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THE NEW FORMS OF AGRICULTURAL PRODUCTION IN MEXICO

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BEFORE proceeding with the reading of this brief report, I shall have to begin by asking this distinguished gathering for their indulgence for my rather limited command of the language in which I am speaking, since it was my sincere desire to cooperate in the scientific labors of this congress within the scope of my powers that prompted me to prepare this paper on the Mexican agricola-economic organization.

When I was invited, through his Excellency the Ambassador of Mexico, to read a paper on some of the many topics of agricultural economics, I thought that it would be most timely and appropriate —taking into consideration the limited time at my disposal to gather data and other materials on the subject—to present a succinct but at the same time ample exposition of the new methods of agricultural production in Mexico, which methods came as a result of the agrarian legislation which had its inception in the law of January 6, 1915, and of the new tendencies of the various Mexican administrations since the promulgation of that law.

The fact that the agrarian reform in Mexico has been widely discussed abroad and at home, without, however, having at hand, except in a very few instances, adequate information upon which to base opinions, imposes upon me the duty of explaining from its origins the essence of the agrarian reform, citing its causes, pointing out its system, and explaining at the same time its present status from an absolutely technical point of view. To enable us to understand the organization of Mexican agriculture, it is necessary to consider it from the standpoint of three important factors: (1) the distribution of the lands, (2) the social and economic position of the rural population, and (3) the systems of agriculture. These factors are projected, historically, throughout the life of Mexico as a free people before the Conquest, as a subjected people during the Colonial Period, and as a free people again, after having achieved independence.

Before the conquest by the Spaniards commanded by Hernan Cortes, Mexico was a country inhabited by a number of Indian tribes scattered throughout the country. All seems to indicate that

their civilization was an advanced one; they were acquainted with the arts of reading and writing and with the mathematical and astronomical sciences; they were excellent architects, great painters, and as far as agriculture was concerned they knew four or five of the main crops, which permitted them to meet their domestic needs. Their political organization which consisted of a plutocratic monarchy, established, as in all other similar organizations throughout history, the granting of the lands under three distinct forms of appropriation: the lands of the king, those of the nobility and the church, and the lands of the villages or communal lands, known in the native languages as "calpulli." The lands of the king and those of the nobility were tilled by serfs and by slaves captured in the wars. The products were used in maintaining the wealth and splendor of the Royal House, of the nobility, and of the church. The "calpulli" were tilled by free farmers who held the land in private ownership. These lands were divided in parcels which belonged to the heads of the families, and which upon their death, were inherited by their children. Tendencies in the system of land tenure were openly individualistic, and each parcel of land constituted within the "calpulli" a single unit, separate and independent. The agricultural products produced in the "calpulli" were used to meet the domestic demands of the villages after paying the tributes due to the king. All the investigations which have been carried out fully demonstrate that communistic tendencies, insofar as possession of the arable land was concerned, did not exist, and only the usufructs of the grass-lands and forest were enjoyed in common. The farming systems were simple and primitive, and they used mainly as agricultural tools the pick, the iron bar, the long pointed wooden stick, the hoe, the machete and the ax. The plow which they used was made of wood, and was very similar to the Babylonic plow. Occasionally it was provided with an iron point. The main crops were corn, tobacco, cotton, beans, cacao and chile.

In each "calpulli", plots were held by the heads of the families with permanent tenure and inheritance. These plots were inalienable and were transferred only in case the owner failed to till the land, or in case of disappearance of the family. In addition to the parcels held by the family, there were lands for other purposes, as for the maintenance of local officials, the payment of tributes for religious purposes, and for the prosecution of the wars. Be-

sides this widely spread system of land ownership, there was a beginning of feudalism with bound serfs and "latifundia" belonging to the nobility. Both of these pre-colonial land systems have made their contribution to the character of the existing land holdings of Mexico, the "haciendas" and the "ejido."

The three hundred years of Spanish domination were characterized by a persistent trend in the direction of concentration of land ownership. The Spanish conquest was carried out by a very small number of soldiers, adventurers, and gold-seekers who took possession of the country in the name of the king and were compensated by him with the rights of ownership over the land conquered. They subjected the native population to their own servitude and profit. The tribute which characterized the pre-colonial system of land tenure was simply transferred to the conquerors and the allotments took the name of "repartimientos" or "encomiendas."

The "encomiendas" which were originally meant to last only for one generation, were extended from one to another until the 18th century. Besides the lands possessed by the conquerors by rights acquired from the crown, other systems of concentration were established, among which the church came to be one of the most important. The total area of the lands held by the church through its various religious orders is not known definitely, but authorities on the subject estimate that towards the end of the Spanish domination almost three-fourths of the total area of the present Republic was held by the clergy.

Therefore, it can be stated that during the Spanish domination no free agricultural production was carried on in Mexico, except the very limited amount carried on by the small Spanish land-holders who lived in continuous litigation in order to preserve their lands, and of the few Indian tribes whose life in the mountains afforded them a relative independence. Generally speaking, the native Indian found himself subjected to agricultural labors imposed upon him by his masters, who, however, did not bring with them any improvements over the native systems of cultivation. The Indian worked as a slave on the land of his masters, that is, the clergy and the Spanish land-holders, and he did not receive any remuneration for his labors. His education was completely ignored and with the exception of the attempts of the religious orders to substitute the Catholic faith for the native religion, it can be stated that he did not receive any instruction what-

soever. The Spaniards brought to Mexico a few new crops such as wheat and certain vegetables, as well as some animals unknown until then, such as the horse, the mule, and the ass.

It is true that during the Spanish domination several attempts were made to improve the condition of the subjected Indians and to give them back the free use of the land to meet their own needs. In fact, new legislation under the title of the Laws of the Indies was enacted. However, its effects were only of a temporary character on all matters relating to the restitution of the lands formerly held by the Indian villages. Almost all of the villages existing in Mexico were granted considerable extensions of arable lands by the Spanish Crown, which lands were again wrested from them by various means, and the Indian returned again, sooner or later, to his former condition of serfdom.

It is also needful to point out the fact that the conquerors of Mexico were soldiers who came from a country which up to that time had not achieved a high degree of agricultural development. Friars and soldiers only had a secondary interest in agriculture in the conquered country, and the division of the land was primarily a means of distributing the subjected Indian population. Undoubtedly, it was during the Spanish domination when the evolution of a type of farming was brought about, commonly known as "hacienda," which, up to a few years ago, was the only more or less well organized system of agriculture in Mexico.

The constant increase of the rural population which had been dispossessed of its lands; the influence of the independence of the United States of America; the influence of the French Revolution, and above all, the precarious economic condition of the great majority of the population, brought about the War of Independence.

The first tendencies in the direction of changing the basis of the distribution of the land appeared after independence was achieved. Throughout the frequent civil disturbances there can be seen constant tendencies to destroy the systems of "latifundia" organized under a system of agriculture whose purpose was not only to exploit the land, but also to exploit the persons employed on the land. The Laws of Reform follow the same course as the Laws of the Indies, and prescribe the recognition of the property rights of the native villages to the lands granted by the Spanish Crown during the Colonial Period. Unfortunately the Indian

population carried upon its shoulders the weight of three centuries of servitude and bondage, of ignorance and unpreparedness, and it was impossible for it to raise itself out of its traditional position in the social order—a social order based largely upon the caste system, and which may be said to have been built upon an ethnological basis.

The "hacienda" form of organization seems to have been developed primarily to provide security rather than profits. The property was managed through an administrator, and the owner asked only for a more or less customary income. Absentee ownership, indirect management, and security of income, lay at the root of the hacienda administration. The administrator, having no personal interest, attempted only to make the hacienda yield the customary income. The lands of the haciendas were ordinarily divided into five different classes; (1) lands cultivated by the hacienda, and lands cultivated (2) by croppers, (3) by renters, (4) by resident laborers working corn patches as a part of their wage bargain, and (5) by non-rent-paying tillers, breaking new ground. The hacienda, when it directly cultivated the land, usually worked the irrigated and the best of the remaining arable land for a fairly certain crop, and the poorer lands went to the renters, resident laborers and so forth. None of the haciendas cultivated more than a tenth of their arable land, while the village lands were always fully cultivated.

The hacienda system maintained a permanent labor force. It is a well known fact that in Mexico serfdom existed for some four hundred years, resulting largely from an insufficient labor supply. As far as possible, the work of the hacienda was done by unremunerated labor. When wages were paid, they were insufficient to meet the needs of the laborers. In almost the whole of the country, the average wages received in money were from 12 to 30 cents per day, and it has been estimated that $1.35 per day is the amount necessary to support a rural family. The common practice was to pay in kind or by tokens, rather than in cash.

Agriculturally speaking, the hacienda did not modify in the least the systems of farming inherited from the Colonial Period, and, satisfied with a more or less abundant supply of cheap labor, never attempted to intensify its production. It practically ignored the advantages of improved technique and it can be said that there was never an agricultural expert at the head of any hacienda unless

it belonged to him. Modern machinery was employed only on a very few haciendas and the irrigation so necessary in almost all parts of the country, due to low rainfall, was very rarely carried out.

The laboring rural population remained in ignorance, subjugated in regard to all economic matters, and bound by debts transferred from father to son. The result of such a system was a production insufficient for the domestic needs of the country. More than six millions of the population did not produce even fifty per cent of their food requirements.

It was the intent of the agrarian reform of 1915 to again place in the hands of the rural population of Mexico the land necessary to develop a prosperous and modern agriculture. However, these later reforms have taken into consideration not only the land problem, as it relates to the lower classes of the rural population, but also the problem of improving the educational system.

Two new systems of agricultural organization have been created: (1) the "ejido" (meaning village), and (2) the cooperative societies of small farmers. The ejido is a simple and well planned organization based on social systems which had their origin in the pre-colonial period. The ejido, so to speak, is an extension of land which has been granted to a village which did not possess lands for agricultural purposes. It is divided into parcels, whose ownership titles are given to the heads of families, who, with their families, work the land without employing hired labor. The original division was based upon a previous estimate of the area of land which each farmer with the aid of his family could cultivate. In no case does the law permit the employment of outside laborers in numbers greater than five. In general, each holding is made up of a parcel of arable land together with an extension of grass-land and of forest land.

The management is placed in the hands of a committee of three members elected from among the farmers who have a right to a holding, it being stipulated that the members of the committee must be able to read and write. Each ejido owner is bound to deliver to the committee 15 per cent of his yearly crop to form a common fund with which to pay taxes and to provide for the financing of cooperative improvements, education, irrigation, and the purchase of agricultural supplies.

Fifteen years' experience have been sufficient to demonstrate

the excellent cooperative aptitude of the Mexican rural population. While it is true that the problem has not been solved in all of its phases, it is also true that the general situation has been greatly improved. This statement will undoubtedly be borne out by the figures of the 1930 Census.

Besides the ejidos, there have been established cooperative societies formed by small holders who are seeking through cooperative methods to improve their credit facilities and the methods of marketing their products. This type of cooperative organization is very similar to that of other countries.

As regards the granting and restitution of the lands, it may be stated that the activities along this line have been greatly increased, and up to the latter part of last year 18,837,250 acres had been allotted and that thereby, nearly 300,000 peasant families became land owners.

The Mexican Government has been struggling for some years with the problem of building up a more efficient system of farming on the small holdings which have been allotted. Among other things which have been done with the object of improving agricultural conditions, it has created a chain of credit institutions known as Agricultural Ejidal Banks with a capital of 250,000 pesos each. Since 1925, there have been in operation eight of these institutions in the states of Puebla, Hidalgo, Mexico, Guanajuato, Michoacan, Durango, Jalisco and Chihuahua. These institutions are subordinated to the Department of Agrarian Organization and Credit of the National Agrarian Commission, and according to the latest statistics the greater portion of the banks have sold their shares in full and have doubled their circulating capital. Since the initiation of these measures was in the nature of an experiment, the federal government was rather conservative in the furnishing of funds. However, in view of the excellent results obtained, the present administration will increase, according to recent reports, the capital of each one of these banks to one million pesos, and will open two new banks very soon. The Agricultural Ejidal Banks operate through 525 agrarian cooperative associations with a membership of over 56,000. These cooperative associations may obtain loans at 6 per cent interest to finance their agricultural operations or to establish cooperative stores.

It is a source of pleasure to observe the excellent results which have been obtained by the cooperative stores of the agricultural

cooperative associations, many of which, with a working capital of 3,000 pesos, have been able to double it during the first year of their operations. There exist cooperative associations (there are a number in the state of Tamaulipas) which have a yearly volume of business of 175,000 pesos with a membership of only 150.

The National Bank of Agricultural Credit, with a capital of 20 million pesos subscribed by the federal government, loans directly to both large and small farmers and to agricultural associations organized by the Bank itself. These associations are known as Regional Societies of Agricultural Credit, and Local Societies of Agricultural Credit. The National Bank of Agricultural Credit loans to individual farmers charging 9 per cent interest per annum. It charges the associations 8 per cent per annum, and these in turn charge their borrowers 9 per cent or 10 per cent, depending upon the rate prescribed by their by-laws.

The Mexican Government is considering the widening of the scope of its operations with the credit associations since the annual balances of the National Bank of Agricultural Credit have shown that the paying capacity and the security of the investments are 50 per cent greater in the organizations of small farmers, especially of the ejidal type, than in the associations of large land holders or in the case of private enterprises.