1.2.2 Small farm is not beautiful?

It was claimed that smallholder family farming is the “fundamentally efficient mode of economic organization in poorer countries,” and its development was restricted and blocked by biased economy-wide policies favoring different forms of the larger farms such as private, state, or large collective farms (Kydd and Dorward 2001, p.469). It praised the family smallholders because of the quality of operating family in agricultural production in the application of and learning local agro-ecological knowledge as in cultivation (ibid.). It was argued that to increase the productivity of the developing country's agriculture, which depends on smallholder farming, there was a need to develop a technological basis for farming, and the solution was to replace state with the private sector and allow the private sector to function properly, which believed can take this responsibility and only in the areas of agricultural public goods and services, it was recommended public-private partnerships (ibid). The private sector was assumed would support agriculture in the developing world where commercial farms with family labor dominate agriculture (Friedmann 2005).

Despite these arguments, the 1980s witnessed the diversion of interest and sources away from pro-poor and small-scale farm-oriented agricultural and rural development projects, which manifested in the declining the real value of lending to agricultural and rural development projects around 20% (Paarlberg and Lipton 1991). The elimination of support and subsidies for small farms that were imposed on the South as a condition (Bernstein 2009) eventually cut the sources that they had been benefiting. SAPs policies dismantled state support mechanisms and programs that were geared towards small and poor farmers (Bello 2009, Desmaraise 2007). The inclusion of agriculture into SAPs and other deregulation bodies and programs signified that agriculture lost its previous position and was going to be treated like the other sectors of the economy (Desmaraise 2007). Therefore, Ellis and Biggs (2001,p.443) argue that the 1980s and 1990s characterized a second paradigm shift in the rural development narrative from top-down rural development narrative where “external technologies and national policies” were not principal to new bottom-up approaches.

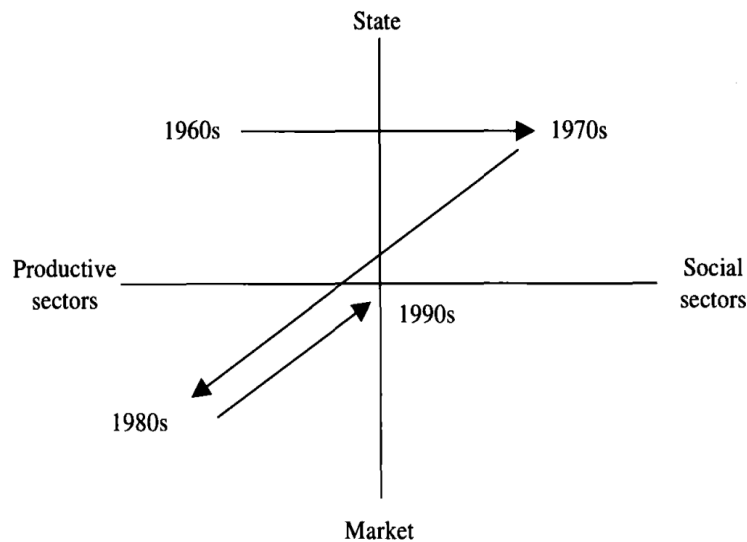


Figure 2. Rural Development thinking

Source: Caroline Ashley & Simon Maxwell (2002, p.158)

Kydd and Dorward (2001) argue that although WC praises the efficiency of small farms, the literature indicates that nowadays contrary to before it is only applicable in particular conditions because “globalization intrudes, non-traditional crops are promoted, and agricultural modernization involves increasing the use of capital” (p.472). So they conclude that although cheap food is good for weak strata of the population, small, poor farms began getting affected by this tendency. In this sense, structural adjustment programs aimed to supplant peasant production with capitalist entrepreneurs, which will produce for global markets (Bello 2009, 11).

But what has happened to the functional role of peasants as petty commodity producers in capitalism? It was argued that there is a ‘*functional dualism of capitalist agriculture*’ (Holt-Giménez and Altieri 2013). As Hols-Gimenez and Altieri (2013) argue, the planet of smallholders “constitutes a means and a barrier to the expansion of capitalist agriculture.” (p.92). Smallholders by supplying capitalist agriculture with cheap and vast labor and factor market (De Janvry 1981) and by reproducing themselves out of the capitalist wage bill “constituted a subsidy to capitalist entrepreneurs” (Edelman 2000, p.16). At the same time, the characteristics of small-scale farming with its family labor, knowledge system, different livelihood strategies make them competitive against capitalist agriculture and became a

barrier (Wilken 1988; Netting 1993 cited in *Holt-Giménez and Altieri 2013*) and contributes to the persistence of peasant farming systems in agriculture (Edelman, 2000). For Marx, As Akram-Lodhi and Kay (2010) has cogently reminded us, family-based petty commodity farm production” has a capacity to “depress real wages by working longer and harder, and in so doing sustain an ability to compete with agrarian capital that was driven by the market imperative.” When free trade and investment programs within structural adjustment policies and programs attempt to tie all prices to market imperatives, the domestic class structure became a component that harms this adjustment (McMichael 2016).

However, functional dualism is contradictory; when it becomes dysfunctional, then continuity of contradictory class position of peasants cannot be explained by any theory (De Janvry 1981). Recall that De Janvry is among the authors that prepared the *World Development Report 2008, Agriculture for Development*, his opinion on this issue reflected in the publication of the World Bank. Since the 1980s, subsistence base family enterprises have been seen as a blockage in the way of development of capitalism and modernization because of its incapability or marginalization to produce surpluses for capitalist development (Aydin 2018). Bernstein (2009) also argues that de-peasantization and dispossession can be interpreted that capital does not rely anymore on peasants’ production.

The de-peasantization of peasants would realize through destabilizing small family farms and their self-provisioning capacities. According to McMichael, like the Marxist proletariat, smallholders in the third food regime period are treated as “historical subjects” (Brown 2019). In orthodox accounts, small farms were seen as a “part of the problem,” and there was a choice between small-farm based agriculture and industrial agriculture as the solutions for the world food problems (Bello 2009, p. 9). Recalling that the elimination of peasants in mainstream development theories such as modernization theory and even in orthodox Marxism was “the necessary price of progress” (Bernstein 2010 p.304), it heralded as the last stage of displacement of peasant agriculture during the neoliberal globalization period (Bello 2009). Fairbairn et al. (2014) argue that, especially during the 1980s and 1990s, both in academic writing and activist documents, there emerged political movements with the rhetoric of “development-induced displacement (p.654).

Murray (1976), by using Marx's concepts of formal and real subsumption of labor argues that transition from formal subordination to real subordination in land paralleled the same processes in labor relations, which manifested the transition of formal subordination of labor

to real subordination. Therefore, capitalism in the countryside will eventually lead to the consolidation and centralization of lands in the hands of a few large capitalist scale commercial entrepreneurs like in other sectors of the economy (ibid). Although there is resistance, but also there are limitations of this resistance, which means in the long run, capitalist development is trying to undermine the importance of land in the production process (Murray 1978). In that sense, agriculture would be like any other sector of the economy that experiences capitalist development.

Banaji, in reference to Marx's formal and real subsumption, argues that capitalism, on its way of development, first develops pre-capitalist traditional forms through their renewing but later fundamentally destructs them (Aydin 2018). Consequently, by emphasizing the productivity increase, this policy either will eliminate smallholders or increase their subordination on market chains, which eventually will lead to a more deepening of poverty (McMichael, 2009). It may produce support policy for smallholders, but their dissolution is not a concern for the capitalist institutions. Therefore, all these attempts and increasing investments into agriculture aim to increase the competition, which eventually will facilitate the dispossession of low productive producers from the agricultural production process. Together with becoming the global norm, the neoliberal economization encourages the disappearance of small- scale farming and traditional methods in food provisioning (Atasoy 2017). Neoliberal capitalism creates a current that pushes people out of their land or makes people leave farming (Bernstein et al., 2018).

As Johnson (2004) said, the persistence of peasantry during the neoliberal globalized capitalist period was not seen as a positive process which more marginalized and impoverished under the pressure of global capital. He argues that having some control over the means of agricultural production and persisting despite all predictions came to be defined as problematic in the development of capitalism. Therefore, the tendencies of involution via concentration and centralization of capital within the conjuncture of global capitalism became widespread (ibid.).

Arrighi argues that there are different environments that either block or pave the way to agrarian transition (Bair et al. 2019). Arrighi and Piselli call this "relative deprivation" (Bair 2019 p.394) as peripheralization, which occurs in "*hostile environments*" where the generation of economic growth and social welfare by agrarian transitions is doubtful. Looking at the countryside of the global South, the peasant and subsistence form of production is still common, which creates a hostile environment for the development of

capitalism. In this token, the World Bank, as an institution of global capitalism either through incorporating small-scale farms into the global circuit of capital or imposing large-scale farming, aims to fight against the hostile environment that impedes the development of capitalism.

McMichael and Friedman (1989) stress that behind the agrarian transition, there is an undergoing transition from the second food regime to the third food regime. In this transition, capital accumulation with the strategies of global agribusiness imposes standardization in agriculture and further marginalize and dispossess peasants, create masses of poor people who barely survive and consume with unstable income level (Friedmann 2005). Being part of the global project, under the increased pressure on cutting off the support policies of agriculture and as signaling the end of the developmental period, mostly affected the small farms. Neoliberalism had a significant impact, which expanded its front in its attack on the vulnerable small producers (Friedmann 1993). The corporate food regime further marginalized rural population and intensified “its price war against small farming” (McMichael 2006, p.411). Therefore, there is a noticeable transition from the family farm model to agribusinesses in the transition from the second post-war food regime period to the third corporate food regime period.

Karatekin (1998) also argues that the implementation of SAPs brought significant changes to “the political-economic contexts of agrarian structures” manifested as a transformation in “the conditions of existence and the definition of any agrarian question” (p.207). Kay (2015, p.74) argues that the agrarian question during the neoliberal period centered on “concentration of capital and dominance of agribusiness” compared to post-war period land concentration centered agrarian question.

Although during the 1990s, Washington Consensus seemed to incorporate some of the concepts such as poverty reduction, it still followed the “Kuhnian process of adding “protective belts” to “normal science” without changing many of the core tenets of a paradigm” (Bezemer and Headey 2008, p.1354). The “upsurge of interest in poverty reduction” (Ashley and Maxwell 2002. p.158) during the 1990s is also reflected in the World Bank policies towards transitional countries when the Bank started to imposed the path of small-scale agriculture in order to dismantle large-scale socialist farms in the Post-Soviet space and other ex-socialist areas.

World Bank's 2008 report manifested the process where joining large farms as a labor force or working in the rural non-farm economy or large farms were offered as a solution to small-scale farmers for their livelihood and survival. Kautsky long before envisioned this future of the penetration of capital into agriculture by forcing small-scale farmers to work as a supplementary labor force in large-scale farms (as cited in Aydin, 2018). By becoming so small, peasant holdings could not produce surpluses to take to the market, which means they have left only one saleable commodity, which is their labor-power (Kautsky 1988). Under such conditions, they look for a supplementary job outside their family farm where they can make use of their labor-power, which is "partly utilized by their farms"(p.18). Therefore, selling their labor power "for wages on the bigger farms"(p.18) appears is one of the options.

Atasoy (2017, p. 2) argues that "the neoliberal nature of agricultural transformation" necessitates the policy shift in farming within the WDR 2008. Favoring the larger-scale farming, first of all, needed a justification of inherent "unproductivity" and "incapability of small farms acting as economic agents" for increased yields (ibid.p.1). The general assumption was the "yield gap" behind this criticism against small farming, which was thought, led to the "poverty trap" in many developing countries (ibid.p.2). Consequently, small farms are shown with their lack of ability to reach some basic resources for improving their economic effectiveness.

As discussed before, within the WDR 2008 also there are positive connotations about small-scale farming. It calls for increasing productivity of small-scale farms. The explanation of an emphasis on the productivity increase of small farms in the WDR 2008 is related to their possible role in capitalist agriculture. Atasoy (2017) argues that small-scale farmers as "a dynamic element" can play an important role in the commodification in agriculture; by adopting agro-industrial production methods, working under the logic of economization, and acting as "personal enterprises," they can play a particular role in neoliberal history-making. As long as small-scale farms integrate into market-oriented non-tradition production, they may co-exist together with large-scale farming (ibid.). The report still welcomes the small farms until they fully commercialize; otherwise, there are options for them to getting out of poverty, outmigration to non-farm rural and urban job market, or becoming an agricultural laborer in large farms.

The World Bank's main web site (March 31, 2014) also writes that large-scale and small-scale farming are both crucial for increasing productivity, feeding the world poor, and

spurring growth. Mousseau (2019) asserts that *The Bank 2009 Agricultural Land Redistribution toward Greater Consensus* report itself refers to egalitarian land distribution that can lead to more growth and inclusive development and more useful in poverty reduction target compared to the expansion of large-scale farming. With this report, Binswanger-Mkhize et al. (2009) assert that small-scale farmers generally use the “land, labor, and capital more efficiently than do large-scale farmers who depend primarily on hired labor” (p.11).

The contradiction can be seen, when the WDR 2008 offered Brazil as a successful case for the developing countries. Brazil managed to increase agricultural growth via large mechanized farms, which had a little capacity to create employment opportunities for rural poor, and thus the reduction in poverty, in that case, labor productivity increased throughout migration that was decreasing the agricultural labors (de Janvry and Sadoulet 2009). Comparing the effect of yield gains on rural poverty reduction China and Brazil, de Janvry and Sadoulet (2009) observe the distinctive contrast between these countries where the former one as acquiring more egalitarian land tenure system can efficiently transmit gains from productivity increase to the reduction of rural poverty. Remembering McNamara's (1973) country example, after more than thirty years, the World Bank gives the same country as an example, but this time it is a larger scale farm-based country rather than small. Interestingly, together with Brazil, the Bank's other success story of Chile also characterizes the demise of smallholders (McMichael 2009).

Akram-Lodhi (2008) refuses to accept that the WDR 2008 as neo-populist in nature; although in some places the report invokes the support for smallholders, in reality, it only brought support for commercially oriented entrepreneurial smallholder farming rather than the “subsistence-oriented, labor-intensive, market vulnerable and hence risk-averse”(p.1156) smallholders who are the majority of smallholders and in the long run, are likely to be vanished because the commercial smallholders that stay in the market and are competitive will use and grow at the expense exactly of those smallholders who are comparatively less successful and market vulnerable. Akram-Lodhi (2008) claims that the report does not represent a ‘paradigm-shifting’ in rethinking rural policies and practice in the context of rural development but instead, it is the product of ‘the logical culmination’ of the Bank's previous rural policies and practices which eventually works for the consolidation of the corporate food regime. He argues that there are surprisingly uniform set of policies that focus on the trade, subsidy, and price policies, in order to give a chance to commercially oriented

smallholders be advantageous in the global agro-food commodity chains especially with the production of non-traditional high-value products such as fresh fruit and vegetables, livestock, horticulture and aquaculture products. He sees the continuity between the last two WDRs (1982 and 2008) in terms of praising the sale of labor-power as a principle means of running out of poverty (Akram-Lodhi 2008).

Oya (2009) also stated that the support behind small-scale farming and enhancing its productivity for escaping poverty still found its elements in the report but it “seems less convinced” (ibid., p.596). Due to an apparent “tension between neo-populist pro-small farmer views and ‘modernist’ pro-agribusiness stances” (p.593), the report has some difficulty to keep the balance. Therefore, it differs from the post-war period World Bank populist stance in a great deal. The WDR 2008 report has some similarities with the 1970s support policies in terms of their emergence. As a response to the crisis, it has emerged within the conjuncture of after rising food sovereignty movement as a peasant mobilization this time again there is a nuance of small farm productivity and investment support, but this is in nature are different from the developmental period, and now it produces market-friendly populist policies. The report itself predicts the rising food prices and calls for immediate precarious attempts. This call is for capital as a warning for the coming crisis — the need for alternative investment sources. The WDR 2008, in this sense, depicts the process of deepening the capitalist relations and market system in the hostile rural areas of developing countries; through supporting commercialization and migration (dispossession).

The timing of the WDR 2008 reminds us of the 1970s the World Bank support policies of small farms. WDR 2008 also recognizes the importance of the time of economic crisis, which gives more autonomy to policymakers to produce reforms quickly. Remembering Kautsky's (1988) capital always finds a way to accumulate surpluses. Harvey (1978, p.111) argues the accumulation crisis in capitalism as “the manifestation of the underlying contradiction within the capitalist process of accumulation” pave the way to switch in the circuit of capital accumulation. Therefore, capital uses the opportunities of the existence of a variety of investment options (Harvey 1978) and expands geographically to cure its crisis (Baglioni & Gibbon 2013).

As the World Bank's branch of International Finance Corporation works for deepening the neoliberal corporate food regime, on the other hand, Bank also, with its publications, attempts to reform and ensure the continuity of the regime (Gimenez & Shattuck 2011). Scott (1988) argues that even when appropriate the demands of social classes, it is still going to

serve the needs of the accumulation process. (as cited in Friedmann 2005). The World Bank 2008 report can be interpreted as a response to peasant solidary movement and by embracing populism, but differently from the Agrarian populist account, this is the market-friendly populism. It works as the passive hegemony for the reproduction of global capitalism. The World Bank, by including some elements of small-scale farm support policy, aims to reform in the corporate food regime and ensure the sustaining of accumulation process and further incorporate and dispossess small-scale producers (Brown 2019). In this process, the attempts by the WDR 2008 can be interpreted as a significant paper that aims to sustain the hegemonic power of the neoliberal corporate food regime to further penetrate the hostile environment of developing countries during the times of crisis where capital is looking for safe investment areas.

4.1.2.3 Modernization theory again

With the new political-economic developments during the neoliberal period, modernization theory has been rising again in rural development narrative. As Bernstein (1971) argued among the most significant dynamics of modernization theory, there were “mechanisms such as the introduction of a market economy, monetization, urbanization, industrialization” (p.151). It was thought that, like in industry, agriculture also climbs to the higher level of the development ladder, and it would leave behind its ancient, pre-modern forms and historical remnants that could not keep pace with the new changes (Negri and Auerback 2009). It will witness the decrease in the level of the contribution of agriculture both in GDP and export (Ashley and Maxwell 2002).

The WDR 2008 carries the element of modernization theory that envisioned the demise of traditional subsistence agriculture. Oya (2009) also adds that the WDR 2008 depicts the future “the role of agriculture in development with a whiff of modernization theory” (p.594). By bringing out the “old-fashioned view of structural transformation,” the report restates the ideas of modernization theory (Akram-Lodhi 2008, p.1157). Despite mentioning heterogeneity and diversity to end one-size-fits-all approaches officially, Oya (2009) thinks that they stay on the rhetoric and seem superficial. As Akram-Lodhi (2008, p.1153) states, the ‘pervasive heterogeneity’ of global agriculture in the three worlds of agriculture with their different characteristics, ends up to “a remarkably uniform triad of pathways out of rural poverty” which suggests ‘standardize and homogeneous’ set of paths for smallholder farmers such as commercially-oriented entrepreneurship, rural non-farm employment or

outmigration. It is apparent, when the Bank suggests, “providing assistance to help move people out of agriculture” (p.2). McMichael (2009) argues that 25 years of difference between two World Bank reports, the previous report on agriculture ‘*World Development Report 1982: Agriculture and Economic Development*’, on agriculture signify of returning to Lewis’s ideas (1954) on the secondary importance of agriculture in the development agenda, which as a sector provides the industry with unlimited supplier of the labor force and remains dependent on it. By taking the side of the mainstream development thinking, the report assumes that by becoming a more developed country, the role and the weight of the agriculture in the overall economy should decline (Murphy and Santarius 2007).

Dealing with the global agricultural challenges in Asia and Africa, the report offers a solution, which is also the “linear historical narrative of national development” (McMichael p.238). The “three-fold hierarchy of agricultural world” (p.238), as McMichael (2009) argues, is “the conflation of diachronic evolutionary assumption with a synchronic regime where its neoliberal principles dismantle smallholders in a systematic basis.” McMichael (2009) argues that ‘modernizing’ small-scale agriculture that the report claims it has been trying to achieve so far, eventually will eliminate and further subordinate smallholders. It means that “dispossession continues to be defined as a necessary stage of development” (Negri and Auerback, 2009, p.100).

It can be observed in the Bank’s offered pathway to traditional agriculture. Deepening of institutionalization of market-economic principles in food provisioning system that based on cost-benefit calculations, value everything for its efficiency and performance in competition. This vision of new agriculture for development was imposing and shaping under market-oriented changes via its “market metrics,” which influence every aspect of activity in agriculture. In this value system, humans turned into “enterprising subjects” on the other hand, the land turned into an “enterprise entity” (Atasoy 2017).

Murphy and Santarius (2007) argue that on the one hand categorizing countries in threefold as agriculture-based, transforming, and urbanized produce how to combat with the poverty in respective categories, on the other hand, this categorization implies report’s evolutionary progressive stance towards agriculture “from more extensive, small-scale and labor-intensive forms of agriculture, such as are still prevalent in the global South, to intensive, large-scale and input-intensive forms of farming” which highly questionable thinking the rising concerns about the industrial agriculture its social and environmental costs in worldwide.

The president of World Bank, McNamara, more than forty years ago, said that “no program will help small farmers if it is designed by those who have no knowledge of their problems and operated by those who have no interest in their future” (1973, p.18). The pessimism the WDR 2008 in the future of small-scale agriculture is apparent when it offers rural-non farm economy and migration as better options rather than earning their life at the low productive agriculture. Oya (2009) also argues that there is a confusion in the World Bank’s stance how to sustain the balance between the efficiency of small farms in developing countries and providing ‘politically correct messages’ for the need of assistance and the viability of small farming which eventually produce as “more realistic and often pessimistic” thinking about small agriculture during the globalization and corporate food regime period.

The large farming practice also increases because of the unprecedented number of exits from agriculture in the last decades. The World Bank and the other international agricultural-related organizations also show their approval of this process. The truth is that agriculture is declining as a source of livelihood. As Hall (2008, p.607) argues that seeing “agriculture as an occupation with no future” is another driver behind the de-agrarianization and empty countryside. He argues that although the WDR 2008 has the premise of making the main agriculture contributor to development and poverty reduction, getting people out of agriculture is the main point behind the whole exercise. The proponents of this tendency argue that the exits from agriculture should be supported because it would open more space for the rest of the farms that are commercially oriented to increase their landholdings under production (Fan et al. 2013), which is also consistent with the modernization theory.

The de-peasantization and emptying of the countryside have a functional role in industrial capitalism. Harvey (1978,p.126) argues that the mobilization process is needed for the relative surplus population in the capitalist accumulation process, which creates an industrial reserve army in line with Marx's thinking and affects “the total wage bill of the capitalist class.” Following Marx’s argument of the importance of surplus population in the capitalist mode of production, McMichael (2006) argues that depending on the historical conjuncture, capital and the politics of capital were responsible for the creation of that condition. It is obvious how local and international capital is provided with cheap labor by emptying the countryside. With the displacement of peasants from their land, the circuit of labor will eventually work to fuel the “global development” of capitalism (McMichael 2005). The pace of this process is more dangerous for especially developing countries because of the absence of a robust urban economy to create enough jobs for the influx of people coming from rural

areas and carry significant risks of paving the way to social instability and economic downturns.

As the international peasant and farmer movement, Vía Campesina (2000) has rightly observed “the massive movement of food around the world” by “forcing increased movement of people,” is transforming peasant families into a casualized labor force (as quoted in McMichael, 1999). According to McMichael (2005), by dispossessing a peasant from agriculture, the “corporate food regime” creates reserve labor for specific economic zones and contributes to the “world factory” phenomenon in the neoliberal era. Casualization of the labor force is becoming a tendency among the rural workers and starts to reproduce themselves through semi-proletarianization or agricultural petty commodity production (McMichael 2006).

From the political economy of food perspective, increased and globalized circulation of food is not a simple process of circulation but something directly related to the reproduction of capitalist relations (McMichael, 2009b). The battles are going on the side of capital on cheapening commodities, labor, and food for its reproduction processes. On the one hand, cheap food has always been one of the main concerns of capital to feed the urban workers. On the other hand, cheap labor is one of the priorities of global capital. In this sense, the reconfiguration of agrarian production and land structure affects the labor market by supplying the capital with cheap labor by decreasing its production costs and contributes to the overall reproduction of the capitalist system. Therefore, there is a harsh competition on land sources.

In this neoliberal period of capitalism, agriculture experiences the gradual development of post-Fordist labor forms seen in the flexible work patterns where casual laborers emerge and sustain. Bernstein (2004) argues that during globalization, there was a concentration of capital and the fragmentation of labor and a growing struggle for land for its reproduction going hand in hand. “Uneven and diverse form of globalization” generate masses of a reserve army of labor both in rural and urban areas who switch between spaces to secure their livelihood (Bernstein 2001). In this way, as mentioned before, Bernstein formulated the agrarian question only agrarian question for labor, which he thought is dominant during the neoliberal period. In the period of neoliberal globalization, capital concurs and consequently use every method to subordinate small producers in its exploitation mechanisms through expropriation or dispossession of peasants from their means of production, land (Aydin,

2018). Friedmann (2006,p.462) argued that this formulation describes the “ assault on peasantries of the world,” which is not something new.

Parallel to these developments, there is an expansion of large-scale farming worldwide. Ellis and Biggs (2001) argue that when small farm paradigm became dominant, large-scale farms with technology superiority did not collapse entirely but continued to live as an idea and managed to reach nowadays. As the previous chapter argued, large mechanized farms were ‘incidentally’ also crucial for socialist agricultural development strategies that followed by the Soviet Union and other socialist-oriented governments from third world countries during the cold war period (Ellis and Biggs 2001). The capitalist consolidation through the substitution of labor for capital in agriculture is going to be monopolized by large-scale capitalist farms. The majority of export agriculture is going to be in the control of a few large farms; on the other hand, low-income family farms live and work on the small land plots. The general picture of this transformation is the tendency of growth of large-scale farms filling the vacuum in the countryside of the developing countries. The pressure from above and internal forces exacerbate their holding of small-scale family farms in the production circuit. Small-scale farmers are threatened by the expansion of large-scale plantations, which pushes them to the small parcel of land after every land acquisition.

The problem with the encouragement of large-scale farming in developing countries is that most of them are labor-intensive. De Janvry and Sadoulet (2009) the labor productivity–poverty relation varies according to the production structure in the respective countries; “strong if smallholders participate in the gains in labor productivity and if agriculture is labor-intensive; weak if otherwise” (p.4). Therefore, encouraging migration in which the WDR 2008 cannot solve unemployment and poverty, which is already there (Bokermann 1975).

4.2 Internationalization of agriculture

One of the reasons behind the restructuring of agriculture during the neoliberal period was the internationalization of agriculture that started to rise since the late 1970s and early 1980s. More incorporation of developing countries into the circuits of the global agricultural commodity market, on the one hand, increases the role and weight of global agribusinesses, and their market share, on the other hand, creates continuous pressure on small rural producers. This process contributes to the dispossession of small-scale farms and the expansion of large-scale agriculture.

4.2.1 Rising TNCs in agriculture

The major transformation in agriculture during the neoliberal globalization era of capitalism is closely related to the expansion of international corporate capital that increases the control over the rural economies and society. In this process, agro-food transnational corporations (TNCs) gain significant weight. The maturity of agrarian capital during the cold war period was not enough to bring the agrarian sector under its full control. However, since the end of the second food regime period, agro-TNCs have been gradually growing to monopolize the global agricultural commodity markets. The globalization of commodity chains and the development of the global agri-food system determined its pathway. In this process, the increased internationalization of agriculture pushes developing countries to structure their respective agrarian sectors in a way that meets the needs and demands of international markets.

The increased importance of food as an internationally tradable commodity through accelerating competition both between states and corporations increased the role and weight of agrarian capital in particular and intensified the capital assault on agriculture in general. Increasing competition necessitates the structural changes in the agrarian sector of the developing world, which are predominantly consisting of small family farms. McMichael (2013) argues that the first time during the third (corporate) food regime period cheap food bucking by the neoliberal structural adjustment and free trade policies spread all over the world. In this process, the World Trade Organization that founded in 1995 as the successor of the GATT, governs the trading system and put pressure on the governments in the developing world to adjust their trade and custom systems to the standards of the global market system. In forcing countries to open their markets culminated with the WTO regulations (Harvey 2004).

Today's agriculture is "under ever-increasing control of corporate agribusinesses" (Bernstein 2010, p.306). TNCs attempt to control the world food market and industrialize agriculture by stopping family farm production (McMichael 2009b). The oligopolies that based on the core capitalist countries control the production of seeds, fertilizers, and other agricultural inputs (Harvey 2004). With globalization, international agro-input and chemical corporations such as Monsanto, DuPont Syngenta, and others became the biggest owners in agricultural patents (Desmaraise 2007). Although the Washington Consensus on Agriculture' (WCA) believes that smallholders can benefit from integration to global markets for nontraditional products,

in reality, markets demand in quality, product differentiation, delivery on time and higher supervision of products mostly exceed average smallholder's capacity to meet these requirements because of the higher transaction costs and risks. Therefore, "the large retailer/importer end (e.g., supermarkets) does not favor small-scale producers" (Kydd and Dorward 2001, p.471).

With the deepening of the third or corporate food regime period, there was a shift towards export commodities at the expense of traditional agricultural commodities. Changing patterns in demand for foods, in our case from traditional crops to non-traditional crops, pushed capitalist farmers to react signal to this change, which eventually leads to "a new process of land concentration" (Kay 2015). The growth in the global demand for the number of export crops drives the expansion of large-scale farming on arable lands at the expense of small rural producers. This fact was evident in the Malaysian and Indonesian cases where agribusinesses have orchestrated expansion of the boom period of export crops (Hall 2008).

The WDR 2008 also states that competitive private agribusiness sector can be the primary driver of growth in agriculture and non-rural economy by linking producers and consumers, but 'growing agribusiness concentration' may decrease its impacts on poverty alleviation and efficiency. Because of the previous failure of structural adjustment programs, the Bank also acknowledges in the WDR 2008 that the market forces neither guarantee competitiveness nor participation of smallholders (WDR-2008 p.135). Under the subordinate position of emerging capitalist farms to transnational agro corporations, supermarkets, and agro-food chemical companies, contrary to the premises of the WDR 2008 as the competitive advantage of these mechanisms, they work for the transferring of values from emerging capitalist farmers to global TNCs in the agro-food sector. Although, in the existence of the corporate control of agro-food commodity chains by agro-food transnational corporations (TNCs), the report suggests emerging capitalist farmers to form producer's association of contract farms to gain a better position in negotiations (Akram-Lodhi 2008).

Between small producers and other strong market system, actors emerge uneven and asymmetrical competition, which weakens the bargaining power of the previous ones. The ongoing concentration in agro-industrial companies that produce agrochemicals, seeds, and other inputs by the channels of increased costs of inputs put extra pressure on the modern production systems (Knickel et al., 2017). Arrighi and Drangel (1986) argue that TNCs by innovating their economic activities and passing market pressures on low capacity social actors that unable to benefit from those innovations and bear the all weigh of asymmetrical

market competition in the periphery, eventually retain monopoly power over wealth which determines their position in the world economy. Borras (2009, p.9) was also suspicious about the calls for increasing global agriculture further, which does not consider the effects of “monopoly control of greedy corporate giants” and will not go without threatening rural poor with dispossession. The rising agro TNCs and expansion of global capitalist relations in developing countries farm sector entail their further incorporation into global market relations. It is a prescription for the development in agriculture, and the WDR works for the consolidation of corporate food regime and expansion of agrarian capitalism across the developing world where agriculture is getting more capitalized and deeply connect to the global agro-food TNCs (Akram Lodhi 2008).

According to McMichael (2009c), report’s “myopic view of the role of agribusiness” by increasing the importance of agribusiness in terms of economic productivity and development, ignores the fact that it can hinder and dismantle the development of small-scale farming and solution to food and climate crisis (p. 238). According to McMichael (2009), by conforming to the corporate food regime, this report favors the monopoly structure of agribusiness, which dominates and works for the benefit of traders, retailers, and other market actors. Agribusinesses are accessing to Global South’s agricultural resources and liberalized markets under the conditions that IMF/World Bank structural adjustment regime and WTO Agreement on Agriculture that was created and sustained (McMichael 2009). The report neglects the monopoly power of input agribusiness in global agro-food commodity chains and their implications over the small producers (Akram-Lodhi 2008). Agribusinesses are converting small producers into contract farmers or out-growers in the international division of labor, which is not the best solution to the food, energy, and climate crisis of nowadays (McMichael 2009c). “A new agriculture” by profiting agribusiness, not smallholders, will “feed the rich, not the World” (McMichael 2009, p. 238). As McMichael 2016) adds, “in a global political economy in which food and its means of production are subject to continual subordination to profiteering (expanding territorial and technological frontiers with claims to ‘feed the world’), rather than social provisioning and restoring land and waterway nutrient cycles and biodiversity in general” (p.655).

However, as Fraser and Meijer (2007) argue in the publication of the OXFAM, the WDR 2008 does not talk about the negative consequences of big corporations on rural livelihood strategies. Same as WDR 1982, there is still full liberalization emphasis, which the report

believes will decrease poverty. Trade liberalization will likely benefit exports of agribusiness but not smallholders.

The report neglects the fact that without the application of the same reforms in the North, those liberalization reforms will not bring any prosperity to the South's poor community. Different from this approach to developing countries' small producers, there is a substantially protected agricultural sector in the developed world, which is also contributing to the dispossession of smallholders in the developing world. McMichael (2009) argues that subsidies in the Global North allows the traders to artificially cheapen agricultural products, which eventually drive many local farms from their land. "The global spread of slums" and their suffering have been known from the 1960s with Daniel Lerner's (1964) work, where he stressed that few of them after displacing from rural areas became urban-industrial labor. Those 'displaced people' from traditional agriculture did not incorporate into modern industrial life and did not have any productive relations with industry.

4.2.2 Market faith, Commercialization, and Specialization in agriculture

After the neoliberal turn, the market system expanded its role and weight globally. The faith in the global market system in reducing poverty and contribution to growth and development is still alive, and there is a high note in the report. The ongoing process incorporates smallholders into market relations. National or in the absence of national, transnational capital penetrates in the agrarian sector through using a wide variety of mechanisms to incorporate small-scale farmers into the web of the global market system. Ashley and Maxwell (2002) describe the future of agriculture, where through commercialization of farms which tend to sell most of their output by using inputs that mostly acquired from the market, and rural income becoming more non-agricultural, farmers getting bigger and bigger.

One of the influential factors behind the concentration of power in agro-food systems was the expansion of trade (Patel 2007). Increasing trade and commercial relations in global agricultural commodity markets created pressure on subsistence farmers to get incorporated into market relations. With the imposition of trade liberalization on the developing countries; the aim is to open their agriculture to the global agricultural commodity market. With neoliberal globalization, the level of commercialization in the developing world substantially increased. Commercialization is one of the paths of development of capitalism in the

countryside; a high level of commercialization as route for class differentiation penetrates the social relations of small producers through trade, and market relations facilitates peasant differentiation in Lenin's term contributes to the class formation in the countryside as the genesis of agrarian capital and agricultural labor class. This process is one way that connects small, petty producers to the global markets. Bernstein et al. (2018) argue that in its essence, it leads to the process of commodification, which leads to differentiation. They are interwoven with commodity production, which also increases the internalization of contradictory dynamics of capitalism into household farming and paves the way to differentiation, which will depend on how the reproduction of households as capital stock for investing in farming and as labor within this system (ibid).

As Oya (2009) stated, the World Bank has a 'significant faith' in a market system in the WDR 2008, which was apparent in multiple visible numbers of referencing to market relations. The WDR 2008 emphasizes the "market intensification" by bringing the market to small-scale farmers and encouraged small farms to incorporate in market relations by creating close ties with market exporters and supermarket chains or leave the land to search for work in the rural non-farm economy (WDR08, 1). Akram-Lodhi (2008) also argues that Bank keeps its faith in the market and "continued adherence to orthodoxy" (p.1155) by seeking to enable markets to work better through increasing farmer's competitiveness, encouraging entrepreneurial farmers and deepening market integration which work only for the benefits of those farmers who have capacity "of farming their way out of poverty" (p.1155).

The report offered market-oriented agricultural growth policies includes reforms on prices, subsidies and trade policies, which by helping to get the right prices for farm and non-farm products (p.117) will contribute to improving the investment climate for businesses and linking smallholders to agro-food processors and retailers. However, it forgets that market forces can help livelihood and also can undermine it, forcing down prices on smallholders and increase their costs through increasing input prices, contrary to Bank's shared risk statement, there is an opposite situation where powerful cooperations transfer risks to small and weak producers. Such as supermarkets with their purchasing practice impose pressure "for low cost, high speed, and high-quality fresh produce" on small producers (WDR 2008,p.6).

As Kautsky argued the extension of the capitalist mode of production in the countryside would continue to eat up new spaces together with their social relations where pushing

peasants to leave their self-sufficient production and enter into commodity production, increasing their need for money and “replacing family labor by wage-labor” (p.19). Commodity relations and usage of money depending on the market, forcing peasants to become “*a mere farmer*, “ which he also loses “ security and comfort of peasant life” together with the agriculture becoming commodity production areas (ibid.,p.16). Therefore, as Kautsky (1988) argued that the development of capitalism, even without direct involvement in the production process in agriculture capital, could affect and transform the peasant life independently from the conflict between large holdings and small farms.

The comparative advantage and specialization in well-functioning markets in neoliberal agrarian restructuring are significant factors (Akram-Lodhi 2007). The internationalization of agriculture pushes local producers to produce and specialize in high-value cash crops instead of traditional crops (Aydın 2010). Watt (1996) argues that the international division of labor “irretrievably altered” since the 1970s (p.232). High-value foods (fruits, vegetables, poultry, dairy products, etc.,) displaced the classical export commodities (coffee, tea, sugar, tobacco, cocoa, etc.,) (ibid) with the realization of transition from production of the traditional crop to non-traditional crop and the tendency of land concentration and land grabbing further fuelled this process (Kay 2015). Friedmann (1982) argues that a world market is an arena where “accumulation and class formation” by reconfiguring the global food relations entail the loss of comparative advantage of developing countries that have possessed in some certain agricultural products.

The WDR 2008 argues that to bring “a productivity revolution in smallholder farming” (p.1), “shifting to high-value agriculture” and “become direct suppliers in modern food markets” (p.2) can help them to escape from poverty. The WDR 2008 praises “the production of high-value crops, intensified land use, integration into world markets and commodity chains, and the involvement of agribusiness” (Hall 2009). As a whole, this transformation intended to deepen the commercialization and profit-driven thinking in agriculture and consequently place it in “a globalized system of governance” (Atasoy 2017 p.8).

To activate agriculture for development, one of the critical issues is the increasing participation of smallholders in the agricultural market. As Oya (2009) stated, there are examples of successful integration of small farms from the developing world into the market system through the production of high-value agricultural commodities that increase employment and reduces poverty and affect the rural population through different channels on a different scale and volume. The global agriculture that the report envisages

demonstrates the trend of which commercial farmers and workers emerge in the global food system, and this agrarian structure through social stratification and differentiation produces and contributes to the process of accumulation (Akram-Lodhi 2008). However, the real problem, as Akram-Lodhi and Kay (2009) argues is in the tendency for win-win approaches, which ignore “or give a misleading account of the conflictual interest and struggles” of power relations among the actors of global value chains, that are “intrinsic to the structure of relations of production and surplus extraction in contemporary capitalism” (as cited in Oya 2009, p.598). Despite being aware of the risks of losing access to land by smallholders, the report believes in ‘win-win situations’ visa vis big producers and players in the political economy of agricultural production (WDR 2008, p.92).

Akram-Lodhi (2008) argues that in line with the report thinking, in all worlds of global agriculture to getting out of poverty for rural poor is unlikely to happen unless they transform their subsistence farming into a commercially oriented form. Generally, the report supports the transformation of inefficient low productivity of smallholders into efficient commercial agriculture and also later their incorporation into new modern markets. The report thinks that better-working markets can contribute to the rural poverty reduction in agricultural-based countries and suggests the deeper integration of smallholders into global market chains through concentrating on export-oriented non-traditional agricultural production besides searching opportunities for rural wage labor and from rural economy (ibid). World Bank’s new vision connects the effectiveness of small farms to the expansion of the non-rural economy and generally to “the realm of monetary values” (McMichael, 2009, 236). The WDR 2008 “presents a new “profit-driven orientation” of agricultural agenda for development, and through this, agriculture and food systems are being shaped under the neoliberal global economy and its economization logic (Atasoy 2017). The expansion of ‘commercial agriculture’ (WDR 2008, p.16) as it is believed can create a linkage between agricultural productivity growth and rural poverty.

As Fairbairn et al. (2014) claim, under the neoliberal restructuring policies in agriculture, peasants lose their market power through being pushed to uneven competition with heavily subsidized industrial products from North and streamlined supply chain, rising costs of inputs, having difficulty in accessing to credit and farmland. Leaving aside the population growth, in the process of displacement of a peasant from land and their migration to urban areas, the main factor is the “encroachment of rationalized capitalist production and/or

marketing systems into peasant agriculture within the framework of *laissez-faire*” (Bernstein 1971, p.152).

Consumption relations since the second food regime have become an important part of the accumulation process (McMichael 2009c). Especially during the third food regime period, giant supermarket chains increase their role and weight in their market through changing and offering a new taste. Burch and Lawrence (2005) argue that the third food regime developed with radical changes in agri-food supply chains. The large global supermarkets such as Wal-Mart, Tesco, and Carrefour, and others not only compete to control the retailer sector, also intervene in the manufacturing sector (Burch and Lawrence 2009). Friedman (2005) emphasizes the role of retailer sectors, especially supermarkets, in restructuring the agricultural supply chains. The new global relations of production and consumption patterns pushed Third World Countries into a new international division of labor where they are functioning as a “Garden of food producers to a First World Restaurant” (Kledal 2003, p.10).

As Akram-Lodhi (2007) argues, global supermarket changes became so powerful in dictating “what should be produced, how it should be produced, and by whom it should be produced” (p.1449). Although there is a different effect of supermarketization regarding its different levels of development in different parts of the world, as Akram-Lodhi 2008 argues, the trend is obvious worldwide. The increasing tendency of using the land to produce luxury goods and biofuels cannot feed poor people. As a result, the policy change in the WB 2008 report will supply the affluence instead of feeding the world (McMichael 2009c). Instead, he thinks Bank’s development narrative is consistent with the ongoing transformation that is going on in the corporate food regime period.

Andree (2009) argues that the supermarket’s popularity has increased to an unprecedented level among the consumers by dictating their preferred products on farms, manipulating their gains, which causes the dismantling of small farmers. Supermarkets, retailers, food processors, distributors by bringing more globalized and liberal, agricultural commodity markets and chains under its control now without any threat impose and dictate its quality standards and food safety issues on smallholders which exceed the capacity of adjustment and result in the loss of their competitive advantage to large farms (Fan et al. 2013). The meaning of ownership loses its meaning as capital dictates how and how much to produce (Aydin 2018). This whole process creates pressure on small-scale producers and favor working with large-scale production forms in the countryside.

The changing tastes and demands on food and also changing the role and weight of distributors in the global agro-food system shape the agrarian structure. “A small number of agribusinesses” transform and alter food taste, price, statuses ensure the control on the global market, “research and technical capital,” which give them significant leverage to manipulate agriculture (Saurin, 1997, p.117). It also conveys the changes in taste from consumers to the market, as Kayatekin (1998) argues, behind the rise of fresh vegetable and fruits agro complexes and demand for those products can also be explained with the changes in the middle class’s tastes. These changes imposed through the global agri-food TNCs that dominate the corporate food regime with monopoly power in emerging capitalist agriculture, they impose the choices of capitalist farmers over the other producers in the rural economy (Akhran-Lodhi, 2008: p.1159).

4.2.3 Contract farming

The new millennium brought new schemes for the integration of small producers into the global and national market relations. Baglioni&Bibbon (2013) argue that contract farming can be interpreted as “a new substitute and surrogate” mechanism which it was believed by linking small-scale farmers to market chains and giving them access to the advanced technology can modify agriculture without introducing radical land reforms (p.1575). Despite what some scholars saw contract farming as a mechanism to incorporate small local producers, the studies show that there are many cases of bankruptcy after these contract relations and the suicides related to that among the small farms because of the difficulty in paying back. This is another source of failure for small agricultural producers. It is also contributing to emptying the countryside and the expansion of large-scale corporate agriculture.

The WDR 2008 also suggests to smallholders to “contract with exporters and supermarkets” (p.1). The report says that “contract farmers show that they have significantly higher incomes than other farmers’ (WDR 2008, p. 127). The report suggests the expansion of contract farming is an essential option for the integration of commercially oriented smallholders into the global agro-food commodity chains. However, it is still not a priority because agriculture is not a better option out of poverty comparing to other options such as rural-non farm economy and outmigration (Akram-Lodhi 2008).

4.3. The industrialization of agriculture

Industrialization of agriculture is an important driver behind the large-scale corporate farms, which are used interchangeably with industrial farms. As the legacy of the second food regime period, mechanization and chemicalization of agriculture especially increased during the neoliberal period of capitalism, expanded together with the upcoming third food regime period. According to Mandle (1980), modern technology became more capital-intensive, and consequently, it requires a larger scale of production compared to nineteenth-century technology. Therefore, as Woodhouse (2010) argues, industrial agriculture favors “increasing scale in farming,” which results in “the concentration of control of land” (p.439). It is because, as Patel (2006) states, for industrial agriculture to be economically viable, there is a need for scale economies, which in turn necessitates a great deal of land. Therefore, agricultural industrialization requires more land and a few farmers.

On the other hand, the industrialization of agriculture was an important factor in subordinating and locating agricultural production within the terrain of agro-food corporations. Agriculture is controlled by “ever more industrialized productive forces” (Bernstein 2010, p.306). Industrial or capitalist farming creates homogenization, standardization (Scott 1998). Calling for a more standardized specialized large corporate farm system put small producers under pressure. In this token, small farms as buyers of pesticides and fertilizers, machines and suppliers of raw materials, were going to be attached to the agro-food industry. SAPs also played a special role in spreading industrial agriculture (Desmaraise 2007). The structural changes in farming accompany applying new modern technological innovations in farming, the declining number of small farms and agricultural labor force, and increasing average farm size and specialization (Knickel et al. 2017).

In terms of the WDR 2008, industrial agriculture is one of the areas that report attracts criticism, which scholars think the report wants to encourage and promote. McMichael (2009) argues that by praising agricultural success as a foundation of industrialization and development and by giving examples from England, China, South Korea, and Taiwan (p.7), the Bank misrepresents the historical industrialization experiences in its defense of agricultural growth behind the argument of industrial rise. McMichael (2009) claims that the report leads the agriculture to the path of agro industrialization and suggesting agro industrialization as an unavoidable and appealing way by the WDR 2008 is misleading in its sense that the low carbon livelihood is praised as a more suitable and righteous way of sustenance (ibid.). McMichael (2016) termed a tension as between industrial “food from nowhere” and ecologically framed “food from somewhere” (p.649).

4.3.1 Technological advancement and biotechnology

The role of technology is significant in this process. Kautsky thought the technological progress would likely bring the end of the peasantry rather than capitalism or socialism, where technologically advanced capitalist or socialist industry will absorb the peasant agriculture (Alavi and Shanin 1998). Biotechnology is an important element in understanding the political economy of the social reorganization of agricultural production (Pechlaner, 2010). To incorporate agriculture into the accumulation process first needed to eliminate the obstacles that agriculture poses for the development of capitalism (Mann&Dickinson 1978). In Marx's analysis of creating surplus-value, one way was continuously attempting to revolutionize the productive forces which reorganize the work process and increase the productivity of labor-power (Harvey 1978). Introduction of biotechnologies in 1990s, especially during the period of neoliberal reforms under Washington consensus, when the World Bank, the WTO, the IMF, and other multilateral organizations through reorganizing the international trade system triggered the reorganization of agriculture, introduced genetically modified seed in 1996 and new agricultural techniques which eventually created a higher demand for capital in farming (Gras&Hernandez 2014).

Goodman, Sorj, and Wilkinson (1987) developed the concepts of appropriations and substitutions, which help understand the capital accumulation process in agriculture. They argue that agro-food systems because of their biological character of land-based production and its human consumption historically resisted organizing industrially and transform technologically (Goodman &Redclift 1994). They think that agricultural industrialization develops through *appropriationism* and *substitutionism*. The appropriation means transforming the specific agricultural activity into industrial activity, then bringing it back as an agricultural input such as “synthetic fertilizer,” which replaced “manure fertilizer” (Saurin, 1997). On the other hand, substitution means “to replace the agricultural end products, reducing them to industrial inputs for manufactured product” (Pechlaner, 2010, 249).

Innovations and technologies cause a decline in the cost of capital, but when an accumulation of capital needs to expand production, it faces two constraints; constraints in space and constraints on time (Kledal 2003). The organic agriculture emerges against agro-capitals attempts to decrease production time and smooth the turnover process in order to achieve profit maximization, and it reacts by limiting usage of fertilizers and forbidding

pesticides and thereby increases Nature time and Production time in agricultural production (Kledal 2003). This process creates a hostile environment for agriculture. Farmers, corporations, and researchers and also governments attempt to help agro capital to ease the turnover process in agriculture through innovations and food processors and the retail sector also, mostly indirectly, contribute to this process by imposing constraints in delivery size and time of production on local producers (Kledal 2003).

As mentioned before, the small-scale farm paradigm was based on the *inverse relationship* findings. However, the new findings in farming started to question the validity of the inverse relationship, especially after new developments in agricultural innovation, technology, and science-based development. There was a fallacy about the inverse relationship in holding for all times and all places which instead was “a static approach” and most probably “breaks down and disappears” in new circumstances as superior technology will damage the fundamentals of inverse relationship (Byres 2004, p.36). Mann and Dickinson (1978, p.467) argue that capitalism “stops at the gate of the farm” until the technology comes and erodes the productivity of peasants. According to Goodman and Redclift (1985), there is no necessity to observe the real subsumption of agriculture “at the point of production of the farm” (p.241); instead, it is the long-run tendency of capital which tries to downgrade the rural and land-based character of labor-process in the countryside. The early period of capitalism, which manifests the extraction of surplus value from existing labor processes not necessarily need to transform the technical bases of production (Goodman and Redclift 1985). As Harvey (2004) said, capital always creates a physical landscape ‘at one point in time,’ which will be destroyed in some ‘later point of time’, adopting geographical expansion and temporal displacement as a solution to capitalist overaccumulation.

There is a positive construction of the Green Revolution by liberal accounts, as in the example of experiences of India, Indonesia, and the Philippine during the Green Revolution period, which adopted the combination of policies that favored smallholders. They argue that China, Malaysia, and Thailand by choosing smallholder agriculture intensification remarkable results in reducing poverty and increasing growth. Although Birner and Resnick (2010) argue that the Green Revolution was scale neutral, it was questioned by a number of scholars.

According to Bernstein (2009), being scale neutral does not mean neutral from sources that depend on the question of who owns what. Nowadays, there is increased corporate control and domination on the biotechnology development (Berstein 2010). The large corporation

creating patent rights either limit the small farms' access to the technology or make it highly expensive for moderate farmers. According to Patnaik (1987), among small farms, rich farms were more advantageous in accessing and applying new technology. Therefore, with the application of the Green Revolution, there are emerged new insights that, with the higher capitalization of agriculture, the inverse relationship starts to diminish and even reverse to favor of large farms (Fan et al., 2005). Dyer (2000) argues that the Green Revolution was one of the reason how large farms eroded inverse relationships through mechanization and adopting new technology. Berry and Cline (1976, p.138) also seem that they are aware of the possibility of the economies of scale in large farms after the adoption of mechanized technology. Fan et al. (2013) also argues that accepting that small farms have advantage in “labor supervision and local knowledge” compared to large farms, on the other hand, large farms will change the advantage into its favor if applied “technologically advanced, capital intensive and market-oriented agriculture” (Poulton, Dourward and Kydd 2010). Therefore, in the long run, the transfer of Green Revolution technologies came to erode the superiority of small-scale farms and its scale neutral narrative.

The WDR 2008 accepts that nowadays, improvements in biotechnology mostly driven by commercial interest, which poorly impacts the productivity growth of smallholders. In the foreword, the president of the Bank, Robert B.Zoellick, indicates the role of biotechnological revolutions in promoting agricultural production. In the WDR 2008, there is obvious concern about the not capturing economies of scale in agriculture. It expects that agricultural production units will capture economies of scale not only in marketing but also in production. Therefore, there is again a call for Green Revolution Which Holt-Giménez and Altieri (2013) argue that in the stage a new Green Revolution which will play the same role for capital as in the 1960- 1980s the Bill and Gates Foundation substituted the Rockefeller and Ford foundations in the expansion in land, factor and commodity factors of the peasantry.

World Banks leading economists Deininger and Byerlee in the series of the banks in the *Rising global interest in farmland: can it yield sustainable and equitable benefits?* They argue that;

A general trend toward larger operational units in developed countries is underpinned by recent innovations in breeding, zero tillage, and information technology that make supervision easier. By facilitating standardization, they allow supervision of operations over large spaces, reducing owner-operator advantages.

Pest-resistant and herbicide-tolerant varieties reduce the number of steps in the production process and the labor intensity of cultivation. The scope for substituting information technology and remotely sensed information on field conditions for personal observation to make decisions increases managers' span of control. Also, importing countries' increasingly stringent requirements on product quality and food safety throughout the supply chain increase the advantages of large-scale production and an integrated supply chain. Establishing such a supply chain can be more difficult under smallholder production models, as illustrated by the challenges encountered by the Roundtable on Sustainable Palm Oil in certifying smallholders (p.31).

Bokermann (1975) argues that although technical measures help increase agricultural output, they are less effective in being a remedy to unemployment, poverty, and hunger. Therefore, industrial agriculture, contrary to its promises that it provides and supplies the world people with enough food, in reality, "consolidates and deepens inequalities between rich and poor eaters" (Friedmann, 2005,p.228).

4.3.2 From land productivity to labor productivity

Recalling that the productivity of land and labor are the two important variables in measuring the performance of agricultural production, there was an interesting shift has occurred within the land and labor productivity issue. This is also related to the inverse relationship and scale of economies debate.

Bernstein (2010) argues that the productivity of labor entailed the development of productive forces in agriculture. The productivity of labor increases parallel to economies of scale in farming, which is linked to the mechanization of labor-process. Competition between capitalists pushes them to incorporate more advanced and superior production techniques to increase labor productivity (Harvey 1978). Therefore, Bernstein (2010) argues that "increasing *labor productivity/economies of scale* is central to any adequate account of the development of the productive forces in agriculture in the histories of capitalism." (p.302). Bernstein (2018) states that the labor productivity of the land as the measure is exalted by pro-capitalist centers. "Economies of scale as part of the dominant narrative or ideology of efficiency" is rising (Bernstein, 2010, p.302 not 3). In the capitalist enterprises, being associated with the industrialization, the emphasis was placed on the labor productivity rather than the productivity per hectare which according to Bernstein (2018), Harriet

Friedmann was especially successful in her criticism to “the elevation of labor productivity” above all the other measures which came out as “one of the great ideological achievements of capitalist agriculture” (p.713).

When the World Bank emphasizes the increasing productivity of smallholders in the WDR 2008, it seems the reports are more interested in labor productivity. In the report box, .3.7 says that labor productivity, and land consolidation and mechanization together can avoid the rural-urban income gap (p.92). WDR 2008 argues that the Producer's Organization can bring economies of scale. Recalling that the large-scale farming that generally functions on great tracts of land in terms of the size, with capitalist management of the production but with a low level of hired rural labor, this process favors evicting small-scale producers from the production process in the long run. Recalling that, labor productivity can increase through new agricultural technology and out-migration (Janvry and Sadoulet 2009), the report in the box 10.1 argues that one way of improving livelihood in subsistence agriculture is increasing labor productivity which characterizes “to raise farm labor incomes and free labor for off-farm employment” (p.228). WDR 2008 still supports and offers migration as a remedy to the poor in the countryside.

4.4 Land grabbing

The *land grabbing* is a new phenomenon that generally characterizes the rush for land resources for biofuel energy demand and agricultural production. Contrary to the post-war period of bestowing land to peasants nowadays, the widespread phenomena of land grabbing taking the land back from the peasants. Bernstein (2004) argues that there is a growing struggle over land, which has significance in class politics and social dynamics for the developing countries during the neoliberal globalization period, which in food regime theory overlaps with the third or corporate food regime period. The acceleration of land grabs raises a number of questions about agricultural production, labor, and property relations in capitalism. Borras et al. (2012) argue that although land grabbing or control grabbing does not necessarily result in dispossession of peasant and their removal from land as in the case of contract farming which encourages cooperation between small rural producers and transnational corporations, there a number of records indicate the dispossession aspect of the land grabbing.

There is a growing literature on land grabbing issues that considering its political, social, economic, and environmental consequences raised questions and echoed the voices of rural

people in academic and political spheres because of the alarming rate of grabbing land across the developing countries. JPS has documented an unprecedented level of extensive land dispossessions in the last decades. Giving an example from Africa, Baglioni and Gibbon (2013) argue that between 2004 and 2009, “the speed and rate at which land changed hands” was unprecedented in its colonial history.

There is a new generation of scholarship that consent about “the acceleration of land grabs and resistance to them,” which connects it to the issues on how to advance capitalism shape land and property relations (Fairbairn et al., p.654). As Moore (2004) said, differently from the cold war statist political economy, which was “simultaneously pushed and muted” (p.89), it is now performing more of David Harvey’s ‘dispossession’ and less of Scott MaccWilliam’s ‘attaching.’ As Baglioni and Gibbon (2013) assert, global land grabbing is a new face of “unfinished process of capital restructuring” (p.1558). As Borrás et al. (2012) said in global land grabbing phenomena, depending on the imperatives of capital accumulation, the meaning and the usage of land changes, and this fuels the interest and rush to control the land sources as the key production factor.

Land grabbing is one of the facets of the contradictions in neoliberal capitalism (McMichael 2006). Through land grabs, “*primitive accumulation*” in the form of “*accumulation by dispossession*” is in motion nowadays. McMichael (2015) defines the neoliberal period as the capital’s food regime and argues that accumulation by dispossession is a common tendency. The expansion of capitalist large-scale farming within the parameters of Marx’s primitive accumulation and Harvey’s ‘accumulation by dispossession’ have been used by scholars to understanding the neoliberal agrarian restructuring process in agriculture, which transforms land use, property relations, and form of production in the countryside. The concept of *accumulation by dispossession* as a concept developed by David Harvey using Marx’s primitive accumulation analysis and elaborates on “the-ever shifting relationships between land, varied social formations, and capitalism.” (Fairbairn et al. .2014, 655).

After staying in one place long, capital finds itself in need of ‘a Spatio-temporal fix’ and thus spills over into a search for it. The term ‘fix’ describes the solution of capital to its crises “through temporal deferment and geographical expansion” (Harvey 2004. p.65). The main reason behind those crises was the inability to bring adjacent surpluses of capital and labor “profitable together to accomplish a socially useful task” (ibid. p.63). In reference to Lefebvre, he argues that “capitalism survives through the production of space” (ibid. p.63). Harvey (2004) thinks that if the system could not find ways to devalue or even distract

surplus capital or labor, it must find a way to absorb the surpluses, which he thinks one way is the geographical expansion and spatial reorganization. If capitalism cannot accumulate through expanded accumulation, there are emerged a necessity to attempt to accumulate by dispossession. “Production of space, the organization of a wholly new territorial division of labor,” “the opening up of new and cheaper resource complexes, of new dynamic spaces of capitalism,” “the penetration of pre-existing social formations by capitalist social relations and institutional arrangements “(such as rules of contract and private property arrangements) (p.66) are among the accumulation by dispossession strategies. Land grabs opened a new horizon for the capital accumulation process, which developed and penetrate by spatial expansion to meet the capital’s energy and food hunger. Dispossessing peasant from their land both cheapen wage bill in capitalism and opens land resources to capitalist classes. Although the concept generally does not include acquisition of land with force, as Harvey (2003) said, this appropriation of land is realized by no means of force, but with peaceful economic means, there are also examples of forced accumulation, especially when state officials participate in the land grabbing issue.

Commodification was used as a useful concept that linking the production, consumption, and reproduction to analyze the peasants and family farms to uncover their socio-economic and power relations (Marsden 1989). Marsden (1989) argues that with the help of national and international states, capital always transforms use values into exchange values and creates needs and markets for them. In this context, land as a means to be owned, used, and occupied is an essential locus in commodity relations with all its characteristics in many spaces and different times (ibid). During the third food regime period, the commodification of agricultural relations has been deepened, and this altered and transformed the dynamics of relations among rural producers and global agri-food corporations (Friedmann 2005).

McMichael (2005) asserts that the policies that intend to establish market-oriented agriculture through the circulation of food and labor services to the reproduction of capitalism through the ‘accumulation by dispossession’ in every corner of the world. In this process, the displacement of peasant’s agriculture and appropriation of their lands for agro-industrial purposes are the main outcome of these processes. Under the pressure of capital, peasants pushed into inflexible employment forms and acquired their lands, especially in the developing world (McMichael, 2005). Structural adjustment and liberalization period created domains for the land grabbing, which expanded through the dissolution of peasants, both using channels of national and international capital and either privatization or enclosure (Bernstein 2001).

The new development in ownership and structural change in countryside indicates the full assault of capital on small farmers, especially in the time of growing fuel demand and increasing food prices. In this context, land grabbing was come out as a result of the contradiction of the corporate food regime, which, by dispossession of small farmers, tries to solve the food crisis (McMichael 2012). Kuns (2016) argues that growing and expanding capitalist land grabbing is accelerating the demise of the small-scale rural agriculture and damaging everything related to that and “actualize the original Leninist argument” (p.484).

It attracts many actors such as companies, agribusiness corporations to rush to acquire land. There are also a number of new actors that actively engage in land grabbing in the corporate agro-export industry. These actors range from OECD countries, “foreign governments, sovereign wealth funds, state-owned enterprises from” middle-income countries to private actors (banks, hedge funds) that seek land (Baglioni and Gibbon 2013,p.1558).

Among drivers, they are the production of food, agro-fuel, and other resources more popular (Baglioni and Gibbon 2013, p.1559). Although land grabbing is ‘multifaceted,’ it includes grabbing land for agricultural production, directing the food and fuel production to offshores, competing or complementing ‘Northern granaries’ (McMichael 2013, p.48). Food that production form grain and corn have been channeled to fuel production, which was seen one of the reason behind the food price inflation since the early 21 century and US-based ethanol and biodiesel sectors were among the main drivers (Baines 2015).

What is the connection of land grabbing with extensive and industrial farming? McMichael (2013) accounts for the large-scale industrial farming side of the land grabbing. Grabbing land for the production of biofuel is one of the reasons behind the expansion of large-scale farming. Industrial capitalism searches solution to its energy demand and petro farming or agrofuel is seen as an alternative to fossil fuels. McMichael (2009, p.243) argues that agrofuel projects were constructed to find a solution to “northern energy needs and emission reduction targets.” The proponents of land grabbing for food production are channeling to the production of foods to meet the biofuel demand. As McMichael (2009) said, there is a transformation going on from “feeding the world” to “feeding the world energy demand” by biomass production during the oil peak. As foreign exchange sources, these projects were attractive to high indebted countries that had to open their countryside and accept these projects. The increased scale of production of palm oil can be the perfect example of this issue. As McMichael (2009b) argues, during the 2007-2008 financial and food crisis, the fossil-fuel dependence of industrial capitalism paralleled with inflation in biofuel offsets.

Especially after the 2008 financial crisis, this process intensified and accelerated the interest for large-scale farming for food and biofuel production because of the increase in global commodity prices (Mousseau 2019).

The states also play a role in the land grabbing process. As Borras et al. (2012) said the state's role in land grab issues is problematic; plays a dualistic role; on the one hand, works to facilitate the capitalist accumulation process and also attempts to keep some balance for political legitimacy, but compared to the former task, the latter one is carried out with minimum level. With land grabbing, states themselves became the subject of privatization (McMichael 2013).

There are still left some avenues that capital, both international and national, face problems to intervene or some obstacles diminish its speed of penetration in that sense the development of capitalism in 'hostile environments' require some other global and international mechanisms that will ease this process. One of the problems is private property rights in the countryside that the World Bank (2007) also mentioned that the market imperfection does not allow the normal functioning of markets. Moore (2004) claims that without achieving universal private property rights and full proletarianization, the resolution of 'stagnation and transformation' issues cannot be possible. The neoliberal era of capitalism works to clear the obstacles in the way of development of the market system, and the World Bank enthusiastically embraces this ideology in its approach to 'new agriculture.'

Compared to the post-war period, there are few examples of redistributive land reforms. The WDR 2008 only mentions redistributive land reform in the condition of the existence of underutilizing large estates. Instead, The World Bank participated in several land grab incidents across the world. Mousseau (2019) argues that the World Bank plays a principal role in this process through promotion of 'large-scale land deal' that increase foreign private investment to the countryside in the name of development and growth after simplifying legal regulations by using the number of mechanisms in the form of technical and advisory assistance to local governments, as a conditions for aid and business rankings. In the *Rising global interest in farmland: can it yield sustainable and equitable benefits?*, the Bank argues that large-scale land acquisitions can help reduce poverty. It assumes that it will happen in three ways; opening new job opportunities for wage laborers, contract farmers, and also for in the form of payment for those who desire to rent and lease their land in the countryside (Li, 2011). McMichael (2005) informs that the Bank's advocacy of biofuel production for

energy security exacerbates the food and energy crises and contributes to the dispossession of small farming.

The Bank explains its emphasis on land governance differently. In “Securing Africa’s Land for Shared Prosperity,” Byamugisha (2013) argues that the land governance issues are the crucial problem that blocks the way of improvements for the low-income African countries which in abundance of land sources where they are still poor. As the vice president of the World Bank, Africa Region Muhtar Diop argues that undocumented land rights are a problem because and “make it susceptible to land grabbing, expropriation without fair compensation” (Byamugisha 2013, xv). Although in the WDR 2008 also by ‘strengthening property right’ the World Bank claims that the prescribed policies protect the land right and ensuring equal access to land sources, in reality, it produces different policies that promote “large-scale industrial agriculture at the expense of family farmers (Mousseau 2019). Also as Lawrence (2003, p.243) argues the with the contemporary policy pushes smallholder agriculture with clear property rights to encourage investment and 'modernization' of production” which in line with the classic capitalist model where they have to “compete in the increasingly global agricultural markets” and if successful became larger and more commercial farms.

There are some mechanisms to ease this process. Enabling the Business of Agriculture (EBA) was launched in 2013 to increase investment and doing business environment in agriculture and prescribe policy recommendations for removing legal barriers for the development of agribusinesses (Mousseau 2019). World Bank supervision started relaxing regulations on seeds, fertilizers, and pesticides, and recently in 2017, added land as a new indicator to increase and ease the access of agribusiness to land and encourage corporate agriculture in the developing world (ibid). Therefore, the think-tank, Oakland Institute, launched the campaign against the EBA (Enabling the Business of Agriculture) initiative of the Bank.

The Bank emphasizes reformulating private property rights to regulate countries’ land tenure arrangements in order to enhance the productivity of land use. The WDR 2008 emphasizes the importance of the “well-functioning land markets,” which thinks can help transfer land “to the most productive users”(p.9). The answer to the question of how to increase the productivity of land use, as the Bank thinks, lies in removing the barriers in front of the selling and leasing lands for commercial use, systematizing the selling procedure of public land, and improving procedures for expropriation (Mousseau 2019). Insecure property rights,

especially in land, were among the significant factors that the WC claimed cause undercapitalization of agriculture and need for “market-based, government-facilitated land reform” (Kydd and Dorward 2001, p.470).

Mousseau (2019) claims that increasing land grabs, land dispossession, and concentration find legal support in the Bank’s approach. Some arm-like branches of the development bank like the International Finance Corporation, invests in land grabbing that constrains the small-scale farmers in the countryside. He argues that managing natural sources in the countryside of the Global South around the customary laws also included land sources which were valued as common goods and also had a social and cultural bond with the local people because of the passing from generation to generation as an ancestral asset thus complicates their appropriation by the agribusiness and meet with resistance of local people that attempt to protect their land and livelihood. Supporting the transfer of land to more effective users who apply capital intensive methods, the Bank welcomed the existence of less profitable producers from agriculture (ibid). Mousseau (2019) thinks that this formalization of private land ownership attempt to make land more transferable assets and also open it more speculative attacks and accelerating agribusiness capital intensive productive entries into the countryside, which make family farms more vulnerable.

4.5 Financialization

During the third food regime period, financialization in all sectors economy and finance capital, as Bernstein (2016) argues, occupies a special place in food regime analysis through its role in trade, investment, and government borrowings in modern global capitalism. As Friedmann(2009) argues that as Burch and Lawrence rightly put into, the third food regime came to be “a financialized food regime” because of the tendency of financialization of the global economy. Mobility and flexibility of capital during the neoliberal era make labors more vulnerable (McMichael 2006).

Seen financialization as “another dimension of ever-expanding capitalist processes” (p.656), Madeleine Fairbairn defines financialization as one of the significant engines behind the ongoing transformation in agri-food system which directly affects the livelihoods of rural people (Fairbairn et al.: 2014). One of the facets of the concentration of power in the food sector stems from financial liberalization (Patel, 2007). Following Harvey’s (1982) argument of land as fictitious capital, Fairbairn et al., (2014) argue that seeing land as a financial asset ultimately result in the financialization of farmland and dispossession of smallholder.

Liberalizing financial service has an impact on the smallholders, which with the entrance of foreign banking capital, which mostly prefers to work with the lucrative customers, in the long run, drives local banks out of business, which benefited smallholders (Fraser and Meijer 2007).

World Bank's renewed interest in agriculture with the WDR 2008 report is related to the increasing importance of agriculture for food security and its possible contribution to the overall economy. It is claimed that behind the call for channeling more investment to this sector, the main intention was to increase investment in agriculture through various pathways for escaping poverty (Kristen&Llambi 2010). Although the increased weight of financialization drives huge investments to rural areas in the name of food and ecology securing, the rationale of this investment is only to benefit to political and economic elites and consumers that have high purchasing power (McMichael 2012).

Financialization fuels the *land grabbing* in the developing world. Fairbairn et al. (2014) assert that an unprecedented level of international land appropriation process in the early 21st century mostly driven by speculative incentives. McMichael (2012) also argues that the new mechanisms of accumulations that related to financialization crisscrossed land dispossession waves through many different channels. As Ben White argues, the main barrier to survival and reproduction of smallholder is private property; it will foster the chronic tendency of class differentiation and will open land to more speculative attacks from outside(Bernstein et al.,2018).

The increasing impact of finance capital increases the entrance of new actors in food production, consumption, and distribution relations. A number of governments, hedge funds, private equity companies, merchant banks have been investing in all points of the agro-food sector but especially for the production sphere with the aim of food selling, food security and biofuel production (Burch &Lawrence 2009). Even International Finance Corporation as "the arm of the World Bank," invests in agriculture through private equity investment and hedge funds (Burch &Lawrence 2009).

In the last food crises, not only rising costs but also diversion of agricultural production to biofuels also played a significant role (Woodhouse 2010). The fossil-fuel reserves are going to diminish in the upcoming decades thus will further push global capital to search for other energy alternatives. The intensification of energy and food demand exacerbates inflation in food prices. McMichael (2012) thinks that the 2008 food crisis created renewed interest in

agriculture where offshore investment on land for securing food and fuel export lead to financial speculation and land price inflations. Land rush scholarship already asserts that rising commodity prices in agriculture and “the search for dependable investments,” triggered by the 2008 financial crisis, offered an attractive source of investment for investors regarding the availability of farmland funds (Fairbairn et al. 2014, p.657).

The historical conjuncture that the report was released overlaps with the economic turmoil of 2007 and 2008. With the WDR 2008 report, agriculture again was placed at the center of development, and incidentally, like the small farm paradigm of the 1970s that highlighted during the turmoil of crisis period, the report was published during 2007-2008, the period that witnessed both food and financial crisis. McMichael (2009b) argues that 2007-2008 world food crises emerged as a combination of a number of factors, and one of these factors was financialization.

4.6 New developments in the eve of the WDR 2008

4.6.1 New Malthusians around

The concern about the global food supply of food is another dimension to the agrarian restructuring, which scholars concern about the capacity of production forms in the countryside to feed the growing population. “The ghost of Malthus” with his “reactionary character and legacy of his work” was around again (Bernstein 2010, p.307). Contrary to the old belief in the left that application of demography as a variable in the agrarian analysis which ended with the accusation of being a Malthusian, demography can and does have an impact on the reproduction ability of farm both in reproducing themselves and production for the non- food producers (Bernstein et al., 2018,p.712). Around the years of publication of the WDR 2008, there were discussions of how agriculture would feed the world under the pressure of increasing urban people. Friedmann (1982) argues that scarcity capture a significant role in capitalist relations. Some scholars echoed the need for a large-scale production unit in agriculture to feed the growing world people. There is a number of scholars who raise the issue of incapability of small farms to feed the world. For instance, Collier (2008) thinks that peasants and their mode of production were ill-suited to modern agricultural production. Bernstein (2009) also concerns the capacity of the small farms to feed the world, and he insists that we should not neglect the fact that capitalism itself brought revolutionary technological innovations and increased productivity in agriculture.

Urban population growth parallels the decrease in rural population, although they supposed that the urban population would exceed the rural population by 2020 (Ashley and Maxwell 2002). Incidentally, 2008 is coming out as an important date, as Bernstein (2009) says, around this year, the world agrarian population and population of urban areas equalized and started to change in the favor of urbanization. Borras (2009) also states that the rural population is overtaken by the urban population first time in history in 2007. The process indicates that there would be more demand for food from urban dwellers of the North and the South, which will trigger demand for food and consequently create pressure on land sources of small-scale family farms in the South.

One of the ironic facts is that despite that food is produced in rural areas; it also hosts the hungriest people in the world (Borras 2009). WDR 2008 also states that three out of four poor people who mostly engage in subsistence farming live in rural areas, and there is an urgent need to help them escape from poverty. However, contrary to claims, hunger problems a significant extent stem from the income distribution and not by food shortages, and because of that, the hunger problems will not be solved, just merely increasing the global supply of food (Hazell&Wood 2007). Ironically the 2007-2008 food crisis occurred during the time of vast volumes of harvest and huge corporative gains from food sales (Aydin, 2018). In every major famine after the Second World War, there was sufficient food in the market to feed the people, and they starved not because of a shortage, but because of the inability to buy this food (Sen as quoted in Patel, 2007).

However, it carries danger for the South's small agricultural producers in pushing them out of the agriculture and grabbing their land in the name of feeding the world, but in reality, as McMichael (2009) said, it aims to meet the demand of increasing urban high profile consumer class. National and transnational corporate capital through increasing its control over rural economies, foster the tendencies of concentration on one hand and displacement of peasants and rural laborers on the other hand under the market imperatives (Kay 2015).

4.6.2 Counter- movements of peasants

But how peasants react to the new developments during the neoliberal corporate food regime period? Friedmann (2005) argues that food regimes “were the combined outcome of social movements intersecting with state strategies and strategies of profit-seeking corporations” (p. 234). As Borras (2009, p.6) argues that although peasant politics which was at the heart of the “national liberation movements, revolutions and rebellions” during the post-war period,

they were not apparent in the last decades which were replaced with the “newer version of agrarian movements, networks, and coalitions.” A number of peasant movements for land rights, seed protecting, food sovereignty, biodiversity, and others were peasant resistance towards dispossession and commodification process (McMichael 2006).

Farmers organize movements, the movement under the label of ‘food sovereignty,’ and one of them is the *Via Campesina*, as the protest of the people of the land and as the world’s largest peasant movement creates transnational connections between national and localized movements (Hall 2008). There is also the Brazilian peasant movement, *Movimento Sem Terra* (MST). Peasants protest against land occupations and land invasions and protect their rights on land and peasant way of production, which also includes protecting their traditional way of seed-saving against corporate bio-piracy (McMichael 2006). It creates the ‘double movement’ in the Polanyian sense, where peasants resist full subjection to capital. This is the resistance of peasants or small-scale family farms to being a subject of history. Burch and Lawrence (2009, p.268) argue that the increasing tension between “corporate imperative for global agri-food expansion” and “the desire of marginalized peoples for food sovereignty” will determine the main element of any rising food regime. McMichael (2016) argues that peasant mobilization under the food sovereignty movement “is a general critique of neoliberal capitalism” in which privileged agribusiness and investors by the established rules in the global trade and investment system saw small-scale producers as “an obstacle to capitalist accumulation” (p.654). There is an “organic link” (p.203) between exploration of wage labor and peasant solidarity movements against neoliberalism that Harvey (2005) indicates. Therefore, McMichael (2016) claims the fate of peasants closely connected to the condition of the global proletarians.

McMichael (2015) argues that it is an active movement against the system that deserves close investigation and argues that class analysis solely could not grasp the destructive impact of circulation relations. He describes their struggle as “the struggle for unity in diversity against to common foe” (p.199) to drive the attention to the diversity of around two billion small producers worldwide. Although Bernstein (2009) criticizes and equalizes support for the food sovereignty movement with old populism, he recognizes their usefulness to go beyond capitalism and suggest not dismissing and neglecting anti-capitalist agrarian populism (Bernstein 2018). However, as Aydin (2018) argues, contemporary peasant movements could not produce policies that could erode the fundamentals of the capitalist accumulation process during the third food regime period.

4. Concluding remarks

The chapter argued that with the neoliberal turn, agriculture also subjected to radical changes. The state, as a significant actor, was pushed back from the support mechanisms that have been used during the previous period. This automatically affects the most needed group of poor small farms. Washington Consensus and Structural adjustment programs were attempted to replace the state and its role with the private market. After near three decades, the WDR 2008 also recognized the failure of those programs that cut the sources that small farms have benefited before. Neoliberal globalization was many-headed beasts; therefore, its attack realized from the many different sources. In this sense, the contradictory statements in the WDR 2008 are argued that was the manifestation of complex political-economic power relations of capitalist agrarian restructuring in the developing world, which manifested in policymaking. The transformation in the developing world agriculture is experiencing the expansion of large-scale farming, both through land grabbing and differentiation of small farms producers in Global South, which is an integral mechanism of the accumulation process of capitalism, which attempts to solve its accumulation crisis. With the collapse of the Soviet Union, being relieved from its cold war-related political concerns, global capital is expanding its accumulation process to untouched areas, which demands radical changes in the configuration of all sectors, including agriculture. The chapter argued that the contradictory statements of the World Bank 2008 Agriculture for Development report was the culmination of the developments that deepened during the neoliberal period, which also overlaps with the third food regime period, brought several radical changes in rural development thinking and modified the previous stance and policies of global international agencies towards agricultural production in general and small producers in particular which in itself has profound effects on the restructuring of agriculture under capitalism. Being part of the ongoing transformation in agrarian capitalism that exalted large-scale farms and degrades small farms that roots goes back to the 1980s the implementation of neoliberal policies, the period of transition from second food regime to third food regime period. The gradual withdrawal of support from small-scale family farms eventually set to lose its attraction. Internationalization of agriculture, rising TNCs, and technology further incorporated and disposed of the small family farms. Privatizing state and downgrading its role, growing financialization in agriculture, and new growing phenomena land grabbing facilitated the expansion of large-scale farming in the developing world. The study argued that the World Bank's new inclination towards large-scale farming as being part of the global land grabbing and small farm dispossession both through class differentiation and

proletarianization issue is part of the long-lasting neoliberal capitalist accumulation process. In terms of large-scale farms, they develop out of scaling up from small capitalist commercial farms, and they impose on agriculture through land acquisitions as in the example of the new well-known phenomenon of land grabbing and also they expand as small-scale farms leave the production. A new phenomenon of land grabs which impose large-scale farming techniques on land and agricultural production and the other is through commercialization of smallholders, which is also through asymmetrical market competition lead to scaling up and cleaning up the countryside. The chapter argued that the reorganization of agricultural production under market concentration and centralization experiencing land concentration through an increase in the practice of the large-scale farming on the labor-intensive developing countries where dispossessing small producers attempting to establish the control on the land.

CHAPTER 5

POLITICAL ECONOMY OF DECOLLECTIVIZATION AND RECENT GROWING INTEREST IN LARGE-SCALE FARMING IN AZERBAIJANI AGRICULTURE

Following the collapse of socialism, to adapt to the new global circumstances, ex-soviet - socialist countries followed the market-oriented development path. Azerbaijan was among the post-Soviet countries that gained independence on the verge of the collapse of the Soviet Union in 1991 and had to pass the transition period from command economy to market economy. Like in other sectors, the economic transition to a market economy necessitated market-oriented policies in agriculture. The 1996 Land Reform put an end to socialist agriculture and dismantled large-scale collectives and state farms (*kolkhoz* and *sovkhozes*), paved the way to individualization of agriculture with small farms. In 2013, the government officials announced the urgency of the creation and promotion of large-scale farming in agricultural production. In this sense, the purpose of the chapter is to understand the political-economic dimension of the recent interest in large-scale farming. The chapter will also analyze the political economy of decollectivization in order to understand structural changes in rural Azerbaijan nowadays. The chapter will start with a brief historical overview of how the agrarian structure has evolved before and after the 1996 Land Reform and will continue with the political-economic analysis of dismantling of large-scale farming before and calling for a reconfiguration of agriculture nowadays.

5.1 Brief historical background of land structure and land use

Land property regimes in Azerbaijan have changed several times in the last century. Before the Russian invasion from 1813-1828, Azerbaijan was divided into small semi-independent states where feudal relations were dominant in the political economy. The land belonged to the landlords. Peasants as tenants were working both in their and landlords' lands and were giving their taxes in kind. After the incorporation into the Russian Empire, the state took the land from big landlords but did not distribute it to the peasants, which turned peasants into state peasants, and Lenin termed this system "state feudalism" (as cited in Alstadt, 2018). The 1861 Stolypin Law was designed to introduce agrarian capitalism and give the right to buy land by peasants. However, the regional colonial government that Azerbaijan was also part of it, did not support peasants with finance to buy their share; instead, they continued permanently using land without having ownership rights (Guney et al. .2013). Another reason was the higher prices of lands in this corner of the empire (ibid). Nevertheless, it was significant reform in terms of the emphasis of creating free peasants class and laying down a

favorable condition for the development of capitalism (ibid). During this period of the late 19th-century, capitalism started to flourish in Azerbaijan along with the other colonies, which were predominantly agrarian societies. The time that Lenin was writing “Capitalist Development in Russia” (1899), Azerbaijan was still part of the Russian empire.

With the end of the Russian Empire and proclamation of the Azerbaijani Democratic Republic (ADR) in 1918 on 28 May, there were new opportunities for the development of capitalism and market economy. As “arguing for sweeping land reform” (Altstadt 1986, p.284), there were some attempts to liberalize the agrarian system in ADR. But it could not be implemented because of the short history of the new state and unfavorable historical conjuncture.

With the incorporation into the Soviet regime in 1920, agriculture was subject to land nationalization. However, the land was already under the Tsarist Russian state rule; therefore, it did not take the land from private ownership of landlords (*kulaks*); instead, it conducted the transfer of land from the tsarist state to socialist state (Yalçın-Heckmann 2010). As mentioned before, Lenin reformulated the agrarian question and peasants' role in socialist revolutions. In 1920 May Telegram to The Soviet Socialist Government of Azerbaijan, the alliance between workers and peasants indicated by Lenin for the country's agrarian nature (Marxist.org). In the conference of Baku (1920), Komintern politics expressed their position and support for national liberation together with the peasant movements (Jonas 2017). Azerbaijan was the Middle East of the Soviet Union; therefore, it was a strategic place to spread socialist ideas to the regional countries that peasant dominated societies. In the late 1920s, during the Stalin rule in the Soviet Union, agriculture was subjected to collectivization. Azerbaijan, being the part of the Soviet Union, directly experienced socialist collectivization of the peasantry and was among the countries that suffered from forced collectivization (Lerman&Sedik 2010). A kolkhoz movement started full scale in 1929 and forced peasants to join collectives in this process. But although the land was cultivated collectively during the soviet socialist regime, there still were household shares of land that belong to the rural people.

There are also a number of positive developments occurred with the collectivization and mechanization of agriculture, which facilitated urbanization and economic development (Wegren 2004). The agrarian reform redefined the state and peasant relations and constructed class relations in the rural economy (ibid). Gradually agriculture started to develop and created new job opportunities after collectivization (Yalçın-Heckmann 2010).

There were remarkable growth numbers in agriculture between 1965 and 1985, which were not affected by the Soviet slowdown after 1973 and showed spectacular results in agricultural production, which brought positive changes and improvements in rural people's life (Lerman and Sedik 2010). The land and labor productivity ratios increased two times during this period, parallel to the increase in agricultural output every year around 5.34%, due to technological investments and positive technological change (Lermann and Sedik 2010). Between the 1960s and the 1980s, agriculture experienced a decline in the share of the rural population in line with policies of Soviet industrialization and urbanization aimed to decrease the rural population in all Soviet republics, including Azerbaijan (ibid.).

But starting from the mid-1980s, agriculture in Soviet agriculture began to stagnate. In this process, Gorbachev's anti-alcohol campaign affected many agricultural related sectors and caused a slowdown in agricultural growth (Lerman and Sedik 2010). During this period, some restrictions in socialist agriculture were abolished, and individual agricultural practices were allowed. Parallel to global neoliberal turn, the Soviet Union also adopted some liberalization policies. This process in agriculture brought fundamental changes. From the mid-1980s, "the central Soviet authorities allowed the limited development of individual farms" (Davis 1997, p. 1410). They followed the process of agricultural privatization and or restitution, respectively, the transfer of legal ownership and property rights to individuals and or private actors and also returning the property rights to their 'legitimate' owners (Davis 1997). This culminated with the Land Reform that passed in 1996 and ended the collective socialist large-scale agriculture and established individual small-scale family farm system in Azerbaijan.

5.2 The political economy of decollectivization

The penetration of capitalist relations in agriculture in developing countries was an intriguing topic for scholars, especially in ex-socialist countries. Akram-Lodhi and Kay (2010) argue that one of the critical issues in agrarian question is the replacement of "one predominant form of surplus creation and appropriation into another predominant form of surplus creation and appropriation" (p.196). In Azerbaijan with privatization and land reform, the nature and the direction of the accumulation process underwent a radical transformation from being socialist to the capitalist. The market-oriented economy framework was adopted, and the needed institutions and legal based attempted to established in Azerbaijan after the dissolution of the USSR. With the 1996 Land Reform, the state ensured one of the main prerequisites for the development of capitalism in the countryside,

free ownership of land. Azerbaijan started to undergo the decollectivization process in 1996 and wholly dismantled of large-scale state and collectives into small family farms. It was intended to introduce agrarian capitalism as Stolypin reforms attempted to the same process in the Russian empire 100 years ago but within different political economic and social circumstances (Wegren 2004). Comparing to the first and the third world countries, the post-communist nation-states, as they were constituting the second world, reverted to capitalist development but this time under different conditions (Moore 2004). Also, in the Azerbaijani case, the development of capitalism was a renewing process. But as Gantt (2012) argues that the process of privatization of private property in Azerbaijan was a ‘newly created’ recalling that during the transition from Tsarist Russia to Soviet State land was already owned by the state and land transferred between tsarist state and soviet state. A small-scale, family farm-based structure in agrarian capitalism came to the agenda when the state socialist system as a political system collapsed (Rzayeva&Rzayev 2019).

Many accounts highly praised the Land Reform process in Azerbaijan. Azerbaijan ranked among the higher reform-oriented countries in agriculture (Spoor & Visser 2001). World Bank ECA Land Reform Index has given high indexes for the countries that new structure was dominated by individual farms and described them as advanced reformers (Lerman 2009). Rzayeva and Rzayev (2019, p.10) argue that the Azerbaijani Land Reform was “the most succesful land decollectivization process in the former USSR. Oblitas (2011) also states that it was one of the succesful cases of land reform implementation among the post-Soviet republics. Oblitas(2011) classifies its features as (i) full privatization of land (ii) transparency and equitable share principles the distribution of land; (iii) full transferable nature of land rights ; (iv) support packages in the form of credit and services (v) rapid and undelayed land allocation, etc. Lerman (2004) adds that it was based on the equal distribution of lands from former local collectives and state farms to the rural residents, without any restriction on age and occupation and with lottery selection of physical plots. Lerman and Sedik(2010) argue that differently from other countries that followed a two-stage process first determination of land shares and entitlements with paper certificates and second from paper certification to physical plots according to Article 14 in the 1996 Law of Land Reform, the simultaneity of the process in Azerbaijan was its specific nature. Another factor was the immediate recognizing of the selling and buying rights of landowners. Although most of the CIS countries accepted private landowners, they did not allow land transactions and made it a challenging process (ibid). Compared to a decade long debating and implementing of the

land reforms in other CIS countries, land distributed within four years (ibid). Therefore, the question arises, what was the political economy of decollectivization?

5.2.1 Decollectivization as a necessary step

Csaki and Forgasc (2009) argue that the dispute between farm types carries political connotations. The process was not governed from one aspect; instead, there were a number of political-economic factors that shaped the decollectivization process. Although decollectivization was carried out for many different reasons, transition specific reasons played a more significant role in this process, as Gray (2000) puts. The produced structures were the product of initial conditions and reform policies (Swinnen 2009; Spoor&Visser 2001). Swinnen and Vranken (2009) also argue that the initial conditions mattered in the decollectivization process.

The economic environment during the transition period played an important role in the process of de-collectivization. Together with the collapse of the Soviet Union, the economic links got ripped off. In some of the successor states, the disruption of economic ties with other Soviet block countries and widespread interstate wars caused the loss of traditional markets (Dixon et al. 2001). 1995 and 1996 were critical years in Azerbaijan; GDP was only 30% of the 1990 level, inflation was fluctuating around 400%, gross agricultural output (GAO) was 50% of the 1991 level (Dudwick et al.,2007). Lerman and Sedik(2010) describe the period between 1991 and 1996 as a catastrophic decline period in agriculture. Azerbaijan experienced the decline of the agricultural terms of trade during 1989-1991, like all other former Soviet Union (FSU) countries (Mathijs&Swinnen 1998), and it continued until the middle of the decade. The main question that started to concern politicians and economists was what would be the optimal farm size and which commodity production models should be established for efficiency and productivity in agriculture (Rzayeva&Rzayev 2019). In Agriculture, precisely which route to follow created vast debates; private land ownership or long terms leasehold together with the distribution of equipment (Lerman &Sedik 2010).

A number of accounts argue that the “radical land reform in 1995-1996” (p.25) in Azerbaijan, was an attempt to slow down the decline in agriculture that started after 1985 (Lerman & Sedik 2010). The purpose of privatization of farmland and property was aiming at increasing food productivity and efficiency, removing the food subsidies as being a burden on the state budget, and deregulation of food trade (Wegren 2006). Land reform was aiming

to increase farm performance and thereby bring improvement to the well-being of rural people.

Azerbaijan started to reform the process later than its neighbors. Although Privatization Law passed in 1993, it could not be implemented because of political uncertainty. The ongoing war and other political turmoils postponed the reforms in the economy. Early reforms attempts, following the post soviet Land Code of November in 1991, could not exceed the changes the Gorbachev's time during the 1980s which without bringing structural change only allowed the private land ownership to collective farm members in withdrawing their land share from large farms (Dudwick et al.,2007). Therefore, before the law 'On Land Reform,' in 1996, Azerbaijani agriculture was characterized just by the Gorbachev era of Reforms, allowing the formation of family farms and bringing flexibility for state and collectives in their decision-making process and large-scale socialist farms were functioning in the agriculture(ibid).

The chaos of the war was among the major reasons that push the state to pursue the decollectivization. The role of interstate war and internal political instability like in Georgia, Moldova, and Tajikistan created economic contraction, and it took time to recover from its effects (Spoor & Visser 2001). Azerbaijan was among the countries where the early phase of the transition period did not pass peacefully. The situation is further worsened due to civil unrest in Azerbaijan during the process of breaking up the Soviet Union, and also armed clashes and war with Armenia between 1991-1994 (Lerman and Sedik 2010). Spoor and Visser (2001) argue that the war on Nagorno Karabagh was among the reasons that Azerbaijan followed the decollectivization and dismantled the collective and state farm sector. By displacing millions of people, the war created another burden on the state budget, losing 20% of its land, and being under pressure of one million refugees eventually led to stagnation of the economy and damaged the stability of economic sectors and political life. Dudwick et al. (2007, p.59 note 20) argue that the presence of Armenian forces in Azerbaijani territory that was among the arable agricultural areas still accounts for the low performance of agriculture.

Within the chaos of the interstate and civil war, the free private land plot seemed a better option for many people (Lerman 2009). Lerman (2004) explains this with "the labor sink effect of individual farms"(p.64), which decreased the pressure on the urban economy in the period of rising refugee influx to urban areas. Understanding the labor sink effect of the individualization of land reforms found many advocates of land reform to facilitate it further

(ibid). Moreover, the private sector, with its small degree of mechanization, input demand, and the informal character of marketing, were among the many advantages in the adaptation to broken infrastructure (Spoor and Visser 2001). The private sector in the situation of disrupted communication and infrastructure with its subsistence and natural features by enabling marketing in short distance became the optimal solution(ibid.). Especially labor sink effect is effective in the poor countries where laid-off workers are not offered any prosperity to them in other sectors of the economy and either any social benefit if they leave the agriculture (Swinnen and Vranken 2009).

The issue is that, like in other post-soviet countries, rural household farming was turned into a ‘social question’ in Azerbaijan. As Borrás (2018) argues, a higher proportion of rural voters lead governments to formulate their rural politics in the populist line. Spoor and Visser (2001) also argue that some countries pursued land distribution reforms and dismantled large-scale farms for internal political reasons such as winning the people’s support. The Minister of Agriculture, Irshad Aliyev, says that in those years there was fear that agrarian workers and cultivators may oppose the reform because of its nature of including all rural residents, not only them (Yalçın-Heckmenn 2010). With land reform and privatization of the land, in this harsh period of political and economic life, when urban areas could not generate enough employment opportunities for absorbing rural people, agriculture was a significant sector that absorbed unemployed masses and played a source of stabilizing. It also became the foundation of future state agricultural policies. Refugee inflows, urban unemployment level started to reverse the trajectory of rural-urban migration, land privatizations created land redundancies in rural Azerbaijan (Lerman and Sedik 2010).

Agrarian reforms were started as soon as political stability was achieved in the country around 1995 and 1996. Swinnen and Rozelle (2006) also state that in countries such as labor-intensive economies, farm individualization in the form of distribution of land into households came after changes in governments and with their policies and political economy pressures. In Azerbaijan, power transferred from one ruling party to another in 1993, and a new government pursued the Land Reform in two-year after coming to power. One of the first attempts was the February 18, 1995 law “On the Basis of Agrarian Reform” and the law “On the Reform of State and Collective Farms,” which culminated with the “On Land Reform” was carried out on July 16, 1996.

The level of development and resource endowment affected policy choice and their implementation (Swinnen and Vranken 2009). Countries with abundant labor and scarce land and capital are suggested to invest in the small farm system, which argues that it is more socially optimal (Ellis 1998). In Azerbaijan, the pre-reform land/labor ratio was smaller compared to Kazakhstan, Russia, large corporate farms with some modification continued its functioning (Swinnen 2009). In countries with higher land/labor ratio, it was beneficial to shift from corporate to family farming (Swinnen and Rozelle 2006). Moreover, this factor proportion was believed to stimulate growth in agricultural productivity (Swinnen&Vranken 2009; Swinnen 2009).

It could be argued that in the condition of the increasing burden of large-scale socialist farms on the state budget on the one hand, and increasing poverty and instability in rural areas, on the other hand, made decollectivization a necessary process in the eyes of state officials. Lerman (1999) states that the common heritage of socialist agriculture was the collective cultivation of land in large-scale farms with “thousands of hectares and hundreds of member-workers” (p.271). Mathijs and Swinnen (1998) emphasized the importance of exit and transition costs and expected utility in the transition from collectives to individual ways of farming. The initial level of collective labor productivity was an important factor in the de-collectivization process. The countries with a low level of this index where state budget supported state farms more than collective farms, because of the increasing tax burden on the collective farms, these countries underwent rapid de-collectivization (Mathijs&Swinnen 1998). Until 1996 the former collectives and state farms were suffering from a number of difficulties. The government supported privatization policy, because “the former collective and state farms had become so unworkable” (Thurman 2004, p.2). People also welcomed the restructuring in collectives if their pre-reform productivity and capital capacity were low (Macours and Swinnen 1999). The increasing pressure of import competition, losing traditional export markets, and macroeconomic instability, terms-of-trade deterioration are among these problems (Thurman 2004). The agricultural production declined; there was also an increase in unproductive agricultural enterprises (increased to 87% during 1998) due to galloping inflation, adverse changes in the terms-of-trade and failed attempts of farms in the adjustment to the new economic circumstances (Lerman and Sedik 2010). The result was their inability to pay to laborers and suppliers and thus decline in rural wages.

Another reason was the foundation for individual agriculture. The process of liberalization in the Soviet Union during the 1980s was undergoing in Azerbaijan also. As the main

subsistence production and central to rural livelihood, household plots were not new; they existed during the time of the post soviet Azerbaijan. Yalçın-Heckmann (2010) argues the idea of “a spirit of private enterprise” started to develop and pioneered a new agrarian change during the 1980s when kolkhoz workers began to establish individual farms or use the socialist agriculture land independently to cultivate and market their products. Spoor & Visser (2001) also argue that small-scale agriculture in the Soviet Union that was represented by households and datcha gardens was producing 30 % of agricultural output on only occupied 2 % of the land. Azerbaijan in the state socialist period of the 1980s also had a substantial level of the private sector in agriculture, 36% in 1989 (Spoor & Visser 2001). It was the GAO contribution of small household plots with a total of 3% land control (Lerman and Sedik 2010).

The diversity in pre-reform technology also affects the transition pattern. The countries with labor-intensive technology experienced “a strong shift” from large-scale collective farming to small-scale individual farming” (Swinnen 2009, p. 723; Swinnen and Vranken 2009). These countries’ losses in scale economies were lower as they argue. Although the private sector increased its share during the 1980s, in the technological base that depended on large-scale irrigation and cultivation is not applicable for Azerbaijan. But still, Azerbaijan underwent a rapid decollectivization process.

5.2.2 The guidance of international organizations

Institutional pressure also played a special role in the implementation of liberal policies. Political and economic goals of market policies were governing the new institutional framework (Wegren 2006) that put pressure on the transition countries in the implementation of policies and programs. The principal political goal of the market reform “was the destruction of the communist legacy: psychologically, behaviorally, economically and politically”(ibid, p.537). Wegren (2006) states that the Washington Consensus was imposing its ideas on newly independent states, and the World Bank and IMF were the main drivers of the transition process. The IMF, with its credit conditionality, was imposing its market idea on the newly independent states. Spoor and Visser (2001) also argue that agrarian reform for transition countries was formulated in the Bretton Woods institutions and the World Bank played a special role in the transition process. Later the whole process was called ‘Washington Consensus.’ In economic terms, in the transitional economies, the proponents of de-collectivization praised it as a significant path to the development of capitalist relations in the countryside (Lawrance 2003).

Like in the developing countries, in transitional countries also liberal ideology brought pressure on privatizing state farms and collectives, transferring collective control of the land to private control and promoting commercialization of small-scale farms and enlarging the contract scheme in agriculture (Lawrence 2003). With Western encouragement, it also came to follow the individualization of land to adopt the market-oriented view of agriculture. The family-based private farm sector suggested, “as the panacea for agricultural development” (Spoor & Visser 2001, p.885). It was argued that family-owned private farms would outperform large-scale state and collective farms (*sovkhozy* and *kolkhozy*) in productivity and efficiency (Spoor & Visser 2001), and individualization would contribute to land productivity because of activating people’s private initiatives and incentives (Lerman 2009). Dudwick et al. (2007) argue that the regions and countries with less labor-intensive, the fragmentation of landholdings are costly, and privatization of land alone may not produce the expected outcome. But Azerbaijan is a labor-intensive economy; therefore, the results of egalitarian reforms could be applied there.

The redistributive and equity advantages of the small farm capitalism gets policy support from the World Bank and other international organizations (Rzayeva and Rzayev 2019). In this process, the World Bank supported states with technical guidance in the implementation of land reform (Dudwick and Sedik 2007). In *Food and Agricultural Policy Reforms in the Former USSR. An Agenda for Transition*, Studies in Economies in Transformation publication of the World Bank, it is said that individual peasant or family farms would be “an important vehicle for meeting the objectives of agrarian reform.”(1992, p. 73). In an economic sense, the privatization process was transferring economic assets from one economic actor to another, from communists to individuals (Wegren 2006). Dudwick et al. (2007) argue that land reforms were praised because of their role in transferring and granting individual private property and use right over land to ensure the efficiency of the farm. The pro-poor aspect of land reform was also emphasized. It was believed that giving rural poor a chance to have a land would promote entrepreneurial skills of rural inhabitants and thereby commercial farming (ibid). The World Bank also argues that reforming the food and agricultural sector, “if applied fully and consistently, will not only lead to higher living standards and sustainable consumption levels but will also minimize hardship during the transition” (World Bank, 1992, p. 10). This shows that although there was silence in rural development thinking in terms of small-scale farm support, with the collapse of the Soviet Union, it began to rise again.

Small-scale farm development was at the core of the farm privatization program that assisted by the World Bank in rural Azerbaijan (ibid.). Dudwick et al. (2007) argue that creating private, owner-operated farms was the main goal in Azerbaijan. The 1996 Land Reform also carries the market-oriented stance when it states its purpose as;

creation of new relations of land ownership on the basis of the principles of economic independence and social equality, development of market economy and entrepreneurial initiative, the achievement of economic independence of the country, including providing the population with food and increase wealth (article1).

5.2.3 The role of the state and the elites

In the Azerbaijani case, the state has to be taken as a main unit of analysis because of its substantial weight in the political-economic life since its independence. The civil society still lacks specific and properly working organizations and institutions even after 30 years of independence. The state is getting into and out of agrarian relations and complicates the process of accumulation. By analyzing the agrarian question in modern states, Byres (1986) suggests an analysis of the existence of dominant classes and the nature and the activity of the state. Therefore, in Azerbaijan, the analysis of state and dominant elite class is necessary to understand the decollectivization process.

In Azerbaijan, the state is an important social actor who is strong enough to impose its rules to organize and reorganize the way social, economic, and political life since the Soviet time. To deal with the problems of transition, state institutions, and structure, which were the legacy of the soviet system, also needed to adapt to new historical conjuncture. It was a “daunting task” to create an independent statehood institution after being Russian and Soviet colony for more than 200 years (Lerman&Sedik 2010,p.13). Emerging transitional states attempted to ensure their political legitimacy and, at the same time, to be in good relations with global financial agents in case of getting help to find a remedy to their chronic economic problems. People’s needs and international pressure on states, shape their policy and stance towards rural people. Therefore, state-society relations, as redefining the nature and the role of the state in this process, become so important.

In this whole process, the governments differed in their incentives to promote individual farming. Initially, as Köhn (2014) said, the Azerbaijani government also aimed at preserving the Soviet legacy of a farm structure. There was an idea of following the Russian and Ukrainian path (Lerman 2004). However, later state actively participated in this process. The

State Committee for Land was founded in 1992 and played a significant role in the implementation of land reform until its abolishment in 2015.

Although Lerman (2010) argues about enough parliamentary struggle over the land issue between conservatives and liberals, the reforms came from above in this region. As Dudwick et al. (2007) argue, countries such as Moldova and Bulgaria, where parliaments actively worked on the issue, land reform emerged as a political compromise between parties and its reflection was apparent in the countryside as a dual composition of corporate and individual farms (Dudwick and Sedik 2007). In Azerbaijan, this process was governed under “overwhelming political will” (Dudwick and Sedik 2007, p.xxvi). The result was 96 % of the cultivated land by individual farms in 2002. Farm restructuring and land privatization policy was supported by an “authoritarian government” under its control in the countryside; Thurman (2004) argues that this created a favorable political economy for the implementation of the program.

Together with economic liberalization and privatization policies to ensure the flow of foreign investment and be open to foreign trade, countries took the step to transform and adapt their agricultural policy to international standards. It was argued that western donor organizations had an impact on the governments that have inadequate resources; therefore, they have poor maneuverability to establish their preferred style of agrarian structure such as Kyrgyzstan and Georgia had to follow neoliberal policies (Hofman and Visser 2014). Although in Kazakhstan, half of the large corporate farms were not profitable during the early transition period, the government continued to support them, and the oil revenues gave the government a capacity to support large farms beside small individual farms (Dudwick et al.,2007). In this process, as Hofman and Visser (2014) argues the existence of resources gives states the power to resist the pressure from outside.

In the Azerbaijani case, despite having oil reserves, we do not experience state resistance to the international pressure of liberalizing the economy. Although it could be argued that the oil money had not entered into the economy during the mid-1990s, there is another explanation. Kapstein (2013) argues that the control of the natural asset in an economy and who acquires rent from its extraction share, shape the country's domestic politics. Lerman and Sedik (2010) argue that radical reforms that were carried out in the Azerbaijani agriculture paralleled the significant investment policies in the oil and gas industry in Azerbaijan. It could be argued that the rapid and smooth Land Reform served for the benefits of the elite and left the vast majority of the population outside the resource share.

The ruling elites attempt to offset one of the biggest parts of the population, rural people, from the oil share by granting them private ownership to land before the oil contracts bring the flow of international capital. As Collier (2004) argues that “natural resources curse” literature indicates the possible conflict in countries that depends on more natural resources such as oil. Therefore, the Land Reform played a crucial role in preventing possible cleavages between the elites and the rest of the population.

5.3 The political economy of call for large-scale farming

In order to understand a new call for large-scale farming to analyze the economic and political environment after decades of reform and how this affected the small-scale farm sector, we need to analyze the evolving structure in agriculture in Azerbaijan. There is a fragmented structure that governs the agrarian sector of Azerbaijan. As being small-scale agriculture, it is mostly family-based and family-managed. There are different statistics about the number of small farms and their arable lands. In 2012 there were “620,000 household farms, with an average size of 2,8 Ha” (European Union’s Neighbourhood Programme 2012,p. 12). Shalbuzov and Huseyn (2014) also give similar numbers; they add that average farm size was around 2.02 hectares, and 96% of all small private farms area ranges between 1 and 5 hectares. The average size was 2,6 hectares, and they accounted for 93% of the total agricultural production of the country (Khaliliov et al.,2015). In terms of land use, it claimed that 620 000 small farms occupy around 85% of agricultural lands. The 2015 statistics show that the largest group is family farms with 99% of the total number and average 2 hectares, including market-oriented individual farms and self-subsistence households average 0,5 plots. The large farms with more than 2-hectare areas are around 250 000, with approximately 17% of the total number of farms.

One of the factors that affect the farm’s size and agrarian structure is food production or commodity specialization. For example, in grain production, in contrast to vegetable or dairy production, the scale of economies gets more important (Swinnen 2009). Livestock, vegetable, and fruit production mostly require a small-scale to be more efficient (Spoor and Visser 2001). During the first ten years of independence, the production of industrial crops (cotton, tobacco, and silkworm decreased drastically. The severe economic conditions made farmers switch to the crops that ensure their survival (Azerbaijan CGS Final Report, 2000). Lerman and Sedik (2010) argue that an increase in vegetable production since 2000 is associated with the transition to individual agriculture, where smallholder farming is favored because of its labor-intensive character. The tendency of decreased cotton

production due to smallholders' unwillingness to grow cotton was experienced in Azerbaijan like in other CIS countries (Sedik 2007).

There is an ongoing increase in land concentration. It is known that after ten years of transition, the importance of corporate farms decreased to around 5% in the overall agricultural sector in Azerbaijan (Swinnen: 2009). In terms of occupied land, in 2002, 80% of farms controlled 25% of the land, and the remaining (extracting the state-owned land) 20% of farms controlled 75% of the land (Lerman and Sedik 2010). They argue that already in 2005, large-scale private corporate farms had a 25% share in total Azerbaijani agricultural land. The authors argue that a move towards “a more market-compliant farm structure” would bring productivity and efficiency in agriculture. Another study shows that the farms bigger than 5 hectares are 5% of total farms, but they use 48 % of all utilized agricultural land, but not all of them are corporate capitalist farms (van Berkum 2017). Between 2001 and 2008, the registered peasant farms declined, and also the area that they cultivated declined around three times (Csaki&Forgas 2009). Consolidation of farm structure is a process in progress, and important changes will take place in upcoming years (Csaki 2009). But it should be noted that land consolidation in the countryside can not be taken as sole proof of capitalist development in agriculture. Capital uses a number of mechanisms to subordinate the rural producers to its expropriation mechanism (Aydin 2018).

It seems that the major obstacle in the development of agriculture was seen the existence of a large number of small-scale producers in rural Azerbaijan. The former minister of agriculture in Nakhchivan (Azerbaijan), Rajab Orujov in his interview (Trend, March 2018), argues that the small-scale structure of agriculture creates difficulties in applying new innovative technologies to increase productivity. Moreover, Guney et al. (2013, p.60) also argue that “small portioned and subdivided land structure” creates problems in the development of the agrarian sector. FAO (2012) also among the critics of the small-scale structure of agriculture in Azerbaijan. Therefore, it could be argued that the call for large-scale farming by officials in Azerbaijan is meant to promote and support consolidation in land and shift to large-scale farming practices.

5.3.1 The stagnation in agriculture

The interest and expansion of large farming in the first hand may raise a question about the productivity and contribution of the current small structure of Azerbaijani agriculture. In the evaluation of the performance of farming in agriculture output and productivity growth are

the two most used factors (Fan et al., 2005). The share of agriculture in GDP because of the increasing share of the oil industry between 2000 and 2010 decreased from 16,1% to 5,5% (Elver 2019). It is seen that there is an overall decrease in the role and weight of agriculture in the Azerbaijani economy. Agricultural output or total volume of production increased around 7,7 times between 1995 and 2005 and around 3,1% between 2005 and 2015 (Elver 2019). The decline in output is evident during the last decades. Swinnen and Vranken (2009) argue that the productivity increased after land implementation in Azerbaijan, but it did not generate from labor leaving agriculture, which has been growing slowly, 3% or less (Swinnen and Vranken 2009). Instead, it stemmed from the development in other sectors, which with the increase in global oil prices produced the positive improvements in the financial conditions of farmers and farm productivity increased.

Small farms have a significant contribution to GAO in Azerbaijan, as they represent the important primary source of the domestic food supply. Almost all agricultural lands are individual tenures, and they produce almost the entire agricultural production (Csaki&Forgacs 2008). Small-scale farmers up to 3 hectares produce more than 90 percent of the country's agricultural output. Comparing large farms/agricultural enterprises, the FAO (2012) argues that the contribution of household and private farms is higher. Guney et al. (2013) also argue that peasant family units are the main actors in the private sector, but they have productivity problems, and this prevents further development of capitalism.

For a long time, rural people seem to be pessimistic about their well-being and future. The liberal accounts explain this by their higher dependence on agricultural income and suggest them to diversify their income sources. In the 2007 World Bank report on Azerbaijani agriculture Dudwick et al. (2007) argues that it was mostly because of their higher level of dependence (66%) on farming as a livelihood strategy. Another recent study also claims that 73,1% of the region's people's yearly budget consists of agricultural income (Uluchay 2013). They also claim that the higher level of dependence on household income on-farm production, 64% of household income is related to farm production, and 11% to employment, which carries risk. Another reason, as Dudwick et al. (2007) argue, was the deterioration of services in rural areas. They highlighted the importance of the creation of rural laborers for diversification of rural income. Because of these factors, they prefer to be waged laborers in large farms rather than engaging in commercial farming. These reports follow the WDR 2008's stance on the non- agricultural farm income as an important component of reducing poverty.

However, Haggblade's (2007) study shows that in rural areas, agricultural households have diversified off-farm and non-farm income such as teachers and civil servants as regular employment, and at the same time, they may have a family member who receives pensions. One of the sources of income is searching for rural or urban labor markets. Since 1989 due to economic difficulties in the urban areas and later, the land distribution policies contributed to the rural population growth (Lerman Sedik 2010). However, this tendency got reversed due to the developments in the oil industry and the neglect of the agricultural sector. The difficulty of maintaining cultivation and the costs of staying in agricultural production started to exceed the living in the city (Uluchay 2013). This situation triggered rural-urban migration, but urban areas with a low number of job creation opportunities could not absorb all the rural people. Rural-urban migration turned the capital city, Bakû, into an overcrowded metropolitan city (Sadiqov 2018b). With the migration to Bakû, in most cases, young labors "went right into the lines of the lower working class of the growing Bakû"(Rzayeva and Rzayev 2019, p.14).

Moreover, considering the share of agriculture in employment, which before the land reform was 30,7 % (Macours and Swinnen 1999), it does not change significantly over the past decades, and now it is even higher than 40%. The low level of employment opportunities in urban areas could not absorb the rural laborers. Akram-Lodhi (2007) argues that in the Caucasus region (Azerbaijan is also included) re-peasantization is developing. When the rural dweller senses the sluggish economic performance, they go back to land, to their last social safety fund. The lack of other sectors absorbing the exit from agriculture is one of the reasons behind the high level of the rural population. Rural areas also lack job opportunities; the areas that range between 1 and 3 hectares have some difficulty in accessing markets and benefiting the favorable terms (Elver 2019). It paves the way to the semi-proletarianization process in the countryside despite having land they choose to work in large farms as agricultural laborers or in other sectors of the non-rural economy.

Moore (1974) stated that "the smaller countries depend economically and politically" on big and powerful ones; therefore, the decisive causes of their politics lie outside their boundaries"(p.x). Besides Russian political weight in the region, the Russian market in economic means has a crucial impact on Azerbaijani people, especially on the life of people in the countryside. The main foreign market of the agricultural goods produced in Azerbaijan is the Russian Federation. Migration statistics show that there is a considerable number of people, although registered in rural areas, work in Russian markets try to survive through semi-proletarianization because of the low productivity and growth in agriculture. The

international sanctions and other political problems in this market directly or indirectly affect the livelihood of the small farm sector in Azerbaijan. Remittances that come from Russia are important in the life of rural people, and any decrease in the flow of remittances affects the well being and livelihood of the poor rural people. The last calculations show that every year around more than 1,5 billion dollars come to Azerbaijan as remittances. The region's people use off-farm income to invest in their land, and it helps them to survive and stay in agricultural production. Rzayeva and Rzayev (2019) argue that the slow down in the construction sector in Baku or the Russian economy can have more effects on rural life than the small farm sector in rural Azerbaijan.

One of the reasons for declining the role and profitability of agriculture is the support that small farms were not provided with after restructuring. The business environment for small farms is not favorable in rural Azerbaijan. Behind the stable macroeconomic conditions, farmers suffered from poor weak business environments, insufficient public institutions that could not serve the development of the private sector, which limit the investment (Dudwick et al., 2007). In the conditions of private-sector functioning in an inhospitable environment and barely receiving support from governments, there exists a low degree of incentive to start private peasant farms (Spoor and Visser 2001). They argued that a significant number of small farms leave the production because of the inhospitable environment for farming such as lack of efficient markets, proper institutions, credit, and financing sources, tendencies of rent-seeking bureaucratic handicaps, and increasing costs, especially rise in the prices of fuel and fertilizers. The existence of a supportive institutional environment is a significant aspect of the development of small-scale farming (Swinnen 2009). Spoor and Visser (2001) argue that institutional support is not adequate in Azerbaijan, and it is open to political manipulation.

There was “ a symbiotic (and even parasitic) relationship between private household plots and the collective or state farms,” during the Soviet regime which, within the physical and protection boundaries of collective and state farms, enjoyed the cheap inputs and labor (ibid, p.889). During Soviet times, household plots benefited from collectives; now, they do not have such an option they have to adapt to the market environment (Lerman 2004). As Azerbaijan moves to a monetized economy, access to social benefits became limited (Dudwick et al. 2007).

Bernstein (2014) argues that there is a need for state support for small farms via subsidies, their income and consumer prices, etc. “a list of demands that no modern state has satisfied”

(p.1054) with the loss of state support through the neoliberal state. Contrary to the previous period, when the central management aspect of the Soviet system was dictating the production, nowadays small farms are for themselves (Uluchay 2013). State control on inputs and outputs, central-administrative command system, and state-owned enterprises such as agro-processors, distributors, and the retail sector also has been eliminated. Dudwick et al. (2007) argue that government agencies such as the Ministry of Agriculture also lacked to advise on regulation and implementation of agricultural policy to the government. The reforms abolished the centralized system of procurement, processing, and distribution. The level of rural service in Azerbaijan was one of the lowest performance compared to other CIS countries (Dudwick et al. 2007).

Producers pay taxes for trade barriers, and states also imposes taxes through intervention in the agricultural markets (Dudwick et al., 2007). The existence of multiple intermediaries between the producer and the consumer reduces the profit and income generation potential of agriculture for small farmers (Csaki&Forgacs 2008). They have to compete with more productive producers and also overcome institutional and bureaucratic barriers to sell their products and reproduce themselves. Despite that the state heavily subsidized agriculture, the studies show that there are severe handicaps that have in the prosperity of the development of small farms. The corruption in the system is one of the significant impediments that, most of the time, eliminated the equity in the delivery of government subsidies. According to Transparency International's Corruption Perceptions Index 2018, Azerbaijan ranked 152 among 180 countries.

There is a shortage of machinery, difficulty in accessing credit, lack of bargaining power for small-scale farmers (Lerman 2004). FAO (2012) also argues that the lack of mechanization is among the main problems for higher yields. During the reform process, the technology was mostly privatized and their prices were shared among the employees in a monetary form, which poses a difficulty for small farms to get equipment for cultivation after the individualization of agriculture (Rzayeva and Rzayev 2019). Lack of links between the small farms and the state makes them more vulnerable and less productive against large-scale agribusinesses (Elver 2019). The survival of individual small farms is low because of the challenges they have faced over the past years (ibid). The findings show that large producers can easily have access to markets and cooperate with the big processors, multinationals, and retailing businesses, but small ones struggle to adapt to the market relations and face severe obstacles in realizing and delivering the supply to their trade partners (Csaki&Forgacs 2008).

Another explanation for the low performance of agriculture is the higher level of monopolization of the economy. Spoor and Visser (2001) argue that the emergence of markets face some problems such as monopolistic structure in which local and regional elites dominate and prevent peasants from participating in a market economy and push them to more barter trade and self-sufficient production strategies. These ‘mutant’ markets (Ellman, 2000) were not the markets that the policymakers expect to see (Spoor and Visser 2001). There is also a strong monopolization in agricultural technology imports, which makes it challenging to access them, especially for small wheat farms who need machinery to cultivate (Rzayeva and Rzayev 2019). Guney et al. (2013) argue that the elite bourgeoisie does not favor open market relations and competition, which has a devastating impact on small entrepreneurship. The World Bank publications call for breaking up those monopolies in agriculture, especially in the fruit and vegetable sector (Onder 2012). It argues that by eliminating input and output sector monopolies, rural jobs and output can be boosted (ibid.). Another reason for postponing WTO negotiations is related to the loss of these monopolistic advantages.

Most of the time, being small is used interchangeably with subsistence farming. Commercialization and the development of capitalism in agriculture are expected to pave the way for agrarian capital. The Azerbaijani agriculture characterizes the low level of commercialization and dominance of subsistence production (Sadiqov 2018a). Like in other regional countries, small farms are subsistence-oriented and cultivate the land for their consumption, and they take to the market only surplus harvest (Csaki&Forgas 2009). Although the export potential of a number of products such as cotton, foodstuff has long been emphasized by the international agencies (UN, 2006), Azerbaijan is still a net-importer in agricultural and food products (van Berkum 2017). Lerman and Sedik (2010) argue that family income increase is correlated with the increase in farm size and commercialization. Depending on the size of family holdings, the sale of products ranges between 25% and 55% of family income. Therefore, many scholars and state officials also have emphasized the importance of increasing commercialization in Azerbaijani agriculture (Lerman 2004, FAO 2012).

Some problems are related to the development of corporate farms. They do not also function properly like their counterparts in other transitional countries. In this process, the institutional environment affects the functioning of large-scale farms. Corporate farms in European ex-socialist countries continuously attempt to decrease their costs to survive in the market economy due to being a part of the European market, but the Azerbaijani government

has not pursued such policies that can push large farms to increase competitiveness (Dudwick et al. 2007). Because of that performance of corporate farms, it is unlikely for them to be productive like family farms. While elites and middle-level bureaucrats invest in land production by leasing or owning land, they hire former collective farmers as a manager to organize the production in large-scale commercial agriculture (Rzayeva and Rzayev 2019). In the absence of the agrarian capital invested, agricultural enterprises do not act like the counterparts of large-scale corporate farms and are not sensitive to profit loss due to the reason that they do farming as a hobby (Rzayeva and Rzayev 2019). It also decreases the competitiveness in the market, on the one hand, it blocks the way of small farm capitalism, on the other hand, it impedes the large-scale corporate farming in real meaning, which is sensitive to market prices and competition.

The dismantling of socialist agriculture, which depended on the big irrigation system, did not supplement the cultivation system that could facilitate the development of small-scale agriculture. Therefore, the disorganization and loss of scale economies have their costs, especially in labor-intensive systems rather than capital intensive (ibid.), like Azerbaijan. Swinnen and Vranken (2009) argue that input and services constructed for the needs of large-scale farms are not beneficial to individual farms. Additionally, a costly irrigation system in the new system made it difficult for provincial capital to invest in this system (Rzayeva and Rzayev 2019). The problems in the irrigation system were also mentioned by foreign experts and investors (export.gov 2019).

5.3.2 Was the Land Reform responsible for the low performance of agriculture?

Over the past decades, due to drops in agricultural production and rural public services, a number of criticisms were addressed to the performance of the Land Reform regarding the difference between its premised potential and reality. Within the parameters of the growing interest in large-scale farming, it may also raise a question about the path of development that Land Reform intended to establish; the small-scale farm development path to capitalism.

The supporters of the Land Reform argue that the reasons for stagnation in agriculture have to be looked for in the transitional related handicaps that states were trying to escape. Dudwick et al. (2007) in the World Bank publication argue that the early transition period, especially the economic distortions in the 1990s, were apparent before the introduction of land reforms. They argue that land reform was the part of the solution, not a problem, and if not implemented, the deteriorating collective systems could continue in agriculture. They

also claim that the transfer of land from corporate to individuals increased the performance in agriculture because of the higher yields in individual farms, which is consistent with the World Bank small-scale farm narrative.

Lerman and Sedik (2010) create a link between recovery, output increase, rural income increase, rural poverty reduction, and the Land reform. As they argue, the 2003 World Bank survey also approves that, through land reform, families increased their householding around two hectares, which contributed to an overall increase in crop yields. They argue that land reform was the prominent part of the market-led reform programs, and it brought GDP growth through energizing agricultural recovery. The pro-poor character of the land reform brought improvement in poverty reduction. The two effects of land reform on poverty reduction were increasing incomes through the distribution of assets and benefiting rural poor through livestock and land distribution (ibid).

Although some improvements came with the Land Reform, there were negative consequences; the deterioration of rural services, loss of jobs due to the deterioration in the Soviet economic system and state and collective farms, which contributed to decrease well-being and standard of life of rural population (Lerman and Sedik 2010). The deterioration and fall in the collective farm system and other inherited distortions, such as elimination of subsidies, price liberalization, and incomplete reforms, played a significant role in the fall in agricultural production (Dudwick et al. 2007). According to the Statistical Community of Azerbaijan, the number of workers in collective and state farms was around 490 000 in 1995, which then decreased to 24 000 in 2000 and 17 000 in 2005. It was a massive rural labor shedding. Deterioration in rural services and losing jobs in food processing also contributed to income losses (Lerman and Sedik 2010). FAO (2012) argues that land privatization and disbanding large-scale farms established small private farms that were not ready to take a new task. Coming from the background of employees in state and collective farms, rural producers did not have sufficient practice in private farming.

Critics look from a different prism. Csaki&Forgacs (2008) argue that reforms in agriculture have been over-politicized, consequently have resulted in many economically questionable decisions in the post-socialist space. Spoor and Visser(2001) argue that the Land Reform neglected the particularities of the political economy of the Soviet Union during its demise. The problem was the application of land individualization and privatization experiences of the Asian rice producing economies within the FSU, where “farmers, during more than 70

years of socialism, have been converted into workers in farm enterprises” (p.886). They neglected the higher capitalization of large-scale farms and “well-functioning backward and forward linkages” in the FSU, which eventually created problems in their division (p.886). Therefore, it was based on “the wrong premise of the existence of a land-hungry peasant farmer class that just needed land and market liberalization”(Spoor and Visser 2001, p.898), which was widespread during the post-war period. Besides that, the partial explanation could be the superficial application of the successful post-socialist land reform and restructuring experiences of China and Vietnam in the FSU (Lerman 1998). It was assumed that land privatization, deregulation, and market liberalization as a whole peasant sector would be a driven factor in the market system in transitional economies. Like in the 1980s, perceptions were that the peasants would change from a subsistence sector and would be placed within the market system as the smallholder sector (Spoor and Visser 2001).

5.3.3 Stagnant capitalist relations in the countryside?

The land use pattern can depict the situation in the Azerbaijani countryside. There are two important books that produce different pictures of the countryside in terms of land use and farm structure. The study of Lerman and Sedik (2010), *Rural Azerbaijan* claims that small-scale agrarian capitalism emerged and developed in the countryside. They came to this conclusion by using official definitions and statistics and depicting the quantitative account of the land use and farm structure. On the other hand, Yalcin Heckmann (2010), with the *Return of the private property*, conducted a study in two Azerbaijani agricultural communities and analyzed the livelihood strategies claims that the small farms do not farm their share of land due to lack of support and difficulties. She attempts to find an answer to why, despite having a land share from the Land Reform, people do not farm their land, although there is rising unemployment and poverty (Gantt 2012). She argues that, despite receiving free land from the state, ‘these residents received hardly any incentives or resources for rural production’ (Yalçın-Heckmann 2010, p. 72). Gantt (2012) argues that her book, challenges the liberal economists' rationale of increasing agricultural productivity, which lies at the core of individual ownership, and Azerbaijan is one of the best examples to test the private ownership hypothesis.

In their recent survey, based on the statistics of Azerbaijan’s State of Statistics Committee and Ministry of Agriculture, Rzayeva and Rzayev (2019, p.8) claim that “commodity

production on individualized land shares” does not correspond as the primary livelihood strategy of rural people. Instead, they argue that livelihood strategies depend mostly on wage labor, state payments, migrant remittances, petty trade, and others. Remittances and money transfers are important off-farm income like wages and salaries (Ellis and Biggs 2001). This is consistent with the WDR 2008 ideas which suggest diversification in income either towards the labor market and rural off-farm job market.

Although land share gave some hope to cultivate the land and became economically self-sufficient, it was not easy to realize this, and for some, it remained as “cherished dream”(p.18). Therefore, ‘the desire for autonomy’ as one of the assumed “inherent productive possibility of smallholders”(Kuns 2016, p.484) is blocked. Due to better “retail connection,” using corruption mechanisms in the system and getting political supports, the big and rich producers became more advantageous. Thus, in commodity production, large landholdings have a significant weight. The individualization of land is marginal, and family farm capitalism has no real meaning in rural Azerbaijan. It comes out that the individualization of agriculture was not sufficient enough to base the livelihood on land; people who are interviewed tended to discount the land share among their livelihood strategies, as leasing land to large farms was a common tendency (Rzayeva&Rzayev 2019). In this sense, Rzayeva and Rzayev (2019) argue that the collectivization of 3 million hectares of collective and state farms could not facilitate small-scale farming practice. Thus, there is a tendency to leasing land shares in the countryside of Azerbaijan. This is consistent with Henry Bernstein’s (2014) argument that in capitalist ownership of land, there is not any necessity to farm the land by the owners; they can lease or rent the land to other producers. Bernstein et al. (2018) also argue that in the Global South, many rural people are either “too poor to farm,” by selling their labor power, they reproduce themselves which is one of the “widespread and crucial expressions of the effect of differentiation”(p.712). One of the reasons he argues is the lack of sufficient capital to cultivate their land.

The latest studies in rural Azerbaijan show that the seasonal laborers on large farms appreciate becoming manual laborers in seasonal work and earning wage labor instead of cultivating their land due to the relatively higher revenue of former (Rzayeva and Rzayev 2019). Rzayeva and Rzayev(2019) show that working as seasonal wage laborers, leasing land shares, and leaving land without cultivation are common tendencies among the Azerbaijani rural people who turned from landowners into seasonal laborers; they became proletarianized wage laborers after land reform. When Kautsky (1988) discussed the persistence of small farms/peasantry under capitalism, he argued that small farmers are

needed as the workforce for large farms. The producers of petty commodities sell their labor force rather than the commodity and these processes characterize the proletarianization of the peasants, which depend on the parcelization of land (Aydin 2018).

Another tendency in the Azerbaijani countryside is that people leave rural areas in order to live a better life. This is the same tendency in the neoliberal period, like in other parts of the developing world. During the third food regime period, the role and the significance of agriculture decrease parallel to increasing difficulty in cultivating land by small-scale farmers. Kautsky (1988) argued that agriculture would be squeezed by peasants themselves with the wish to obtain the same wage level with the other sectors (as cited in Aydin 2018), and with increased living standards, rural dwellers leave the countryside.

There is a significant problem in the definition of small producers in the countryside. As Cousins said (as cited in Kuns, 2017), lacking precise definition in both empirical and conceptual meaning becomes the main obstruction to determine the success and viability of small-scale 'peasant' agriculture. It is also apparent in the analysis of the agrarian production forms. Lerman and Sedik (2010) argue about the development of small farm capitalism after land individualization in Azerbaijan. Yalçın-Heckmann (2010), in her turn, challenges this understanding and argues that they lease out their land to large and middle-size farms or work as seasonal wage laborers in their land. As Rzayeva and Rzayev(2019) argue, there is a definition problem. Lerman and Sedik (2010) use individual farms to define all non-corporate farms, which are used interchangeably with a small farm. Rzayeva and Rzayev (2019) argue that they fail to see the inherent differences of individual farms that used Azerbaijani State Statistics (ATS), which are not reflected in their categorization also. AST used to group "private owners, family peasant farms and households," which classify in the same category (2017), and this categorization is useful for the government in the interpretation of transition as a successful case in creating small-scale capitalism. That is the source of discrepancy between quantitative and qualitative accounts, as Rzayeva and Rzayev(2019) argue. Nevertheless, Lerman and Sedik (2010 p. 109) also argue that "farming is the main source of income in the big large farms instead of small farms," in which the latter one's livelihood income comes from such as wage social transfers, etc. Lerman and Sedik (2010,p. 108) also state that peasant farms are larger production units than household plots, and leasing out accounts for 93% of the peasant farms. Recalling that in the 2003 World Bank survey, only 6 % of household respondents were leasing out their lands. However, the 2019 survey shows that this picture is changing.

Since the Land Reform process that initially created problems, the state has been following its post-privatization farm support policies and continues its subsidies and cost reimbursement policy (Lerman and Sedik 2010). Food production is closely related to the energy cost fluctuation, and the Azerbaijani state supplies small producers with discounted fuel energy, and thus decreases their overall costs. The 2007 January Presidential Decree is on bringing half reimbursement of farmers' fuel and fertilizer costs. The State Agency on Agricultural Credits under the Azerbaijan Ministry of Agriculture and Azerbaijan National Fund for Entrepreneurship Support provides loans for agricultural production. The government encourages agricultural producers also through tax exemption, including for land and provision of subsidies on fertilizers, fuel, seeds, seedlings, and wheat production (Suleymanov et al., 2017). The government gives discounted credits; provides mineral fertilizers with 50% discounts and charges only for land tax, and not any other taxes. 2008 Rural Development and Food Security Program offers 100 manats (lower than 100\$) per year and free seeds for cultivation of wheat and grants insurance, making increasing farm size more advantageous because of the possible increase in total benefits in the situation of constant small farmers' costs (Eliyeva 2012). However, it remains marginal considering how low the monthly contribution of subsidies to the farmers' budget is. And also, because of the problems of transparency in the system, acquiring those subsidies became not an easy task for small rural producers.

5.3.4 Internal economic structure

The internal structure in the economy can help explain the agrarian change in rural Azerbaijan. As Byres (2016) argues, the full understanding of agrarian transition necessitates looking at the relationship between the industry and agriculture. Hazel et al. (2010) also argue that the importance of agriculture in creating stimuli to the overall economy varies from country to country depending on the country's specific characteristics and possible potential of agriculture and non-agricultural reserves and manufacturing in the overall growth. Additionally, Dudwick et al. (2007) also argue that land reforms and their implications for agricultural performance can not be evaluated separately from the rest of the economy, which has spillover effects on the outcomes.

One of the explanations for the neglect of agriculture for the past decades is the internal structure of the economy that highly depends on the development of the oil industry. The oil industry shaped the overall development of the economy and changed the political economy of this agrarian society. It was one of the important agricultural areas in the Soviet Union.

However, Azerbaijan has lost its agrarian capacity during the last two decades of its independence period. The unbalanced nature of the economy of Azerbaijan due to the oil sector (Dudwick et al., 2007) later contributed to further negligence of the agrarian sector. Like in other resource-based economies, reserve extraction shaped the whole economy and its development trajectory. 1994 Oil contracts were signed more than 30 companies from 15 countries in which the value of contracts was valued in more than 60 billion dollars (Bayulgen 2003). Through the petrification of the economy, it transformed into a resource-based economy (Lerman and Sedik 2010). Razayeva (2013) argues that the IMF and the World Bank were influential with their recommendations of choosing the development strategy of the country as oil extraction, which caused the future stagnation of the countryside. The role of agriculture declined in parallel to new developments in the oil industry. Although Lerman and Sedik (2010) evaluated it as a normal trajectory in the transition to a market economy, the growing importance of the oil industry was a more significant factor in this process.

The oil production also shaped the structure of capitalism and capital accumulation process in Azerbaijan (Guney et al.,2013). The centrality of oil in the economy has significant implications for the development of the agrarian sector. Agriculture in this period decreased in numbers in its share in GDP which went from 25% to 5% (Uluchay 2013). The food production sector also does not differ much from agriculture. However, as the main foreign currency source, this sector has been playing a vital role in supporting the capital accumulation in the non-oil economy. Between 2005 and 2015, the economy showed a sufficient growth rate, which generally stemmed from energy sector revenues that fueled the economy. (Khaliliov et al. 2015). Dependence on oil revenues made the economy highly sensitive to oil price fluctuation. Investment statistics show that agriculture absorbs only a small amount of foreign investments and, especially during the oil booms period, this number decreased importantly (Khaliliov et al., 2015). The foreign oil companies, like in the late 19th century, are not interested in investing in other sectors of the economy than the oil sector (Guney et al.,2013).

There is a direct relationship among the oil money, state role in the economy, and the fate of small-scale farms. Guney et al. (2013) argue that the oil dollar is another reason for the high weight and control of the state in the economy. The flow of oil money decreased the importance and the role of agriculture in the eyes of the government. They argue that by establishing the rentier state, it suppresses entrepreneurship and the development of capitalism and capitalist relations. Therefore, contrary to expectation, oil production has not

brought a safe, grounded development path in Azerbaijan and particularly in an agrarian economy that was based on small-scale agriculture.

5.3.5 New institutional pressure?

The international organizations are also interested in capitalist penetration into Azerbaijani agriculture. The extensive farm assistance programs in transition countries are increased at an unprecedented level initiated by donor institutions. These programs include credits, input provision, quality control, transportation, and, in some cases, investment loans and guaranties (Swinnen 2009). There are joint programs with the World Bank, which invest in rural infrastructure and greenhouse farming (Market Analysis 2019). The major donors have emphasized the necessity of the adoption of intensive methods or agricultural-best practices that will increase productivity compared to traditional methods (Sadiqov 2018a).

The foreign representatives in Azerbaijan claim that the main reason behind the lack of efficiency in agriculture is the fragmented structure, which divided 800 large sovkhozes and 600 kolkhozes into small-scale farms (Market analysis 2019). Their report argues that they cultivate between one to three hectares and need technology, finance, and expert advice. However, they are optimistic that there are signs of an effective production structure such as agricultural enterprises and farms, agricultural parks, and agricultural cooperatives. Foreign experts from the US also argue that the small-scale structure of agriculture, consisting of individual farms with roughly 2 hectares of that emerged after Post-Soviet Land Reform, is the main “structural impediment to larger-scale agriculture, mechanization, and consolidation” (export. gov 2019).

The international financial and donor organizations expressed their concern about the structure of agriculture in Azerbaijan. The World Bank 2011 report for improving agricultural productivity in Azerbaijan analyzes the problems of agriculture and points out that the fragmented small family-owned structure of agriculture creates problems in accessing inputs and credits for productive agriculture. It is also consistent with the new developments within the WDR 2008, which expressed its concern about small-scale agriculture. Besides that, Producers’ Organizations also are good examples in which the World Bank 2008 report also emphasized its formation. It was emphasized because it was thought that it could help to benefit from economies of scale where smallholders are the majority of rural producers. In the Azerbaijani case, the state is the main actor for creating of Producer’s Organizations.

There is also pressure on the state apparatus about the creation of the land market. The land market has higher transaction costs and lengthy procedure of land titling and registration (Lerman 2004). Lerman (2004) criticizes the Azerbaijani state for not sharing and making public its land buying and selling information, although having a good land cadastral and land registration system. Another issue is land leasing, which also creates a barrier to the development of land markets. Large farms, instead of dealing with the bureaucratic procedures, prefer to lease land from small farms. On the other hand, small farms, instead of selling land, prefer to lease it to larger farms and keep their land as their safety net (Lerman 2004). The inadequate titling system of land is the main concern of foreign investors (export.gov 2019).

Experts call for removing soft subsidies because they claim the government favors large farms with these mechanisms. Because of the small percentage of the corporate farm sector, the report calls for supporting mid-sized family farms in Azerbaijan. They argue that “the shift to individual farms can yield substantial incentive benefits and better labor governance that outweigh the relatively modest losses in scale economies”(Dudwick et al., 2007, p.62). Dudwick et al. (2007) argue that the government should support “the transition from high-employment, low-wage agriculture to low-employment, high-wage agriculture”(p.66).

Moreover, Dudwick et al. (2007) also argue that the government should support alternative employment opportunities for young people and assist in acquiring the needed skills. These statements are compatible with the WDR 2008 report, which expressed its support for programs and policies that would increase the rural people's other job opportunities and, therefore, would help them to leave agriculture. Recalling that there is a high percentage of rural people in Azerbaijan, the report believes this could help to decrease rural poverty and contribute agricultural productivity through increasing labor productivity.

5.3.6 Large farming as a global trend;

As the previous chapter explored, there is growing pressure on small farms in the world. At the same time, there is a growing interest in the expansion of large farming during the third food regime period. McMichael (2016) argues that circulation relations, both referring to commodity markets and the involvement of the state in the world market, can explain how the local land users and rural producers interact with “a global neoliberal regime within particular property relations specific to each state” (p.561). In this sense, to evaluate the existence of these factors in Azerbaijan, we need to elaborate on the rate of integration in the

world agricultural food commodity markets and the level of international capital in rural Azerbaijan.

The growing impact of the market demand shapes and gives a new structure to the relationship between small-scale farmers and the global market. Although Azerbaijan's involvement in global agricultural trade indexes is below the average (Onder 2012), as Rzayeva and Rzayev (2019) argue in rural Azerbaijan with Michael Woods' (2007) term, a "global countryside" can be observed in the remittances from abroad" (p.27).

The integration of small farms with the global markets mostly develop through access to the Russian markets in Azerbaijan. The World Bank 2011 report, in the example of one of the local small-scale wheat producers, indicates the tendency in production, where a producer switches to growing sunflower after the suggestion of local adviser because of high demand in Russia. Tagayanagi (2006), in his analysis of trade flow patterns in the third food regime period, states that in Azerbaijan like other ex-Soviet block countries, there is a "flows to Russia" pattern. He explains this dependence as social closeness similar to the other parts of the world where ex-colonial countries depend on the ex-colonial powers after independence.

In the third food regime analysis, the production of fruits and vegetable occupy a particular space. Azerbaijan has become specialized in the production of these items. Fruit and vegetable production focuses on agriculture (Spoor & Visser 2001). However, this is not a new tendency; the food processing industry was one of the rapid growth sectors, especially fruits and vegetables became the most export-oriented products in this industry between 1987 and 1989 (Lerman and Sedik 2010). The increasing demand for fresh food and vegetable production in global markets also changes the supply of these products where quality and delivery get more importance and shapes the production structure of agrarian sectors. And also looking at the products that intended to grow in large-scale farms; raw cotton, circuits, tea, tobacco, rice, hazelnut, etc. (ibid) that are among the most demanded agricultural commodities during the third food regime period. Especially there is a special emphasis on cotton production through large-scale farms.

Due to the globalization of food chains, under the pressure of macro food companies, retailers' agriculture is undergoing radical restructuring in production (Swinnen, 2009). And newly independent developing countries in ex-socialist areas are exposed to these global economic and political pressures, and their corresponding agrarian policies are shaped under these new circumstances. In the Azerbaijani case, the state played a role in the penetration

of capital into the countryside. Nevertheless, recalling that more than half of the budget was composed of revenues that come from selling oil products, the indirect existence of international capital in the Azerbaijan economy became more obvious. The state usually adopts the strategy of acquiring foreign capital from the oil extraction sector and then distributing that money among the other sectors of the economy. Therefore, the impact of global market imperatives, price, and taste changes affect the small commercial farms.

The WTO Azerbaijan relations can also explain the level of integration with the global agricultural commodity markets and its possible impact on Azerbaijan. The state has kept postponing the negotiation of membership with WTO for a long time by bringing the excuse of unfavorable terms of membership treaty for the development of its domestic economy. The negotiation of membership to the WTO has been continuing since 1997, and after meeting fourteen times, the sides have not reached any consent. The Azerbaijani side intends to join under suitable conditions. The main concern is to protect national businesses and manufacturing and especially the agrarian sector, as government officials claim. Officials insist on to be accepted as a developing country, which will allow protecting the agrarian sector from international competition. The rate of subsidies for agriculture exceeds 15 %, but WTO insists on lowering it below 10 %. Therefore, Azerbaijan is still out of the area that WTO as the leading institution during the third food regime period that imposed the liberal policies and trade liberalization.

It could be explained with the avoidance of making the same mistakes that other developing countries made with the structural adjustment programs imposed on them during the 1980s, which was a failure for developing countries. Besides that, the 2007-2008 food crisis led governments to think about their respective food regime policies again. The food security concern again grasps the attention of politicians, and in this process, how to organize the customs system and tariffs on food imports get special importance. In the Azerbaijani case, besides this reason, the oil money gave the government capacity of maneuver, which did not feel the effects of the 2007-2008 global financial and food crisis.

5.3.7 Internal dynamics of societies

As Paulino (2014) says, both in urban and rural areas, “concentration and dispersion” are generated by the logic of capitalist accumulation, and its severity and unevenness depend on every country’s own internal power relations. The existent class structure in the country determines and pave the way to the development of production relations. There is a very

extreme class cleavage between a tiny minority of wealthy people and the rest of the people. The elites who stand in a high position in society have political positions or close relations with the ruling elites. The dominant class who controls the state utilizes the system for their benefit. The post-independence national elites in Azerbaijan create monopolies in all sectors of the economy, and the agrarian sector is not exceptional in this issue. However, the working of it in the agrarian sector is different. The dominant classes in society through creating monopolies have already shared the economy among themselves. Almost all commodities are under the control of either strong bureaucrats, party members, or elite groups. As mentioned before, Azerbaijan does not intend to join the WTO, which decreases the role and weight of global changes and developments in farming and agriculture. Having a careful look at the performance of the agrarian sector in the economy over the more than 20 years, the WTO- Azerbaijan relations also raises a serious question of whether the protection works for the well-being of people and the domestic economy or the monopolies of elites. In the existence of state activism in the economy, strict trade regimes benefited mostly for elite groups that close to the government. The main reason behind postponing the negotiation is the necessity and responsibility of removing monopolistic structure in an economy by the respective countries. Therefore, considering the high level of the monopolization in the Azerbaijani economy, it could be argued that it is the main reason that blocks the WTO membership negotiations and keeps postponing it.

5.3.8 The peasant adaptability and resistance to a market economy?

There is an ideological polarization in understanding the peasant attitude. There are some studies in Azerbaijan which argue that peasant opposes to a market economy and are not willing to cooperate. The moral economy of thought argued that peasants oppose and resist commercial agriculture (Scott 1976). However, the political economy approach is looking at it as one element of a general understanding of peasant attitudes. There is a number of political-economic factors in play. The legacy of the socialist economy is not only visible in the state actions but also the response of small farmers. Nowadays, they show reluctance to join cooperatives and to compromise from their land ownership rights because the people were exempted from possessing ownership status in the land during the Soviet regime. Csaki&Forgas(2009) argue that there is a “ general negative attitude to cooperation” (p.12). They explain this behavior with the negative experience with collective farming from the communist period has made a significant negative impact upon farmers' attitude toward any form of co-operation (ibid). This makes the state take some action to create cooperatives and stimulate and foster large farms.

Sadiqov (2018a, p.15) argues that there are some important causes behind the resistance of small farmers to innovative methods, such as “average farm size, government policy toward agriculture subsidizing and farmer’s attitude towards agriculture as a vacation.” In this token, small size farms are not willing to adopt new methods and technologies. State subsidies are shown as problematic in this picture because of the behavior that is sensed among peasants towards them in which they are waiting for everything from the state as the leading provider of equipment and fertilizers, which eventually make them dependent on state policy and action. They were also nostalgic about the soviet or socialist state; there is a particular group of people who “longs for the restoration of former Soviet farming system (kolkhoz and sovkhoz)” (Ulucay, 2013, p.3). The cultural continuity thesis argues that peasants “retained egalitarian and collectivist values from Tsarist and Soviet times”(Wegren 2004, p.377). There is an ongoing Soviet legacy that reveals itself in farmer’s attitudes as they underestimate the knowledge and technical awareness, and just like in Soviet times, they wait that government will provide them with the relevant resources (Sadiqov 2018a). Even in the small positive outcomes of implemented projects, there are examples of peasants’ reluctance to cooperate. For example, local farmers refuse solar panels, which would have decreased their electricity expenditure. There is an apparent resistance to innovative cultivation or other methods suggested by the donor organizations (Sadiqov 2018a).

5.3.9 Economic difficulties, the large-scale farming interest, and cooperatives

Developing states started to concern about their food security, especially after the 2007-2008 food crisis. In Azerbaijani case, in this period because of a higher level of oil prices in the global markets, the state was not concerned about food security. Especially during the oil boom period, food imports have grown enormously, and to finance the increased import was not a serious problem for the state. For a long time, oil dollars provided the economy with hard currency to finance imports. After increasing the importance of oil revenues in budget, the agricultural sector was neglected for a long period, but state subsidies continued due to legitimacy concerns. The capital investment and expenditure from budget to agriculture were represented in low numbers over the oil boom period. The state was not concerned about economic productivity; instead, the main concern was the stability in the countryside, though ensuring a low but stable level of income.

After a decline in oil prices, in order to sustain the accumulation process, the Azerbaijani state had to turn to the agriculture sector. With the decline in global oil prices and the economic crisis in 2016, the government had to pay attention to the agrarian sector. Financial

problems in the state budget pushed the government to pursue policies to enhance the investment climate for the competitive agrarian sector and rural livelihood in the countryside (van Berkum 2017). Besides the traditional importance of agriculture for the country might decline during the oil boom period, the fluctuation in global oil prices forced the government to reassess the role of agriculture in the economy for food security concerns. In this token, the government has taken several steps to diversify the economy and decrease the dependence of the economy on oil revenues. As Salahov (2013) states, the agrarian sector was among the priority areas in the new reforms for diversification and modernization of the economy. Agriculture was placed on the main development agenda. Because of its capacity of export, employment base, and food security and state legitimacy concerns make the agricultural sector the main sector among the other non-oil sectors. The government changed custom duties to protect domestic production. The "Development Strategy of Agribusiness in the Republic of Azerbaijan 2014-2020" was accepted in 2016 (Suleymanov et al. 2017). The Development concept of the government, "Azerbaijan 2020: look to future," also emphasizes the importance of "diversification of the economy" and increasing the export capacity of non-oil sectors.

Given that, by placing agriculture at the center of the development policy agenda, the government also aims to decrease rural poverty, unemployment, which will eventually contribute to the overall growth of the economy. There are increasing inequality and poverty in rural areas, the concentration of wealth in the capital of Azerbaijan, widening gap between rural and urban areas (Elver 2019). The composition of the average monthly per capita (245, 5 AZN for 2016) in rural areas is 3-5 times lower than urban areas (SSCAR 2017). The World Bank publication *Azerbaijan: Inclusive growth in a resource-rich economy*, argues that rural inhabitants are the major group that benefited less from economic growth in the country (Onder 2012). In the condition of high urban unemployment, rural employment increases, even though labor force participation also increases in rural areas (Onder 2012). State either neglected or was unable to solve rural unemployment and provide social services that people need (Sadiqov, 2018a, 2018b).

In terms of agrarian structure, there was a call for large-scale farming in Azerbaijan since 2013. Despite a strong focus of the government on agriculture, large-scale farming seems to attract more attention compared to smallholders (Oxfam 2014). As they argue in 2014, "In Azerbaijan right now is a good time to be in the Agribusiness. Not [such] a good time to be a small farmer." (Oxfam Azerbaijan). Initially, the small-scale structure of agriculture was identified as an obstacle in the way of the development of agriculture. However, a number of

political-economic reasons led the government to incorporate smallholders into its new design of agriculture.

Ben White argues that nowadays, states simultaneously support corporate farming rather than smallholder farming (cited in Bernstein et al., 2018). Following Chayanov and Jan Douwe, Ben White argues that independent from the mode of production, which can be socialism or capitalism or even their mix, smallholders need to integrate vertically with larger units, which can help them to benefit from upstream and downstream economies of scale. Moreover, he adds that it should be neither capitalist unit that turns them contract farms, which eventually will squeeze them and also neither corrupt cooperatives but well-run cooperative units (ibid.). It was a call for *a vertical consolidation* that was thought would best serve to the needs of small-scale farms. It is the Chayanovian or populist account for benefiting from *scale economies* in small-scale agriculture. But one problem in with that account is that it did not assume that the expansion of cooperative agriculture with the help of state would bring capitalist differentiation, as Aydın (2018) argues. As Aydın (2018) adds capitalism either through the help of state or international capital, extract the surpluses that peasants or small-scale farmers produce in agriculture, and although this can increase total production, the well-being of peasants do not change substantially.

After 2016 the government beside corporate capitalist farms emphasized the creation of cooperatives. The legislation for agricultural cooperatives was developed, which gives small farmers better access to input and output markets and lead to increased productivity and incomes. Therefore, the practice of Chayanovian style large farms, cooperatives, both do not attack on the small farms right and also can ensure the economies scale in agriculture was appealed to the government that does not want to increase the political instability in rural Azerbaijan which 2016 was a year of widespread rural protests for inflation in commodities especially in agricultural products. The Azerbaijani states have to deal with “the classic dilemma of states”(Ben White cited in Bernstein et al., 2018); how to ensure the provision of food or other agricultural products to the growing urban population with the price that prevents them from rising against government and how to get that food from rural producers and in which prices so that they will not revolt against the government. Also, the increasing rural poverty and not diffusing oil revenues to rural areas became a new concern of the state. As Ben White argues, the second part of the dilemma is that the peasants rarely raise their voices (cited in Bernstein et al., 2018). Especially the last two regional upheavals in Quba, Ismayilli, Fuzuli, Siazan, and other regions, even though the reasons for unrest in some regions were related to governors’ behavior and abuse of local people, the roots lie at

increasing inequality and poverty in rural areas. After these developments, state legitimacy became a priority for the government. In the Azerbaijani case, the existence of large smallholder class and the last regional protests for inflation and reducing life standards turned the eyes of the government to the rural areas.

5.4 Concluding remarks

The agricultural transformation in the post-Soviet space is an exciting topic in terms of observing the diversity of the capitalist path as the re-introduction of capitalist relations after ending the socialist collectivized farms. State-led primitive socialist accumulation came to an end with the demise of the socialist system in these countries. Collectives and state farms gave way to individual family farms and households in most of the Post-Soviet countries. In Azerbaijan, the land privatization process led to the dismantling of large socialist farms and the distribution of lands to individual holders.

Several political-economic factors shaped the trajectory of choosing whether to dissolve or keep the large-scale state and collective farms. Among the most important ones were the difficulties of the early transition period due to the war on the Karabakh, civil war, the coup de' tat attempts, which led to the path of the decollectivization process, which eventually established small-scale farm capitalism. After the oil contracts, the Land Reform distributed the land among the rural dwellers. The coming of oil money had a profound impact on the development of agriculture. With the legitimacy concern, the state did not cut the subsidies, but at the same time, during the oil boom period, it did not concern itself with productivity and growth agriculture, which resulted in unfavorable environments for the development of small-scale farms. Both the neoliberal nature of the state and the oil-driven nature of the economy led to neglect the agriculture, which was based on the small-scale family structure.

Later there was a call for large-scale farms due to the decline in the global oil prices and caused the devaluation crisis and consequently led the government to actively intervene in agriculture that was neglected during the time that import was easily financed with oil dollars. The small-scale farm structure in agriculture came to be seen as the main problem for the development of the agrarian economy. The real problem was the stagnant agriculture with the stagnant capitalist relations in the countryside that impede the development of productive forces both in small farms and large farms. Small farms have been suffering a number of difficulties in the way of becoming economically viable. Land Reform was also

by dismantling all large-scale socialist farms could not substitute it better mechanisms that could support small-scale farmers. And also although there is low degree of involvement in global agricultural production and there is not a significant impact of the international capital in rural Azerbaijan, it indirectly affects the agrarian change and new structural tendencies in the countryside. Therefore, the expansion of and interest in large-scale farming as the global tendency can be observed in Azerbaijani agriculture also.

Besides supporting corporate large-scale farm creation, the encouragement of Chayanovian style cooperatives is closely related to the state legitimacy concern. The higher percentage of rural people and rural protests after 2015 pushed the government to engage in creating of cooperatives that also favor small-scale producers. The state, on the one hand, does not want to disturb the rural people, but at the same time, there is an urgent need to diversify the economy which in agriculture large-scale farm path was seen the way that would bring prosperity. In this conjuncture, the production of populist policies still aims to sustain the accumulation process and win the consent of the rural people.

CHAPTER 6

CONCLUSION

Nowadays, large-scale farms as an agricultural production unit are growing at an unprecedented level in the developing world. This process is parallel to the degradation of small farms and the de-peasantization process. *The World Bank 2008 Agriculture for Development report* contributed to the ongoing debate and practice of large-scale farming versus small-scale farming with its contradictory statements that triggered a number of criticisms among a wide range of academic, policymaking, and activist spheres. Contrary to its half-century support for small farms, the World Bank gave signals about changing its stance towards large-scale farming. With this report, the World Bank attributed success stories to the efficiency of large-scale farming and expressed concerns about the fragmented structure of agriculture in developing countries and the possible failure of small-scale farming unless they incorporate deeply into market relations.

This study attempted to understand the political economy of the ongoing transformation in the countryside of the developing world in terms of farming and agrarian restructuring issues. The main questions were; why the World Bank shows an inclination towards large-scale industrial agriculture that overlaps with the global tendency of this type of farming and, why in Azerbaijan there is a call for large-scale farming two decades later of dismantling of large-scale socialist agriculture. The study benefited from Marxist scholars and their contribution to the Marxist political economy to answer these questions. They helped unpack the political and economic sides of the policies and the ongoing transformation in the countryside of the developing countries that began to favor large-scale industrial farming at the expense of small-scale family farms. Especially the study used the agrarian question with its classic version developed by Kautsky, Lenin, and other Marxist scholars such as Byres, Bernstein, Akram-Lodhi, etc., that contributed to political economy of agrarian change and also the food regime theory as a contemporary version of agrarian question developed by Philip McMichael and Henry Friedmann that elaborates on the theoretical ideas and evidence for understanding the transformation in agricultural production in the South.

Generally, it was argued that the reversal in the preferences of the form of production, both in the WDR 2008 and in practice, is closely connected with the inner development and radical changes of the capitalist accumulation process. In this process, global capitalism is making a full attack on small-scale producers in the countryside during the third food regime period. The recent agricultural transformations that shaped the developing countries'

countryside have operated with the bias of large-scale farming backed up by the international organizations represent complex globally driven political and economic factors during globalized neoliberal capitalism. The political economy of agricultural and farm restructuring issues that drive the agrarian change consists of a number of ongoing political-economic changes in land, labor, capital, food, seed, and other related issues that affect agricultural policy choices and the whole transition.

The World Bank's policy shift highlighted in its 2008 report was the harbinger of the currently ongoing transformation in the rural areas of the developing countries. It was the ripening of the historical factors that led the World Bank to emphasize the importance of large-scale farming, which is more appropriate for the development of capitalist accumulation. The WDR 2008 promotes policies that would deepen market relations and ensure the subservience of the developing countries' countryside to corporate farming. Because of the historically hostile environment against capitalist development in developing countries, the Bank's pressure from above to reconfigure and restructure the agrarian production systems in line with the demands of global capitalist agricultural commodity markets produced policies to support large-scale industrial farms takes the form of accumulation by dispossession through land grabbing and further commercialization and differentiation of small farms under the pressure of global markets signals and demand which led to the expulsion of small producers from the land.

The analysis of the previous statement of the Bank on farming shows that small farm support captured the attention of policymakers during the 1960s and 1970s and highlighted the productivity of small farms and suggested more investment to this sector for strategic reasons. As discussed in the theoretical part, the agrarian populist account saw peasantry as the prospering mode of production. However, peasant farms or small farms were not evaluated as the future form of production in the countryside by the bourgeoisie and Marxist modernization theories, which pictured the future of agriculture as large-scale mechanized farms. Observing modernization theory and socialist thinker's writings, the unpleasant views about peasants became apparent, which generally the historical scenarios end up with their ultimate demise. Despite having its image of development, they share the same destination for the small producers in the countryside. However, history demonstrated a different trajectory with the persistence of small family farms. Capitalist states and institutions produced the pro-poor small farm development strategies in the political-economic climate of the post-war world.

The thesis started with the hypothesis that Soviet collectivization was standing as the sole reason that the capitalist world, particularly the US and the World Bank, produced the small-scale farm paradigm. Although the study is consistent with the hypothesis, it demonstrated that several political-economic factors took an active role in the formulation of small-scale farm support. Therefore, there is a need to reformulate the previous hypothesis that the peasants' active role in revolutions later turning into an alliance with socialists became a bigger concern in the capitalist camp. There emerged a necessity to offer rural development programs, which are also included small-scale family farm support policies to decrease the tension and ensure political stability in the Third World countryside.

This period was overlapped with the post-war food regime period. On the one side, the American hegemonic power was standing at the center of the global capitalist system. On the other side, there was the Soviet Union as the representative of the socialist world. Since the Second World War, both socialist and capitalist camps had fiercely fought in rhetoric and practice to win the newly decolonized countries in their side. Because of the agrarian nature of the socialist revolutions in the Third World, the place and weight of agriculture, together with its dwellers, received special attention. Soviet and other collectivization attempts had eliminated landlord classes and were successful in appealing to peasants' support. Especially the Chinese and Vietnamese revolutions were significant in the construction of a new perception of peasants. The policies and programs were interwoven with the state policies and aimed to sustain the accumulation process in the capitalist world. The peasant uprisings and their alliance with the socialists were a significant political-economic impact on the formulation of small-scale farm support, which created a concern about the sustainability of capitalism as a system on the American side in particular and the capitalist camp in general. This paved the way for the formulation of support policies and programs for small-scale family farms, and the World Bank as a global capitalist institution played a key role in publicizing the advantages of small farming.

During the second food regime period, through redistributive land reforms in the periphery, by dividing large estates and eliminating landlords, the US managed to decrease the political tensions in the countryside of the Third World, especially in the East Asia which thought could be used by communists to appeal to the poor, especially to landless peasants. Food aids were used to win the support of developing countries. In this sense, the Green Revolution also was an attempt to increase the productivity of capitalist agriculture, which was later transferred to the Third World countries. Although initially, it was favoring large farms,

during the presidency of Robert McNamara in the World Bank, it was made available to the small farms. In all these programs and policies, the World Bank played an active role.

But beside geopolitics of the support, there was also an economics side. The Third World rural areas came out to be a new market for the rising western agro TNCs, especially for the US-based ones, and in this picture, small-scale farms came out to be the new consumer class. By constituting the majority of farmers in the developing world, small-scale producers were thought would contribute to the capital accumulation process through self-exploitation mechanisms. By exploiting themselves, they prove to be competitive against capitalist farms. But this functional role was contradictory in itself, which was formulated under the communist threat and was going to fall apart during the third food regime period. Besides the political side, it also helped to eliminate the food surpluses of the US that emerged after improvement in agricultural productivity and through food aid mechanisms saved them from the capitalist crisis of overproduction. It helped small-scale farms, as a significant part of the aids were directed to small farms in the Third World.

In this process, the American agrarian structure, the closeness of the World Bank to US politics, the active role of state made the whole process run smoothly. American land regime and agriculture were based on small family farms, and this allowed her to publicize its advantages against the collectivization in the socialist world. The World Bank's dependence on the American foreign policy imperatives made the transfer and publication of support policies and programs to the Third World easier and smoother both in rhetoric and in practice. The developmental state during the post-war period supported small farmers with policies oriented towards small-scale farming.

It does not mean that these policies and programs entirely stopped the de-peasantization process; instead, this whole process was the seeds of the new changes in the Third World countryside. During the second food regime period, rising TNCs needed further expansion of capitalism and further incorporated the small farms of the Third World into global capitalist relations. There was ongoing industrialization of agriculture in the Third World. Yet the agricultural technology was not mature yet to penetrate to the production sphere; and therefore, initially, the massive rural producers were seen as the buyers of the inputs of the growing agro TNCs.

During the late 1970s and the early 1980s, the socialist system underwent radical changes in agrarian systems. The Chinese and Soviet collective regimes started to liberalize their farming system. With a structural change in socialist agriculture, they brought radical

changes in their preferences of farming and released some restrictions on the development of small-scale individual farming. It was the period when the strategic rationale behind the second food regime collapsed. Therefore, it was argued that the support for the small-scale farm development during the early post-war period was the product of the historical conjuncture and was shaped under the communist threat. As soon as this strategic concern disappeared from the historical political scene, there was no burning necessity to pursue support policies for smallholder producers. And later in the 1990s, with the collapse of the Soviet regime and socialist system, the post-war food regime lost its geopolitical rationale. Now there were no global political obstacles in the way of penetration of capital into the countryside of developing countries and dispossession of small-scale family farms.

On the other side, the neoliberal phase of capitalism signified the end of the Keynesian consensus. The Neoliberal turn both in economic and political life since the 1980s led to erosion of 1970s World Bank's small farm paradigm, although the Bank did not officially end its small farm policy discourse. Although in policy, small farms were praised as productive units, the declining support policies started to undermine the support for smallholders and affected their performance. The neoliberal structural adjustment policies supported by the IMF and the World Bank undermined the support policies of small farms and held back the developmental state, which used to give active support to small farms. With the decreasing capacity of the state to intervene in this process, the small family farm sector lacks the support that they need. The neoliberal state is not constructed in a way to offer sufficient support mechanisms. Although wealthy capitalist countries keep financing and subsidizing their agrarian sector, there is an institutional pressure on developing countries to cut those support mechanisms. The declining active role of the peasantry in world politics also contributes to this new policy formulation.

The support for the *economies of scale* after a long period of *inverse relationship* paradigm in the World Bank's rural development narrative is the manifestation of a global drive for large-scale farming worldwide. Especially in the example of land grabs and farm differentiations indicate this reversal. In the production sphere, agricultural technology, although it was argued to be scale neutral, tends to benefit large-scale farms more and erode the productivity of small-scale farms. Technology is more advanced in the neoliberal globalization period. Moreover, it seems that it is going to diminish the inverse relationship between land productivity and a land size phenomenon, which is based on the peasant ability to survive under challenging conditions through self-exploitation. Technology seems to

decrease the role and importance of not only the land and nature in agricultural production but also the small-scale farmers. This process is also related to the ongoing shift in rural development thinking from land productivity to labor productivity, which the latter favors the dispossession of peasants.

The whole process was a dialectical process that carries a contradiction in itself. On the one hand, the persistence of small farms gives a chance for the capitalist class to pay them less for their participation in agricultural production but also by keeping the property right in their hands; farmers also keep some level of autonomy in which this contradiction will become more apparent. Their ability to depress market prices seems to begin to concern the capitalist class, and the contradictory role of small family farms came to be seen as an obstacle in the way of agricultural modernization and development.

Rising TNCs and agro-industrialization give agriculture a new shape and structure. The control of corporate agro corporations dictates their preferences on small family farms, and farms are squeezed under the asymmetrical power relations. TNCs increase their growth share in input and output markets and strongly intervene in the production sphere, which gives them more power to dictate on small farms. Also, technological transformations enabled the agribusiness TNCs to try to control lands in the developing world and directly or indirectly to shape agriculture for their own accumulation needs. In the distribution sphere, the retailer sector, mostly supermarkets, drives this agrarian change and sets the standards for the small-scale farmers, and the increasing competition entails new dispossessions of peasants from the land. In the consumption sphere, new changes in taste are determined by the signals of the market, and the small producers that could not adjust to these new changes had to leave the land.

One of the widespread phenomena is the land grabbing issue in the 21st century, which is closely related to the expansion of large-scale farming and dispossession of small farmers. It increased the rush and pressure on the land as the manifestation of capital's hunger for food and energy. The advocacy of large farm models in agriculture is connected with the land grabbing deals. Under the label of food security, a number of new actors range from governments, banks, and finance centers entered to land grabbing in the rivalry. Compared to the 1970s and before, the capitalist system was dismantling large estate and sharing the land among the landless peasants with land reforms. In the neoliberal period with the land grabbing as a form of accumulation by dispossession, it takes the land back from the peasants. And there is a number of mechanisms work in this process. By imposing its

preferred legal land property systems on the developing world the Bank also, makes the land transfer easy under the narrative of transferring land from less efficient producers to more efficient ones which instead grab the land of peasants or small farms and separate them from means of production and push them to the proletarianization process.

Financialization, commercialization, increasing urban population also plays a role in the transformation of agriculture in Third World countries. Due to financialization facilitated by the neoliberal turn, the weight of financial capital in agriculture increased, and this triggered speculative attacks on land assets and food production and contributed to the dispossession of peasants. On the other hand, commercialization by increasing the level of competition and paving the way to class differentiation in a standard way contributes to the emergence of large-scale market-oriented farms out of medium-sized farms and the dispossession of small farms that cannot stay in the market. Parallel to urbanization, the demand for food increases, this makes large-scale farms more attractive to the providers of the agricultural commodities to urban areas.

The study started with the hypothesis that neoliberal politics and the collapse of the socialist system were a significant factor behind the expansion of large-scale farming, which eventually manifested in the WDR 2008. It was assumed that with the disappearance of socialist agriculture, capitalism cut the small-scale farm supports and began to favor large-scale farming. But the examination of the political-economic factors indicate that although the findings are consistent with the hypothesis, it should be considered that the structural transformation of agriculture under capitalism during the neoliberal globalization period as many-headed beast have developed many mechanisms and fuel the expansion of large-scale industrial agriculture from many channels such as increasing financialization, commercialization, rising agro TNCs, advanced technology and even demography. They have an impact on this process and began to eliminate the functional role of small farms and facilitate their dispossession. Mature capitalism starts to favor large-scale farms and increase the pressure of small-scale farms. In this process, large-scale farms become dominant and are going to acquire more land, become bigger, and push small farms to the smaller size of land funds.

In the Azerbaijani case, the hypothesis was that the state had to follow decollectivization because of the problems of the transition from a command economy to the market economy, civil war, interstate war with Armenia. On the other hand, it was believed that behind the large-scale farming stance of the government, the declining oil industry seems to have an

impact on the state legitimacy, which eventually led to investment agriculture, which was forgotten during the oil boom period. The study is consistent with the hypothesis, but several political-economic factors play a significant role in this process.

The complete dismantling of large-scale farms raises the question of why there is a new interest in large-scale farms. There were a number of factors that pushed the state to follow decollectivization in Azerbaijan. One of the significant ones was the political and economic handicaps of the transitional period, such as economic stagnation, coup d'état attempts, the Karabakh war. In this political-economic environment, a small farm path of development was seen as an option to decrease the tension and stabilize the economy, state, and social relations with its labor sink effect. Other significant factors also played a role, such as the existence of individual agriculture since the Soviet period. It was also argued, that behind the smooth decollectivization process, there was an elite role to satisfy rural people with the land share before the oil contracts were signed. Besides that, following the global trend after the collapse of the Soviet Union, there was an institutional pressure by the World Bank, IMF, and the WTO on the successor countries to shift to small-scale agricultural policy. Azerbaijan was one of those countries that followed the directives of international financial organizations and dismantled its large-scale socialist agriculture.

Later, in formulating the new large-scale farming stance of the government also several different political-economic reasons played a role. It is mostly related to the decline in global oil prices, which creates a necessity to diversify the economy, which depended on the oil industry for a long time. The government understands the fragility of the economic system in Azerbaijan, which is unprotected against global oil price shocks. In this case, to sustain the accumulation process, the state increased its role and support for the development of agriculture. This process initially paved the way to a call for large-scale farming as a new design in agricultural production. Besides opening large corporate farms but due to a large number of the rural population, the state could not solely follow the radical transformation and supports small farm support policy also through the creation of collectives that provide benefit to small-scale farmers as a large-scale farm. Because of the massive rural population, the state could not solely support and implement large-scale corporate farms; instead, the government creates cooperatives and attempt to encourage small family farms to cooperate to benefit from scale economies in large-scale collectives. This formula is believed will serve both the political and economic needs of the state. One the one hand will decrease the instability in the rural areas, especially during the period of

declining oil prices. On the other hand, the oil reserve is going to finish, and the uncertainty of global oil prices makes the economic system vulnerable to outside shocks.

Another reason was the stagnant agriculture and capitalist relations in the countryside. The breaking up collectives, together with all support mechanisms by leaving rural producers without jobs and opportunities, have a long-lasting impact on Azerbaijani agriculture. Although the state heavily subsidizes agriculture after that, there are still problems for the development of small-scale farms to access to those subsidies and invest in their farmland. Even after getting subsidies, the weak business environment or high level of monopolization is a significant impediment in the way of development of capitalism, which creates a hostile environment. A low level of commercialization was the result of a weak business environment. People do not cultivate their land because of the difficulties in the agricultural system ranging from production to marketization of their product. Overall, it is argued that small farm size and lack of economies of scale, coupled with increases in input prices, dependency on agriculture, and lack of efficient market mechanisms, are leading to rapid rural poverty. Also, large farms do not function very well within this political-economic environment as owned by the groups that lack competitive incentives to increase production, apply new technologies, and be more productive. They mostly benefit from the monopoly structure of the economic system.

There is also possibly the impact of global tendencies that characterize growing large-scale farming worldwide, which is also associated with the increasing demand for food, commercialization, and land rush. Neoliberal period brought a number of changes that eventually rural development narrative and practice capitalism began to favor large-scale agricultural production forms in agriculture. Although the influence of international capital in Azerbaijani agriculture is limited, it also follows the global tendency of large-scale farming. Even though the integration level with global agricultural markets is low and also there is still an ongoing negotiation with the WTO on membership, Azerbaijani rural areas and agricultural policies carry the elements of global tendencies that favor large-scale farming.

Comparing Azerbaijan with the global agrarian restructuring, it is apparent that there is a similarity with the global developments and agrarian restructuring. Generally, on the one hand, it attempts to ensure political stability and restore the concern for the sake of the sustainability of the capitalist system and accumulation process. During the period of political instability, supporting small-scale farms, or choosing small-scale agrarian

capitalism in Azerbaijan was an attempt to decrease the political tension with the *labor sink* effect while the World Bank's support for small-scale agriculture was an attempt to protect capitalism against socialist expansion. In economic meanings, the post-war small-scale farm paradigm incorporated Third World Peasants into its accumulation process. In the Azerbaijani case, it destroyed the socialist legacy and ensured the initial development of the capitalist accumulation process. Under the political-economic conjuncture of specific periods, it formulates the restructuring issues in a way that, in the end, contributes and works for the economic needs of the capitalist system.

In this process number of political-economic factors take part and contribute expansion of large-scale farming and downsize of small-scale agriculture. Contrary to global developments that impede the development of smallholders, in Azerbaijani case, mostly country-specific reasons stood as a blockage for the prosperity of small-scale family farms. Nowadays, in the world, the small farm first policy and emphasis on small-scale farm productivity growth with the development and deepening of capitalist relations was going to leave a small-scale farm paradigm behind and concentrate on large-scale farming.

As argued before that the World Bank still has some small-scale farm support elements in the WDR 2008. But it is the market-oriented populism which favors dispossession of smallholders. In the Azerbaijan case also, the state seems to support smallholders, but overall, the aim is to sustain the accumulation process. The support for the development of cooperatives in agriculture for benefiting from large-scale farming within the existence of a large number of smallholders was adopted as a reasonable path to agricultural modernization, which does not exclude the exploitation and extraction of peasant surpluses by capitalist relations in the countryside.

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