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Land Reform in Mexico

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THE Mexican revolution may be studied from many different angles. The fact that most readily impresses itself upon the mind of the foreign student interested in land tenure is the legal one—the taking of land by the state from one person and the giving of it to another. In the long run, however, the greater significance may be found to attach to the technological, social, and economic change which the transfer of title is producing, and of which it is a part. In fact, it may well be that the Mexican upheaval was a protest against the antiquated, uneconomic, and wasteful utilization of land under the large plantation system.

ECONOMIC VERSUS POLITICAL USE OF TENURE

Every student of Mexico who has given any serious attention to the character of the Mexican land system has condemned it on economic grounds. It was, in fact, not an economic, but a political use of land tenure which underlay Mexican rural structure. The large hacienda had its origin in military conquest rather than in economic necessity, and was perpetuated by political and military control. It was not used as an instrument of production, with an eye to profitable investment and adequate development of natural resources. It was used to perpetuate family prestige and family power, which were originally acquired through military conquest or political chicanery.

The plantations, in so far as they served to supply an income to their

absentee owners, did so by an elaborate system of rentals and subrentals rather than by direct cultivation. What direct cultivation took place was only on the best of lands—in crops where the risk was the least possible. In fact, upon the very largest plantations the actual owners directly concerned themselves with cyclical crops, such as pulque growing, involving practically no risk, or in cattle raising. The growing of cereals was largely left to renters, subrenters, and crop-sharers. It is difficult to generalize about a whole country, but, broadly speaking, it may be said that the Mexican land system before the revolution was largely a rent-producing institution.

It should be clear that the few—perhaps fewer than a thousand large owners—who held the greater part of the lands of Mexico were practically all absentee owners. A large proportion of them lived in Spain. The rest lived in Paris, in Mexico City, or in the capitals of the various states. They were not farmers. They were gentlemen, if you will, in the sense of being too genteel to be concerned with such mundane matters as plowing, planting, and reaping. They lived on rentals, collected by resident managers from renters, subrenters, and crop-sharers. The rentals were usually in kind. If one seeks for an explanation for the poverty of the Mexican rural community, this is where it is to be found. The large owners had neither the ability nor the capital to undertake an adequate development of their huge estates. The owning family lived on from generation to generation,

taking what the resident manager could exact from a semi-starved, untutored, and overburdened half-Indian population.

BASIC REASONS FOR MEXICAN REVOLUTION

To explain such a system and to point out why it lasted for so long a time would take us too far afield.¹ Be it enough to say that it was maintained largely by a system of peonage, if not by a system of actual slavery. It was maintained by that weight of tradition, custom, and habit which makes what *is* the thing which ought to be. It was maintained by a strange isolation of the rural community from contact with the civilized world—an isolation made possible not merely by the topography of the country and by the practical absence of all means of internal communication, but also by the sharp differences in climate, in race, and in culture, which broke Mexico up and divided it into numerous uncommunicating little worlds set apart from each other. It was maintained by a shifting of the burden of taxation from land to the small urban population, by a system of high protective tariffs which made Mexican grown products dearer in Mexico than in London, by a complete neglect of public services, and by a reduction of the income of the common people to a starvation point.

It is this broad fact that explains much of Mexican economic and political history. If one wishes to understand the basic reasons for the revolution in Mexico, they are here. There were other factors, of course, political factors, social factors, international

¹The interested reader may be referred to the chapter on the "Economic Organization of the Hacienda," in the author's *The Mexican Agrarian Revolution*, Brookings Institution, Washington, D. C. (1929).

factors, and factors of internal politics and external investments. But, clearly enough, if the economic system based upon the large plantations had fed and clothed the people and had given them a standard of real income in any way comparable to modern needs, the revolution would, in all probability, have taken a very different course.

To argue, as has been argued, that the revolution has destroyed economic cultivation of the land in Mexico is simply to reveal that one knows little about the old Mexican land system. It is true that there are many individual instances of good plantations gone to ruin, at least for the time being. What is more important, however, is that most large plantations before the revolution were mortgaged far beyond their value; that the common tool was a wooden plow drawn by an ox, or only a *coa*—a stick with an iron point; that the mass of the population was in bondage; that the plantation did not utilize a fraction of even its best lands; and, most important, that the lands best cultivated were those which had remained in the hands of the people in the villages.

INCREASE IN URBAN POPULATION

The fact that imports of basic cereals have increased since 1910 merely proves that the urban population has increased. Since the development of railroads, the increasing urban population has been fed by imports from abroad, not because Mexico could not produce enough to feed its fourteen million people, but because it is, and was, easier to supply Mexico City from Vera Cruz or from the north by rail than to bring the native-grown grain on mule pack, even from a distance of fifty miles. The revolution is thus an attempt to destroy not merely a feudal, political, and social structure, but, more significantly, an

attempt to destroy an uneconomic system of land utilization.

It is important to note that all through the greater part of the nineteenth century when prices of grain, wheat, barley, and corn were falling all over the world, they were rising in Mexico, because of increasing tariffs, and that wages which were rising all over the Western World were practically stationary in Mexico for a hundred years. In order to keep itself alive, the hacienda system may be said to have succeeded in reversing economic trends which were world-wide, by a system of tariffs, on one side, and a system of feudal military politics, on the other. It is here that the causes of the revolution are to be sought.

It may prove true that the type of land ownership now being developed in Mexico will not effectively change the basic problem—that of producing enough to give the mass of the people an adequate standard of real income. However, that is another question. Its failure to do so would not prove that the old system was right; and judgment of the present program needs to be postponed until the process now taking place has had sufficient time to dig roots deep enough to nourish itself from the soil. With this as a general introductory note, we may turn to some other phases of the problem presented by the Mexican upheaval.

At the outbreak of the revolution, in 1910, one half of the rural population lived on plantations, and was tied to the soil by a system of debts which made them slaves in fact, if not in law. The other half lived in nominally free villages, crowded into small areas on the mountain sides, or hemmed in by huge surrounding plantations. The large mass of the rural population was thus either directly resident upon, and kept tied to, the haciendas, or lived

dependent upon, and subject to, the rule of the large plantation.

Of the 69,549 rural communities in Mexico in 1910, 56,825, or 81.7 per cent, were located upon large estates. In some states like Guanajuato, in the very center of Mexico, and with a dense population, 85.3 per cent of all the rural population and 96 per cent of all the rural villages were centered upon haciendas. That is, Mexico was essentially a feudal country—a feudal country governed by a small upper class, for centuries recruited from Spain, foreign in outlook and disdainful of the underlying population.

FOREIGN OWNERSHIP AND CONTROL

Not only was Mexico a Spanish dependency for three hundred years, but, in essence, it remained a colony during the greater part of the one hundred years of its national independence. The land owner was largely a Spaniard and, more recently, not only a Spaniard, but a Frenchman, an Englishman, and an American. The mine owner was either Spanish, English, or American. The business man, even in the small retail trade, was largely a foreigner. The more recent oil man was almost completely a foreigner, predominantly English and American.

It was this comparatively small group of foreigners, who, owning the land, the mines, the public utilities, and the oil wells, largely dominated and controlled the economic life of Mexico. During the Diaz régime, they certainly were the controlling influence in the country. How true this was may be seen from the fact that even as recently as 1923, more than ten years after the revolution started, one hundred and fourteen owners held nearly one-fourth of all the privately owned lands in the republic (22.9 per cent); while foreign-

ers, in spite of all the legislation against foreign holdings, held one fifth of the total area of the republic, and of these, Americans owned approximately one half.

This economic concentration, bad enough in any country, was here made worse by the fact that the upper classes, both foreign and native, looked upon the common people with disdain and contempt. The mass of the population is Indian, one half being more or less pure-blooded Indian, the greater part of the remainder being Mestizos, or mixed, and only a fraction being white. The upper classes looked upon this underlying population with contempt, and justified their economic policies on the ground that the mass of the people belonged to a lower stratum of humanity and that Mexico ought to look forward with satisfaction to the prospective disappearance of this class.

To confirm their argument that the poorer classes of Mexico were unfit, the upper classes and their intellectual satellites invoked the theory of the survival of the fittest, as well as notions of racial superiority. The poverty of the poor proved their thesis. This is an interesting adaptation of a scientific doctrine to justify the political and the economic exploitation of one class by another and an indication of how such a situation may be converted into a morally satisfactory position.

The foreigners—largely foreigners who under species of law were depriving the mass of the rural population living in villages of its heritage in the land—were proving to their own satisfaction that not only was their behavior legal, but that it was consistent with the best doctrine of biological science and was socially a good thing, as well, because it was advancing civilization. They were not only accumulating fortunes, but were

at the same time winning favor and achieving grace.

REBELLION OF RURAL POPULATION

During a period of four hundred years the rural village population had gradually been forced to surrender their positions as free members of village communities and to an increasing extent had become peons who were tied to the plantations of foreign land owners, mainly Spaniards. By the end of the Diaz régime, those villages which had still retained their village life had been practically stripped of their lands and had been largely hemmed in within the boundaries of large plantations, upon whose good will their very existence depended.

When the revolution broke out in 1910, it was not essentially a social revolution. It was largely a political revolution and had as its immediate ends purely political objectives. But, the degree of irritation and social discontent was such that the spark ignited the whole country and the underlying population, especially in the villages, rose in rebellion all over the republic. This was especially true in states like Morelos, Guerrero, Mexico, Tlaxcala, and Vera Cruz, where the rural population was still to a large extent living in village communities. It may be said that it was the village population which rose in rebellion to defend those rights which were still theirs. It was the villages which fought the revolution, which won the revolution, and which to this date have held the revolution to its original program.

One may, of course, ask what are the results of this revolution. It is difficult at this stage of the situation in Mexico adequately to summarize or to evaluate what the basic outcome of the Mexican upheaval will ultimately be. The movement is still in process, and

for the next twenty-five years that process is bound to continue. It may be true that the violence of the revolution has now come to an end. If it has, it is only because it has succeeded in establishing channels for the development of its broader objectives without further violence.

If, after twenty years of intermittent struggle, the land owners in Mexico, both foreign and native, are finally willing to permit this broad social process to work its way through those legal channels which it has now achieved, then it may prove to be true that the violent phase of this social change has been terminated. But, it seems fairly certain that unless such is the wisdom of the dominant and still powerful *latifundistas* in Mexico they will compel further violence and further revolution in Mexico.

LAND DISTRIBUTION FOR THE MASSES

The basic political fact in Mexico is land distribution for the mass of the people—land distribution by peaceful and legal methods, if possible, but by revolution and violence, if necessary. I am not saying that any one person in Mexico has formulated this as a program. It is merely an articulation of what seems to be the forces at play in the situation—forces which to date no one person or no one government has succeeded in stemming. They may perhaps be guided. They cannot be stopped.

The reasons for this are varied and are perhaps out of place for discussion at present. Fundamentally, the underlying population, mainly Indian and largely vocal through its village communities, has achieved a greater degree of cohesion, self-reliance, and self-consciousness than it has ever had in the history of Mexico. It has always wanted land. It has always been defeated and frustrated

in its demands. Through a combination of circumstances, perhaps too complicated to unweave, it has at last found that it can fight, that it can in an emergency defeat government and government armies, that it can upset and destroy traitors to its basic program—and it will continue to do so to satiate its hunger for land.

Peace in Mexico for the next generation is equivalent to a continuance of the agrarian program. Come what may, that is the political realism of the situation. The first striking fact about the Mexican outcome, therefore, is the resuscitation of the village—resuscitation politically, culturally, spiritually, and economically. Whereas, previously the dominant influence was the large plantation, today, and at an increasing rate, the dominant influence tends to be the rural Indian and half-Indian village.

The village has at last won the fight against the plantation. It is gaining in population. In 1910, the villages represented 51 per cent of the rural population; in 1921 they constituted 58.2 per cent. In 1910, they represented 16 per cent of all rural communities in the country; in 1921, they constituted 21.6 per cent, and there is every indication that this growth of the villages has continued at an increasing rate since 1921. But, more than that, they have gained in political strength and in social prestige, and have changed the spirit of the rural community. Their resuscitation as communities is coincident with, and significant of, a changed position which the Indian as a race occupies in Mexico today, in contrast to the position he occupied ten years ago.

RACIAL RENAISSANCE IN MEXICO

The basic cultural traits which the Indian in Mexico presents are considered to lie at the very base of the

future Mexico—to be its foundation stone. The Mexican intellectual, instead of talking of a dying and a beaten race, talks of the strong, bronzed race of the conquering Indian. That this is more than lip service is indicated not merely by the fact of land distribution to the villages which are so largely Indian, or by the social organizations that have grown up among the common people which are again predominantly Indian, but even more strikingly by the fact that the schools are being spread among them, that their common Indian folk songs have achieved the position of being taught and sung in the public schools, and that the great artistic renaissance is largely carried out by artists who are either predominantly Indian or who identify themselves as part of the racial renaissance in Mexico.

In addition to the facts here pointed out, it is important to note that the revolution in Mexico has actually freed about one half of the rural population from a bondage which for practical purposes was equivalent to slavery. For the first time, at least in hundreds of years, the rural population is free in our sense of the word. It can move about, and does so. In some states one third of the rural population has in ten years moved from the plantation to the village.

THE *Ejido* LEGISLATION

When we turn from these gains to the others of a more immediate and concrete nature and ask how much land has actually been distributed, the answer is as follows. Taking the large estates of Mexico, those of approximately 12,000 acres, we find that they had a total area of 159,106,000 hectares in 1923. Comparing with this figure the total area distributed by the government under the *Ejido* legislation—that is, the legislation which

takes by law private lands under condemnation proceedings for public utility and by means of compensation—we find that only 4,044,603 hectares had been given away by the end of 1927, or approximately two and five-tenths per cent of the largest estates.

If we take the total area of the country, the percentage given away under this legislation reaches not over two per cent. We are leaving out the areas distributed by states under state legislation and by the federal government under homestead legislation affecting only those lands owned by the federal government. An addition of this other land distributed would bring the percentage of the total area of the republic given away in one or another type of land grant to no more than four per cent of the total area of the country.

If we examine the actual type of land, the figures for the whole country, on an average (there would be considerable difference in different states and in different sections of the same states) show that the areas given away under the *Ejido* legislation were as follows: irrigated land, 3.8 per cent of the total; tillable, 29.1 per cent; mountain lands, 13.4 per cent; mountain pasture, 53.1 per cent; and unclassified, .6 per cent.

In other words, it seems from the best and the most recent material available that, taken on the average, the actual lands given away to date for village *Ejidors* do not as a rule absorb an undue proportion of the best lands in private hands. It can be said as a general rule that the best lands in the republic of Mexico were, and are at present, within the confines of the large estates. This is even true in such arid states as Chihuahua and Coahuila. In those states there is but little good land in comparison to the total areas of the states, but of that

little a large part is to be found within the confines of the large estates.

AREA TAKEN FROM FOREIGNERS

If we examine the area taken from foreigners by the revolution, we get some interesting figures. According to the most conservative estimate, foreign owned land in Mexico in 1923 amounted to an area equal to 32,904,046 hectares. Of this the *Ejido* legislation has, to the end of 1927, taken 226,661 hectares for definite possession, or less than one per cent of what is now owned by foreigners. Specifically, only seven tenths of one per cent has been definitely taken by the federal government from foreigners under the *Ejido* legislation. The area taken from foreigners under the state legislation (only in two states has the state legislation had any application whatsoever—Durango and Zacatecas) is an infinitesimal item.

Looked at from the point of view of the rural population, some four per cent of the total rural population has been definitely benefited by this legislation. If we were to pass judgment upon the agrarian revolution in Mexico solely from the point of view of the actual land taken and distributed, we should get a very poor showing for the amount of internal disturbance which the program has involved.

There are, however, many other aspects of this that need to be looked into. The significance of the revolution lies not so much in the amount of land that has actually been distributed, but in the fact that any at all has been distributed under the legislation as it exists. The important fact is that a legislative and social institutional situation has been created where, in spite of counter revolutions and international difficulties, land distribution which really did not get under way till after Obregon came into power, in 1920, has made as much progress as it

has. The significance of the situation lies in the fact that there is the machinery, and apparently the will, to carry the process forward to further ends.

COMPENSATION FOR LAND OWNERS

It is important to note that it has been a program carried out under the guise of law. It was not confiscation. From the very beginning—the first law was passed on January 6, 1915—there was the promise of compensation to the land owner for lands taken from him. This promise of compensation has been repeated over and over again in a number of different laws. Offers were made to the land owners at various times, offers which the land owners refused to accept. The reasons which they gave may or may not have been sufficient. The point is that the Government of Mexico did not undertake to expropriate land without recognizing its financial obligations, even if it admitted its inability to meet the obligation involved.

Even Zapata, who was the most radical of the agrarian leaders and who was described as the worst of the Mexican "bandits," recognized the right of the land owner to compensation for such lands as had been taken from him and to which he could show adequate title. Not only was there no legal confiscation of all of the land or of a part of the land, and not only was the right of the land owner to compensation recognized in law under all the varied Mexican agrarian legislation, but the right to land on the part of the rural population has been sharply circumscribed.

The laws, as originally drawn and as at present upon the statute books, did not, and do not, grant to all of the rural population the right to lands. They specifically exclude that part of the rural population which is

located upon plantations. In other words, the right to land is limited to those who live in villages. Furthermore, of those who live in villages, only certain specific individuals are entitled to land. These individuals, for instance, must be eighteen years of age; must be agriculturists; must not own any land of their own; must not be possessed of a capital equal to five hundred dollars in American money; must not be office holders; and must not have any professional skill or occupation which gives them an adequate income from other sources. To the people satisfying these and other requirements, the law makes possible the granting of lands for use.

It must be clear that while title is given to the village it is really for the purpose of tillage by the individuals. Failure of tillage may cause a reversion of the land to the village, to be again turned over to some other agriculturist who will actually till it. The receiver can neither sell, nor lease, nor in any way alienate his lands. They are his for use, but not his for sale. They can be passed on from father to son, but only provided that the heir will till the lands he inherits. On the average, the areas given away for the whole republic amount to approximately 9.2 hectares per individual recipient.

BASIS OF COMPENSATION

For this land given away the government sets up a basis of compensation. This basis is provided for in the constitution and amounts to the tax valuation of the land, plus ten per cent and plus improvements since the last valuation. Under these circumstances a payment basis has been established.

Internal difficulties, financial insolvency, repeated rebellions, and refusals on the part of native and foreign land owners to accept the government offers in good faith, have

all combined to postpone the date of payment. To date, 809 claims, of which 145 were by foreigners, have actually been received by the Mexican Government. Of these 809 claims, 117 have been settled to date; and of these 117, 21 were claims by foreigners.

More significant than the actual land taken, when looked upon as a broad matter, is the fact that the revolution has given an increasing number of Mexicans a stake in the maintenance of a permanent government in Mexico. Not only have large numbers of the common people, both in the country as well as in the cities, been organized for the purpose of benefiting in fact from the labor legislation that lies embedded in Article 123 of the Mexican Constitution, but an increasing number of individuals in Mexico have secured a stake in the country as a result of the revolution.

By the end of 1927, there were approximately one-half million individuals who had benefited from the federal agrarian legislation and who would stand to lose by a reversal of the revolutionary program. It is here that the promise of peace in Mexico is to be sought. In increasing numbers, Mexicans are achieving an economic interest in stability; in increasing numbers, Mexicans are securing a position in which revolution means loss and danger of loss. From this point of view the present Mexican Government rests on a firmer foundation than ever before. Mexico is more largely democratic at this time as a result of the revolution than ever before since the conquest by Spain.

FAILURE TO PROVIDE COMPENSATION

The general conclusion, however, requires certain basic qualifications. Broadly speaking, the Mexican land program has been carried through without compensation to the land

owners. The promise of compensation was implied and expressed in the law, but in fact, as previously noted, only a fraction of those who had land taken from them have received any compensation at all. In so far as there was any claim to justification on the part of the Mexican Government, it lay in the assertion that land distribution was essential to internal peace, and that the only way a continuance of internal violence could be obviated was by satisfying the cry for land. This claim is generally recognized to be a statement of fact. It can be said that by now the most urgent demands for such land have been satisfied, and that from now on a more conservative policy may be followed without laying the country open to further revolution.

Such a change seems to be implied in recent statements from former President Calles and by the recently elected president of Mexico, Ortiz Rubio. Whether or not such is the fact, only the future can tell. At this time, it might be worth while to point to certain dangers in the contemporary Mexican situation.

As was pointed out above, Mexico tends to be divided between those states where the rural population lives predominately in villages and those states where the rural population lives predominately on plantations. The states composed largely of villages are those surrounding the plateau of Mexico City. The states dominated by a population living on plantations are chiefly to the north and the south of the central plateau.

EFFECT OF REVOLUTION ON RURAL COMMUNITIES

The revolution has accentuated this difference. It has by law deprived the population upon plantations of the right to land. It has also stimulated the growth of the villages in those

states where there were already in existence important village groups. In other words, the revolution has tended sharply to increase the sectional character of the Mexican rural community.

Looked at as a matter of long-run peace, it is doubtful whether these sections can live side by side without difficulty. The states where the plantation predominates and where the rural population has, broadly speaking, failed to benefit from the agrarian revolution, are bound to bring into the political arena a type of influence that will tend to favor the large land-holding system. The states where the community has made rapid strides and has grown in influence are bound in the long run to demand a political policy satisfying the needs of a democratic rural community.

One might well ask the question whether or not a house divided against itself in this fashion can live in peace.

This question is made more pertinent by the fact that the rural village, more than the plantation resident community, is tending to benefit from education, from coöperative credit organizations, and from political activity. In part, this is due to the fact that the free rural village is larger in size. In part, however, it is due to the fact that the free rural village has a voice and a power such as cannot be achieved, even under ideal conditions, by the population located in resident communities upon plantations. This makes consideration of the proposed change in the law affecting land distribution subject to serious question.

DEFINITION OF COMPENSATION

It is proposed to change the law so as to make *by means of compensation*, which has until now been interpreted to mean by compensation after expropriation, to mean compensation

previous to, or during, such expropriation. If the Mexican Government can set aside enough money to carry forward a program of land distribution under the new formula, no difficulties will arise. But if this change in the law, in the face of obvious financial poverty, is made the excuse for ending the process of land distribution on the general assumption that the agrarian revolution has achieved its ends, then the future may well see a new upheaval.

This is a question well worth pondering. What Mexico needs most is the prospect of permanent peace. With the growing development of education and numerous organizing influences within the rural communities, it is doubtful whether approximately one half of the rural population can be denied the benefits of the revolution which have been given to the other half.

While an immediate and an obvious settlement of the agrarian problem of Mexico would certainly be a great boon to the country, and lead to a rapid increase of foreign investments, it is doubtful policy to secure such

a seeming boon at the danger of further future difficulties. As a matter of long-run policy, it might be better to let the patient convalesce a little longer than to pronounce him cured at once. It is the author's opinion that unless the program is allowed to work itself out so as to include approximately the whole of the rural population, Mexico will in all probability have further difficulties, unless some adequate substitute can be had, and that seems very doubtful, indeed.

This does not involve a judgment upon the wisdom of the policy of land distribution on economic grounds. That is another matter. The agrarian program as it stands at present is a matter of national politics, rather than of national economic policy. However, it might well be argued,—and, I think, successfully—that the policy of using the indigenous villages, with their age-old *mores*, as the base for a new system of land tenure and land utilization is for Mexico not only good contemporary politics, but possibly even good, long-run agricultural economy.