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THE MEXICAN AGRARIAN REFORM

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IN Mexico, before the conquest by the Spaniards and even up to recent times, the concentration of territorial property in the hands of a few has constituted a fundamental social problem.

In the time of the Aztecs—the dominating tribe in Mexico, already decadent when the Spaniards arrived—the land was almost exclusively the property of the privileged classes; the inferior classes worked the land for the benefit of the former and could have the use of only very small areas for cultivation.

During the conquest and throughout the colonial period the Spaniards adjudged to themselves, by right of might, large areas of the best farming lands. Thus during the colonial days the same conditions prevailed as existed before the conquest; the land passed from one group of landowners on a vast scale into the hands of another group of wealthy landowners, civilian as well as ecclesiastical.

The Catholic Church, especially towards the middle of the nineteenth century, became the biggest landowner of the country; the Reform War had as its final outcome the nationalization of the ecclesiastical property. This, in the long run, instead of accomplishing a better distribution of the land only brought the transfer of property from the hands of the Church into the hands of civilian landowners.

Later, during the General Diaz régime (1884–1911), the legislation on waste lands, instead of destroying large estates, kept the conditions unaltered and, in fact, strengthened their prevalence to such a point that there were farms as large as a country (up to 2,500,000 hectares, approximately 6,250,000 acres); true feuds where the supreme authority was that of the lord of the territory who dealt justice by his own hand and whose labourers worked under a sort of compulsory work system.

The Revolution of 1910, like the fall of the Aztec Empire, the Independence War, and the Reform War, had a well-defined agrarian character. This revolution, on its victory, was forced to undertake at once the solution of the agrarian problem in order to satisfy the popular impulses.

The uneven march of events, the variations in the rhythm of action,

and certain hesitations and changes in the agrarian policy, which have characterized the attitude of the various administrations in facing this problem and which have originated, to a certain point, changes in legislation, are due to the fact that fundamental plans elaborated beforehand as well as a sound theoretical and doctrinary basis have been lacking. In the most recent stages of the agrarian movement one might mention certain influences of socialistic doctrine which have inspired tendencies such as substituting the system of collective cultivation for the common land allotment. In the early stages of the reform the basis was, on the contrary, of liberal stock.

During the period which we may call the period of agrarian revolution (1915 to date) the agrarian problem has been considered from varying aspects. Concurrently, means employed for its solution have undergone changes in accordance with the various laws and even with the criteria of the persons who have applied them.

The initial leader of the movement was Emiliano Zapata who perseveringly fought against Diaz, Madero, Huerta, and Carranza until he got the latter's government to set the basis for the reform by issuing the Law of the 6th of January, 1915, later declared as constitutional. To date, the distribution of land is ruled by Article 27 of the General Constitution and by the Agrarian Code. The Article establishes that both the lands and the waters comprehended within the national territory fundamentally belong to the nation, which transmits the dominion over them to private individuals and may impress on such dominion the modalities which may be dictated by public interest.

The basic form adopted for the redistribution of the land, from the initiation of the reform to date, has been the donation and restitution of lands and waters to the communities (not to individuals) to be possessed in common, although in the majority of cases the enjoyment of the farming land is individual. The land possessed in common by a village is called *ejido* (common lands) and cannot be sold or mortgaged. The benefit derived by the villagers is conditional, as they are under the obligation to cultivate the land personally. If this is not done, the right to the lot is lost.

Within this basic form and outside of it, various modalities have been introduced in the distribution of land. In accordance with the restitutive nature of the Law of the 6th of January, 1915, it was the intention in the beginning merely to return to the villages such common lands as had been usurped. The first stage of the agrarian distribution pretended thus to have an eminently restitutive character, leaving to a secondary plan the donative aspect of the problem.

This would have given the agrarian reform a much milder character than that which it actually acquired; the idea was merely to restore what had been unduly acquired by the large landowners. But since the titles had been lost (or had never existed because the possession in common dated from the Aztecs), the difficulties at once encountered in order that the villages might prove their ownership originated the first change in the aspect of the agrarian distribution. The next idea was not to restore but to endow all the villages with the necessary lands.

The lands have always been granted to the villages in insignificant portions. Generally the procedure to obtain more land was by the way of demanding restoration; in this way the area to be received was not limited by the law, but depended on the extent of the usurped land. In spite of this, as the villages had frequently increased in population, the lands which at one time were large enough for the necessities of the villagers were not so any longer. As has already been indicated, the system did not succeed. Of all the *ejidos* existing at present, only 147 have received land by way of restitution. Much less sufficient were the lands, in general, when the system of donation was followed; the area of the lots granted by law was insignificant, and there was a considerable shortage of lands available for that purpose among those to be affected within the radius set by law. The Agrarian Code in force ordains that the lands should be distributed in lots of either 8 hectares of season lands or 4 hectares of irrigation lands. The fractioning of land in such small portions is the most serious secondary problem arising as a result of the land distribution. According to the common land census of 1935, the average agricultural lot for the whole country was 3.5 hectares.

Those who have wished to obtain larger lots have had to resort to the Colonization Law, and seldom to the local laws of Division of Large Estates, with the obligation to pay in twenty yearly instalments the price of lands which they have thus acquired. The common villagers have been exempted from any obligation to pay.

At first it was thought that the common lands should serve the inhabitants of the villages merely as an aid to their maintenance and that the villager should continue to work for the neighbouring farmers. This conception made the *ejido* analogous to the *pegujal* or *acuaro* which some landowners used to let their peons (labourers) have, so that they might with the products of their cultivation eke out their maintenance. The *ejido* would therefore weaken the absolute economic dependence of the peon on the landowner, but would not completely abolish such dependence.

The unfriendliness arising between the landowners and the new commoners resulted frequently in the latter being unable to find work as labourers, and they had to depend entirely on the cultivation of their own lots. Thus it was more emphatically proven that the lot as granted was entirely insufficient. It has been said that this lot does not constitute the 'economic unit', both in the sense that it is not sufficiently large to absorb completely the working power of the villager with the help of his family, as well as in the sense that it is not enough land to provide the necessary means of existence to the common-land villager.

The first official acknowledgement of the quantitative deficiency of the donated land was made by President Cardenas in the year 1935. Since then, and without any legislative changes taking place but simply by means of changes in the official criteria, the statistics report a noteworthy increase in the average lot endowed.

Another modality in the distribution of the land which has undergone changes has been that which refers to the rights of the villagers to receive lands. At the beginning too many requirements were necessary. Gradually these were simplified to the point that even the *peones acasillados* of the farms have the right to petition for endowment of lands from the farm where they are working.

One more fundamental change has been made, namely, in the primitive idea that, notwithstanding the fact that the land was common property, the enjoyment of it remained individual (the allotment of land and issuance of the deed being made in the name of the head of the family and the lot considered as his 'family heritage'). The policy has evolved towards collective cultivation in the form of co-operative organization for production, thus abolishing all the boundaries of the lots.

There are two classes of allotments: the economic, which almost always are made on granting the endowment (except in the case where collective cultivation is to be established), and the legal, in which case the lots are deeded. The latter has had, comparatively speaking, rare application, as only some six hundred common lands are at present thus allotted, and now this procedure is applied only in exceptional cases, although at one time there was an attempt to give it considerable impetus.

In the Agrarian Code in force there is still a provision relative to the *patrimonio parcelario ejidal* (common land heritage); but in certain regions there is a marked tendency towards the practice of collective cultivation, fostered by the Law of Agricultural Credit of 1935 which ordains that the credits granted by the National Bank of Common

Land Credit must be for the benefit of common-land owners who cultivate the land in the manner above mentioned.

Another important feature has been the varied intensity of the allotment practice. It has changed during the various administrations, reaching a minimum during the régime of Ortiz Rubic during which the distribution of land was thought to be ended in some ten States of the Republic, this being officially declared in each case by means of a Decree. It is evident that during this lapse of time there was a manifest resolution to put a halt to the distribution of lands; but during the next presidential term the Decrees of the former administration were annulled as they were considered anti-revolutionary, and the intensity of the distribution was renewed to reach an unusual height during the most recent years.

From 1916 to 1918 the donatory activity rapidly increased and was afterwards kept steady until 1922, with the exception of the year 1921 in which approximately double the area of land was granted compared with the preceding years.

There was a new increase from 1923 to 1926. This increase was maintained through 1927 and 1928 to give way to a further increase in 1929, which year marks a higher amount than any of the previous years. From 1930 a decrease took place and continued to the lowest point in 1933 when the figure was less than one-third of the 1929 figure. But in 1934 the numbers were trebled compared with the preceding year, and the increase continued to such a point that from 1935 to 1937 considerably more land was granted than in all the years from 1926 to 1934 (11,683,865 hectares from 1935 to 1937, against 8,257,023 from 1926 to 1934).

Parallel with the donation and restitution of common lands the Government has put in practice other agrarian policies emanating from the Colonization Law of 1926 and from the local Laws of Division of Large Estates. The latter are based on Article 27 of the Constitution, but they have not been issued by all the States of the Republic and, where they exist, they have only rarely been applied. According both to the Colonization Law and to the Laws of Division of Large Estates already cited, the farms must be divided, and the lots sold on the basis of a certain number of yearly payments.

A complement to the above-cited laws is the Law of Idle Lands which provides that, when in a property the farming lands are not worked, any person may petition for their use by means of a rental payment fixed by mutual accord with the owner or, in the event of understanding not being possible, by the Municipality. The Law

of Idle Lands has been in general operation. Unfortunately there are no statistics of the areas taken advantage of in this manner, nor are there any on the application of the Laws of Colonization and Division of Large Estates.

Finally, there are few cases in which the Expropriation Law has been applied to agricultural property, but on this, likewise, there are no statistics.

One of the last and most debated aspects of the agrarian policy has been the constant tendency of the present Government to protect small and medium-size properties, i.e. those where the area is below the limits affected by the Agrarian Code (150 hectares of irrigation land or 300 of season land). This tendency does not correspond to any legislative changes, because the Agrarian Code, as already stated, considers these properties unaffected, although certain cases of violation of the law in this respect took place in order to complete common-land endowments.

What is also very recent, and is being made the object of debates and discussion, is the already mentioned tendency towards the establishment of collective cultivation of the common lands. The number of common lands put under collective cultivation up to the month of May 1938 by the National Bank of Common Land Credit was 500. They function under the name of Local Organizations of Collective Common Land Credit. They have 40,399 active members. These organizations were granted credits in 1936 aggregating \$12,693,662, \$47,896,602 during 1937, and during the months of January to May 1938, \$43,342,847. The credits granted by the National Bank of Common Land Credit to the Local Organizations of Collective Credit represented in relation to the total credits granted by the Bank: 12 per cent. in 1936, 58 per cent. in 1937, and 79 per cent. in the period of 1938 referred to.

The general establishment of collective cultivation in the common lands is considered difficult to attain. The number of collectively cultivated common lands to May 1938, which has already been noted, is insignificant compared to the total number of definite common lands existing at that date, which approaches 12,000.

It may be interesting to quote one of the resolutions of the recent National Reunion of Agronomists held in Mexico during the present year:

'The National Reunion of Agronomists recommends that the effort of making the work of the common lands collective be pursued, as this constitutes an intrinsically revolutionary step, as the common-land owners will obtain from this new system of work an advancement in their

standard of living, and because it will promote a general advancement of farming technique.

'However, it is to be recommended that this collectivization be not proceeded with precipitately, universally, or without judgement. Work must be made collective, for the time being, only on those common lands which have one or more of the following conditions:

'1. That the common-land owners be willing; that is to say, there should not be government pressure, but a campaign of conviction and adequate inducement.

'2. That they conduct mechanical farming. In this case collectivization is the only way out to avoid the obstacle which the small lot presents for the possibility of using agricultural machinery.

'3. In those cases where the common-land owners have already operated in a satisfactory manner in some of the co-operative forms known as "service", that is to say, of sale, acquisition, machinery or credit.

'4. In those cases in which the common-land owners are familiar with the system of work in common.

'5. That the common lands be granted credit by the National Bank of Common Land Credit, except in the cases where they do not need it.

'6. When it is possible to exercise the proper official vigilance to guarantee the proper performance of their collective activities.

'7. In the case of common lands which because of their area can fittingly take advantage of the benefits of collectivization.'

The collectivization of common-land units has been frequently imposed by unavoidable circumstances, as in the case of the Laguna district where, had the common lands been allotted, well-organized exploitation units would have been destroyed, and great expenditure would have had to be made in the construction of banks and canals for the individual irrigation of each one of the lots; this without taking into consideration the difficulty that the area which is irrigated each year is variable, and in the Laguna district, cultivation without irrigation is impossible. Moreover, the construction of banks dividing the lots, besides being uneconomical by itself, would have a deleterious result, because the cotton and wheat cultivation which has been possible in that district with the help of the most up-to-date agricultural machines could no longer utilize these, because not only would the small lots make their use unprofitable, but because the banks and canals would make it impossible. Under these circumstances the allotment of the Laguna district without the establishment of collective cultivation would have brought about a drop in the production accompanied by general poverty in the district.

The units of collective production carry out not only cultivation in common but sale and purchase. These units have branches

of consumers' co-operation as well as established stores. The common-land organizations of consumers' co-operation at present constitute two main nuclei: one in Mexicali, Lower California, which was the first to be organized, and the other in the Laguna district. A total of 7,300 common-land owners are grouped in 91 consumers' co-operative associations. They have received for their operation to 1927 \$340,408, independent of the credits received by these same organizations for production purposes.

The collective enjoyment of the common lands is limited up to the present to very few regions. Individual exploitation is still the familiar system, and very frequently the common-land owners, besides cultivating their own lots, are engaged as labourers on the medium and large properties in the neighbourhood. Only one-half of the common-land owners by the census of 1935 used the common lands as their main source of income (this does not mean the only source); the other half supported itself chiefly on other activities, and the products of the common lands were subsidiary.

The common-land owner, formerly a peon without funds for agricultural exploitation, was forced to borrow funds on very heavy terms either from merchants lending money at usurious rates of interest or from the old farmers who supplied him with agricultural implements.

For this reason and in view of the low interest generally derived from agricultural operations in the country, the Government of Mexico has been compelled to make agricultural credit a state function. To this effect the Government has organized two institutions: one which assists common-land owners, and another which takes care of medium and small farm owners who are in a similar position to that of the common-land owners.

Formerly only one institution, the National Bank of Agricultural Credit, had charge of these two groups, but since the year 1936, by means of a separation, the National Bank of Common Land Credit has been the institution for the granting of credit solely to common-land owners. The National Bank of Common Land Credit was established on the 2nd of December 1935, with a capital of \$120,000,000. The National Bank of Agricultural Credit has at present a capital of approximately \$30,000,000.

The above-mentioned resources are not sufficient by a long way for the needs of these institutions in meeting all the demands for credit. In 1937 the total area under cultivation with the assistance of loans by the two banks was 1,000,000 hectares, i.e. 14 per cent. of the total area under cultivation in the country. The National Bank

of Common Land Credit assisted in the cultivation of a total area of 736,237 hectares in the same year, 1937, which may be estimated as representing 30 per cent. of the total area under cultivation in the common lands and 17 per cent. of the total farming area existing within the common lands.

In addition to the lack of education on the part of the beneficiaries of the credit, the low rate of return on various cultivations due to the climate and conditions of the soil has caused the official agricultural credit of Mexico to sustain steady losses. The institutions have under their charge, besides the credit-granting function, another one of social character: even if the latter justifies the high administrative expenditure, it is not enough to justify the deficiencies in recovery of loans. The recoveries have always been smaller than the credits granted. It may be estimated that the amount loaned by the National Bank of Agricultural Credit which is not recoverable aggregates at present \$25,000,000, without taking into consideration the administrative expenditure. As far as the common lands are concerned, the losses are considerably larger. It may be estimated that there is a sum of \$50,000,000 of which there is very remote possibility of recovery, also without taking into consideration the administrative expenditure. It will not be amiss to mention the loss sustained in the maintenance of the Common Land Banks established in 1926 and liquidated at the end of 1930. Their losses aggregated approximately \$1,000,000.

In short, although no accurate calculation has been made on the subject, it is certain that the effort to establish the official agricultural credit of Mexico has cost the Government more than \$100,000,000 from the year 1926 to date, including the administrative expenditure. To this should be added the expense of the Government in the allotment of the lands, which may be estimated at some \$64,000,000 up to the year 1937. To this figure of \$64,000,000, which is the expenditure of the Federal Government, there should be added the expenditure of the local Governments which have always had special departments in charge of agrarian matters, as it is the function of the Governors to decide applications in the first instance.

It must not be forgotten that, concurrently with the agrarian distribution, the Mexican Government has accomplished and is still accomplishing the task of irrigation construction which is fundamentally useful in a country like Mexico, where in very large areas the principal agricultural deficiency is caused by the scarcity of rain. At present the National Bank of Agricultural Credit has charge of the colonization and administration of the Irrigation Districts already

under exploitation, of which there are eleven to date. In these there are 26,085 colonists settled, having a total of 170,068 hectares of irrigation lands and 133,533 hectares of annex lands which are not farming lands, but grazing and timber. The colonists of the Irrigation Districts are granted credits from the National Bank of Agricultural Credit.

Up to the year 1937, 20,000,000 hectares had been granted for definite common lands (10 per cent. of the total area of the country) out of which 4,600,000 hectares are farming lands (irrigation and season), or approximately 32 per cent. of the existing farming lands. The number of common-land owners benefited is 1,500,000. Common lands represent 42 per cent. of the irrigation lands and 31 per cent. of the season lands of the whole country. Besides, there has been created a numerous class of small and medium farmers, and the latifundia are practically abolished.

The areas opened for cultivation under irrigation have diminished the seriousness of the traditional and periodic calamity of Mexico, namely, poor agricultural years. With larger irrigation areas, agriculture has become less hazardous. The Mexican Government now faces the great problem almost untouched of duly organizing production and of improving farming methods.