

## CHAPTER 7

# Land Concentration in Mexico after PROCEDE

*Ana de Ita*

Profound agrarian reform in twentieth-century Mexico began with the revolution of 1910 and ended with the World Bank. In 1992, neoliberal planners under Bank guidance began to drive a series of counterreforms to the agrarian legislation established in Article 27 of the Mexican Constitution, with the objective of making land tenancy more secure in terms of private property. The Program for Certification of Ejidal Rights (PROCEDE) was set in motion in 1993, as the instrument that would give juridical stability to land tenancy, regularize agrarian rights, and grant individual property certificates to *ejidatarios* (people who live on *ejidos*, land owned and supported by the government). The most fervent reformers wanted to push the plan to privatize the social sector's area in just two years (1993–1994); their critics assumed that the program would be rejected by a popular groundswell, which would cement opposition to the reforms. After ten years of PROCEDE's operation, neither has occurred. Mexico's arable land area has still not been entirely certified, yet neither has there been a massive rejection of PROCEDE. This chapter is a first attempt to estimate the impact of PROCEDE on agrarian conflicts and on the concentration of land in Mexico.<sup>1</sup>

### Historical Background: Agrarian Structure and the 1910 Revolution

At the beginning of the twentieth century, the agrarian question represented one of Mexico's major problems. Fewer than 11,000 haciendas controlled 57 percent of the national territory, while 15 million peasants—95 percent of rural families—lacked land. By 1910 the degree of land concentration in Mexico was

greater than in any other Latin American country. During the dictatorship of Porfirio Díaz (1876–1911), the climax of the liberal period, indigenous communities had lost 90 percent of their lands (Klooster 1997, cited in Merino 2001).

The Mexican Revolution of 1910–1920 had an essentially agrarian character. Thousands of communities demanded the restitution of their lands and the reinstatement of the traditional rights that they had lost during the colonial period, especially during the porfiriato (Tannenbaum 1997). Consequently, the Mexican Constitution of 1917 was substantively radical. Article 27, in force until 1992, allowed the expropriation of large landholdings in order to create small individual or communal properties, and it prohibited Church institutions from possessing any land unrelated to Church functions. Further, it established the state's ownership of lands and waters and its right to transfer their control to particular entities, and it created three distinct categories of property: small private property, communal property, and ejidal property. Private property holdings were limited to one hundred irrigated hectares or their equivalent in rain-fed land. Land was given to members of an ejido for their use and usufruct. Known as "communities," communal property basically amounted to indigenous lands either granted by the Spanish Crown or through restitution thereafter, while ejidos were collective landholdings created by land distribution. At the center of the ejido is an administrative unit, known as a "nucleus," which provides for the operation, administration, and control of the ejido. The rights of the ejidatarios and communal landholders over agrarian properties were historically inalienable, imprescriptible, not subject to embargo, and nontransferable.

Over the course of the following eighty years, this agrarian reform distributed 103 million hectares (52 percent of the 196 million hectares that make up the Mexican territory, or 56 percent of its agrarian land and 70 percent of its forests) to 3.5 million ejidatarios and communal landholders, collected into 30,322 ejidos and communities that constitute the social sector.<sup>2</sup> The patterns of ownership are outlined in table 7.1.

Of the social area, 7 out of every 10 hectares are lands held for communal use. More than two-thirds of forested areas under use belong to ejidatarios. On the other end of the spectrum, 1.7 million private proprietors own 77 million hectares (39 percent of the surface area of the national territory). National lands comprise 6.5 million hectares (3.3 percent), and urban lands, roads, and bodies of water on the remaining 11.3 million hectares. More than half of the ejidatarios, 78 percent of communal landholders, and 62 percent of private

TABLE 7.1 Current Mexican agrarian structure

<i>Type of property</i>	<i>Agrarian nuclei*</i>	<i>Properties (number)</i>	<i>Surface (hectares)</i>	<i>Percent</i>	<i>Beneficiaries</i>
Ejidos*	27,941	0	84,686,536	43.19	3,271,916
Communities†	2,157	0	16,838,790	8.59	617,660
Agricultural and livestock colonies	650	61,184	3,639,140	1.86	0
Private properties		1,637,981	73,216,097	37.34	0
National territories		144,317	6,600,975	3.37	0
Others‡		35,313	11,072,947	5.65	0
TOTAL	30,748	1,878,795	196,054,475	100	3,889,576

Source: Registro Agrario Nacional. July 29, 2002.

\* Does not account for the surface corresponding to insular territory. Source: INEGI.

† Includes only land actually redistributed through presidential resolution

‡ Includes bodies of water, federal zones, national parks, ecological reserves, urban and vacant properties, and others.

proprietors are *minifundistas* (small landholders), since their plots are smaller than 5 hectares.

## The Market Agrarian Reform of the 1990s

Security of land tenancy was at the heart of the so-called market-based agrarian reform. Promoted by the World Bank as a new agrarian reform, various countries have set it in motion, ostensibly to give land access to peasants who lack it, or to guarantee the private ownership over land they already possess, as was the case of Mexico.

In February 1990 the World Bank drafted an agricultural policy document (Heath 1990). Its recommendations—allegedly based on the existing social and political structures—were oriented toward eliminating the differences between private and ejidal property, with an emphasis on the security of land tenancy, and the individualization of the collective functions of the ejido and its destruction as a unit of production and organization. A 1969 study (Dovring) had shown that the ejidal sector and small agricultural private properties of under five hectares—jointly amounting to half of Mexico's arable land—then employed more than 70 percent of the vast rural labor force's

resources, while using only 38 percent of the agricultural investment and producing approximately half of the agricultural product. Yet the Bank blamed the ejidal system for rural and indigenous poverty and the scarcely functioning land market, which accounted for the reduction of plots and the low productivity of their crops. In his study for the World Bank, Heath (1990) determined that the size of the property is a more important factor in terms of productivity than whether a given unit is an ejido or a private business.

As part of a program for the neoliberal modernization of the countryside, the Mexican government in November 1991 reformed the agrarian law with the purpose of allowing and even promoting the privatization of the previously inalienable ejidal land. This action was closely followed by the reform of Article 27 and by the new agrarian law of 1992, which aimed to increase incentives for investment and improve the functioning of land and labor markets in rural areas. In their first phase, these “new agrarian reform” policies emphasized the security of property rights and the granting of full rights to the holders of lands through a process of privatization. The guiding idea of these reforms was to create an active land market that would promote the efficient allocation of resources and improve agricultural investment (Appendini 2001). Among the principal changes were the following:

- The government was no longer obliged to redistribute lands in favor of peasants who demanded it.
- Ejidatarios could obtain individual title deeds or certificates over their parcels if the ejido accepted participation in PROCEDE.
- Ejidatarios who demarcated and certified the limits of their parcels had the legal right to rent them, sell them, hire a work force, or use their land as loan collateral. The decision to authorize the sale of lands of the ejido to external persons would be approved by two-thirds of the general assembly’s vote.<sup>3</sup>
- Common lands used by ejidatarios collectively as pastureland or forest resources could also be sold for commercial development if the majority of ejidatarios decided to do so.
- Ejidatarios were not obligated to work their plots personally.
- To prevent the excessive concentration or privatization of ejidal lands, the government would continue to reinforce the maximum legal limits of the size of the properties. Individual private property would be limited to 100 irrigated hectares, or its equivalent in lands of lesser quality. No individual ejidatario may acquire more than 5 percent of the land of an ejido or

community. Title deeds for commercial corporations are limited to 2,500 irrigated hectares per company. Commercial corporations created for the purpose of acquiring privatized ejidal land must have at least twenty-five individual members. Joint ventures between ejidos and private firms could possess more land than the limit permitted for each one of its individual members.

- Ejidatarios who did not opt for the rental or sale of their land may enter into joint ventures with external investors (individuals or companies), or they may form associations among themselves in order to increase the size of the productive unit and maximize economies of scale. They could also sign long-term production contracts with external agents (Cornelius and Mhyre 1998).

The reform of Article 27 opened up the ejidal sector to foreign direct investment. It eliminated the prohibition to form associations between foreign investors and ejidatarios, though it limited the participation of foreign investment to 49 percent. For its planners the reform of Article 27 was necessary to guarantee well-defined property rights protected by the judicial system, given that the lack of security in the tenancy of land had obstructed agricultural investment (Tellez 1994). They intended for agrarian reform to promote the functioning of land markets—completely liberalizing rental and permitting sale among members of an ejido—to increase investment incentives and to improve governance and regulation in the countryside. From the point of view of its critics, reform was unnecessary and potentially harmful. It focused on erroneous themes, and it could lead to the disappearance of the ejido, causing irreparable damage to the social structure of the countryside. It would further polarize the Mexican countryside, where a bimodal agricultural system would then coexist, one business-oriented, modern, and competitive in the international market; and another peasant and indigenous, and subsistence-oriented.

The reform initiated by the passage of Article 27 was followed by the PROCEDE. The program permitted the regularization of land tenancy and defined clear property rights in the ejidos and agrarian communities for millions of peasants, in addition to endowing them with title deeds over those rights. PROCEDE created new conflicts and reignited a series of old disputes that acquired renewed force, since certification would define the territorial limits of the communities and ejidos and the rights of each ejidatario or commoner within the agrarian nucleus—rights that often put communities and individuals into direct conflict with one another.

## PROCEDE after Ten Years in Operation

PROCEDE allows ejidatarios to choose a property regime, delimit the contiguousness of the ejidos, measure individual plots, and eventually issue certificates for individually owned parcels and for individual parcels of common lands. PROCEDE intended to conclude the certification of rights at the end of 1994; initially, however, various ejidos, communities, and peasant organizations rejected the program, so as to make their rejection of the overall reforms patent. During his administration (1995–2000) President Zedillo committed himself to concluding the agrarian certification by the end of his term, which, in 2005, had still not been achieved.

PROCEDE was introduced as a voluntary program. However, because local or regional authorities often (illegally) demanded PROCEDE certificates for various transactions, such as receiving subsidies and soliciting credit, between 1993 and 31 October 2003, approximately 79.9 percent of all ejidos and communities—24,384 agrarian nuclei—concluded the regularization of their rights, to the “benefit” of 3,431,752 peasants, to whom 66,787 million hectares were certified (see table 7.2). Although 79.9 percent of the agrarian nuclei and 84.5 percent of the subjects (ejidatarios or communal landholders) have adopted PROCEDE, the certified surface area represents only 65.7 percent of the surface area of the social sector. Further, the surface area actually titled represents just 0.27 percent of all of the surface area endowed to ejidatarios and communal landholders. The limited scale of this success was attributed to PROCEDE, for initially harvesting “low-hanging fruit”—by first certifying ejidos with fewer conflicts due to voluntary acceptance. Over the years, the difficulty of incorporating the remaining ejidos and communities into the program increased. According to the World Bank, “the ejidos that still have not been certified are larger, more conflictive, poorer, more difficult to access, and, with less human capital than the average, will have implications in the completion of the program” (Deininger et al. 2001). The remaining ejidos either reject the program or are in dispute over limits and inequity in access to land.

Of the nearly 66.8 million certified hectares, 69 percent have been certified as lands of common use, and 30.6 percent were certified as parcels. In this ten-year period 7,587,801 certificates and title deeds have been expedited of which 4,193,824 were parcel certificates (55.3 percent); 1,528,351 were common-use certificates (20.1 percent), and the remainder were 1,865,626 plot certificates (24.6 percent).

TABLE 7.2 Historical progress of PROCEDE, in hectares, 1993 to (October 31) 2003

	<i>PROCEDE</i> <i>total</i>	<i>National</i> <i>total</i>	<i>Percent</i>
Nuclei	24,384	30,513	79.90
Beneficiaries*	3,431,752	4,060,580	84.50
Certified parceled	20,430,583.50		20.11
Common use	46,080,602.70		45.36
Titled	275,993		0.27
TOTAL	66,787,179.20	101,591,095	65.74

Sources: CECCAM with SRA data, third internal work report, 2003; and RAN, PROCEDE, internal progress report 2003.

\*According to PROCEDE, beneficiaries surpass the number of total beneficiaries when new subjects with resident and owner rights are incorporated.

On a national average, ejidatarios possess 8.8 hectares each, although in twelve states the average surface area is much smaller. The size of the property of half of the ejidatarios is below 5 hectares; jointly, the ejidatarios in these areas possess 15.6 percent of the surface area, with an average property size of 2.7 hectares. Another 26.8 percent of the ejidatarios possess properties of over 5 and up to 10 hectares. They have usufruct for 25.6 percent of the land, and the size of their properties averages 8.4 hectares; 10.3 percent of the ejidatarios have more than 10 and up to 15 hectares, and they own 15.3 percent of their ejidos' surface area, with an average property size of 13 hectares. Of the ejidatarios whose properties exceed 25 hectares, 3.6 percent have an average of 53.4 hectares and possess 22.2 percent of the parceled ejidal surface area.

### *Difficulties in the Adoption of PROCEDE*

One of the tasks PROCEDE has set itself is to certify the limits or perimeter of a community. In some agrarian communities lands are collective, including the parcels that are cultivated every year by the same family. Individual certification is therefore irrelevant since *usos y costumbres* (customary law and practices) recognize the right of usage of each parcel. What is relevant for these communities is the obtaining of a list of communal landholders who

are recognized and therefore have rights in the community. For the list to be legally acceptable, it must be updated periodically. This has rarely happened, and the resulting conflicts have complicated the certification process (Appendini 2001).

In the 1992 law, communities preserve their legal status as landed communities under the communal regime, and land cannot be sold, rented, or mortgaged. However, the law permits them to adopt the ejidal regime (which would allow them to privatize the land) or to enter into association with external agents and provide the land for commercial corporation investments. The law also recognizes in agrarian communities the existence of private parcels and the cession of rights to a successor or resident, but it does not permit sale, nor does it recognize formal inheritance or the registration of a successor, as in the case of the ejido.

Oaxaca is the state with the least adoption of PROCEDE, with only 20.5 percent of the social sector surface area being certified. Chiapas follows with 27.6 percent, Guerrero with 35.7 percent, and Nayarit with 38.4 percent. Oaxaca is characterized by the importance it gives to communal property. It absorbs 34 percent of Mexico's communal lands, and 62 percent its surface area is communal property. Two-thirds of the land registered in PROCEDE is certified as common-use land. Less than 0.2 percent of the social sector surface area reached the entitlement process. The low rate of adoption of PROCEDE in Oaxaca must be related to the high proportion of communal property. Before considering their individual right to obtain a document respecting possessed land, communal landholders sought to conserve the collective interest (Gómez 2001).

In Chiapas, the second state with the least adoption of PROCEDE, the agrarian counterreforms of 1992 constituted a touchstone because they cancelled the state's obligation to land redistribution, and with it the possibility for a vast majority of peasants with no land to obtain it. The cancellation of distribution was one of the factors that led to the Zapatista rebellion of 1994. In contrast with Oaxaca, 47 percent of the surface area in Chiapas is ejidal, and only 11 percent belongs to the communities. Two-thirds of the surface area was certified as individual parcels, one-third as common-use lands, and only 0.25 percent of the land has been titled.

Currently, 58.2 percent of forest land and farmland in Chiapas is in the hands of ejidatarios and communal landholders, many of them indigenous. By 1994 there were 40,000 petitioners for land. At the beginning of 1994, 340

occupied properties were registered, representing a total of 50,000 hectares, with an average extension of 100 hectares or less per parcel, which is to say that these properties did not surpass the small-property limit. The Zapatista uprising functioned as a catalyst for the occupations that, throughout that year, reached unprecedented numbers.

The demand of lands to be acquired through purchase in Chiapas was of 588,713 hectares; of these, 438,294 were bought, for 109,306 peasants, equivalent to 75 percent of the initial demand and to 10 percent of the surface area of the state's social sector. Once these lands were distributed among them, the peasants demanded the creation of ejidos and did not accept the transformation of land into small private properties, against the grain of the Article 27 reforms and its underlying intention, the privatization of social property (Reyes 1998). In the framework of the dialogues between the federal government and the Zapatista Army for National Liberation (EZLN), one of the demands of the San Andrés Sacamch'en accords was the installment of an agrarian board, to justly solve the conflicts over land (Reyes 1998).

Guerrero is the third state with the least incorporation of lands into PROCEDURE. Only 35.7 percent of its surface area has been certified, though it integrates 71 percent of the agrarian nuclei and 65 percent of the ejidatarios and communal landholders. Approximately 16 percent of the certified land has been certified as individual parcels and 19 percent as lands for common use.

PROCEDURE made the least advances in Oaxaca, Chiapas, and Guerrero, states with a very high indigenous presence. Unable to understand why this is the case, the World Bank has formed a conclusion that employs a combination of denial and racialized dogma: "There is very little difference, if any, between certified ejidos found in communities with a high indigenous presence and ejidos found in nonindigenous municipalities. . . . The slow adoption of PROCEDURE in indigenous communities is due to the existence of conflicts, inequity in the access to land and resources, and the lack of human capital and economic potential, more than to the specifically indigenous character of the ejido" (Deininger et al. 2001).

### *Common-Use Lands and Forest Property*

Common-use lands function as reserves and social security nets, even in cases in which their value is low, by offering mechanisms to ejidatarios to diversify

their sources of income, or to protect against unexpected events. The most important complementary activities (cattle husbandry and food gathering) that ejidatarios develop in common-use lands are directed toward local consumption, as a source of complementary income, and they play an important social role. Occasionally, common-use lands constitute a reserve to compensate ejidatarios with a few areas of parceled lands, or to be distributed among new ejidatarios.

The principal activity developed in common-use lands is the exploitation of forestry and natural resources. By 1992, communal forest production provided 40 percent of the national production of raw material and 15 percent of lumber (Merino 2001). Despite these data, a study by the World Bank and the *Procuraduría Agraria* (Special Attorney's Office for Agrarian Issues) reports that 40 percent of ejidatarios do not use common resources, 44 percent scarcely use them, and 16 percent consider them important (Robles and Deininger 2000).

Reforms of the agrarian legal framework pave the way, though not directly, for the parceling of common-use lands, thus posing a threat to their existence and to their participation in the production and reproduction of ejidal or communal life. In the case of forest ejidos and communities, "although the modifications to constitutional article 27 and the agrarian statutes created the possibility of privatizing the agricultural land of the ejidos, they establish the impossibility of parceling or privatizing common-use lands, like forests. Nevertheless, the agrarian law allows forest ejidos to associate with private capital, ceding the use of their lands for periods of up to 30 years for the establishment of forest plantations. In this way the planters can get to control extensions of up to 20,000 hectares" (Merino 2001). From the perspective of the neoliberal planners of the agrarian and forestry policies, the main achievements of the agrarian reforms were the creation of the small forest property and the opening of the path to long-term investment in commercial plantations, to which, as of 1996, the forestry law grants subsidies.

### Possible Reasons for the Continued Adoption of PROCEDE

The great majority of agrarian nuclei (79.9 percent) have accepted PROCEDE, and 84.5 percent of the country's ejidatarios and communal landholders have participated in the process of certification of their agrarian prop-

erties, although only 65.7 percent of the social sector's surface area has been certified. In general, PROCEDURE was simply induced—it was not voluntary. One of the possible causes for the relatively generalized acceptance of PROCEDURE—besides the fact that governmental institutions increasingly require it for gaining access to other programs—is that it legalizes and grants control over land and natural resources to ejidatarios and communal landholders that are very interested in maintaining and guaranteeing their rights over their resources.

While the majority of the agrarian nuclei have accepted some level of PROCEDURE, it is worth remembering that the process of actual titling has taken place for 0.27 percent of the surface area. According to the Agrarian Reform Secretariat, only 0.94 percent of the social sector's surface area and 0.43 percent of the ejidos have adopted full ownership; most of these are situated in peripherally urban areas, and thus are interested in selling their lands at a higher price.

The World Bank attempts to explain the ejidatarios' lack of interest in titling their properties by arguing that private property is subject to taxes (Lavadenz and Deininger 2001). The lack of interest in titling, however, can be related to cultural and historical criteria, and not only to commercial ones. Ejidatarios fought to obtain land, which for them is not merely a commercial resource but rather the space in which their identity is formed and re-created. They are therefore not interested in debilitating the social bonds that integrate the ejido, but rather in maintaining and strengthening them. This hypothesis is reinforced by the fact that social property certification has advanced in a relatively higher proportion in the form of common-use lands, and by the increase in the rental of lands, which has not been accompanied by either titling or sales.

### PROCEDURE: Resolution or Cause of Agrarian Conflict?

The World Bank considers PROCEDURE to have had a positive impact on equity, by recognizing as agrarian subjects approximately one million possessors and residents who previously had very limited rights and a precarious security of tenancy based on the occupation of land (Deininger et al. 2001). One of PROCEDURE's effects has been an increase in the number of ejidatarios by 20 percent, on average, and by as much as 60 percent in some cases.<sup>4</sup> The recognition of residents and possessors can provoke new conflicts in the ejidos:

TABLE 7.3 Nuclei with agrarian conflicts registered by PROCEDE, to 2003

Total agrarian nuclei	30,513
Total nuclei with problems	4,735
Conflicts over limits (not under judicial review)	941
Internal conflicts	498
Inconclusive agrarian actions that suppress rights	106
Rejection of PROCEDE	1,164
Conditional participation in PROCEDE	186
Invasion of lands not under judicial review	196
Agrarian nuclei under judicial review	317
Without possibility of judicial review	580
Displaced ejidatarios	188

Source: RAN internal progress report, October 15, 2003

“The extreme minifundizacion [sic] of the land takes those lands out of competition, thus affecting the whole of the market by devaluing properly commercial operations” (Concheiro and Diego 2001), creating the grounds for conflict. This contradicts the World Bank. Based on a sample of 1,291 ejidatarios (de Janvry, Gordillo, and Sadoulet 1997), the World Bank concludes that PROCEDE has *reduced* conflicts and increased the social unity within the ejido (Deininger et al. 2001). However, between 1992 and 2002, agrarian tribunals charged with resolving conflicts have received 116,404 cases, the majority of them of ordinary jurisdiction, an indication that the new agrarian organization has resulted in a high rate of conflict. The suggestion is that the possible saturation of unresolved cases might be due to the great number of conflicts related to inheritance. One of the results of the changes in the agrarian law is that land parcels have ceased to be family patrimony. The new law allows an ejidatario to appoint any person as rightful successor, whereas formerly, successors would have been a farmer’s spouse and children. One out of five ejidatarios is a woman, and the question of inheritance is an important gender issue, but the rights of women have been weakened by the new law (Appendini 2001). Current legislation recognizes only the right to purchase by family members, who rarely can exercise this right, should the head of the family decide to sell, due to insufficient means. Thus, the ejidatario’s family

is disadvantaged by the changes to the agrarian law: the end of state-led agrarian distribution cancelled any avenue to land access other than inheritance or purchase and temporary rental. In the case of poor peasants this leaves only inheritance which, as we have seen, is precarious (Concheiro and Diego 2001).

PROCEDE cannot enter regions with severe agrarian conflicts, such as the Chimalapa mountains, the Huichol region, or Montes Azules. In areas where problems are less rampant, PROCEDE is divisive. By 2003, the National Agrarian Registry reported that 15.5 percent of the country's ejidos and communities had problems; among the most recurring were the rejection of PROCEDE in approximately 25 percent of the nuclei followed by problems related to limits in 19.9 percent of them (see table 7.3).

## PROCEDE and the Land Market

Within the old framework, land was a social right and not a commodity. One of the main objectives guiding the agrarian counterreforms of 1992 was the drive to set land markets into motion. For the neoliberal planners of Mexico's agrarian policies, as well as for multilateral institutions like the World Bank, the lack of land market activity (which was due to the social nature of ejidal and communal property, according to which land was nontransferable, inalienable, and not subject to embargo) was considered one of the gravest problems of the rural sector, the cause of the poverty of the population as well as of the sector's low productivity and income-yield capacity. PROCEDE therefore encouraged the functioning of the land market.

### *Land Rental Markets*

One of the principal changes effected by the reforms is that the rental of land, formerly prohibited, is now legal for all ejidatarios, and those who have adopted PROCEDE have an additional certificate that recognizes their rights to do so. According to the World Bank, the increase in the security of tenancy that results from titling should, in theory, result in an increased supply in the land market (Deininger et al. 2001). Part of this theory assumes a priori that "land markets function better for private agriculturists, less so for certified ejidos, and worse for noncertified ejidos." A further assumption is that "with constant profits according to scale, and a proper functioning of the markets of the production factors and credit, the amount of operated land should be

independent of the quantity of land possessed, of the statute of tenancy, and of any other characteristic of the unit of exploitation. Operations will put land out for rental, or will rent land, according to the optimal land area for the type of operation” (Deininger et al. 2001). The theory, the Bank admits, runs into difficulty when faced with reality. The Bank admits that, “In the private sector and in the noncertified ejidos the quantity of operated land is highly dependent on the quantity possessed, and that the markets do not operate perfectly . . . Even more surprising, once the factors are controlled, land markets do not operate more efficiently in the private sector than in the ejidal sector” (Deininger et al. 2001).

The Bank’s surprise might have been avoided with a little more knowledge of the places and contexts in which they were instituting policy. According to Concheiro and Diego (2001), even before reform, the rental of land was a common practice; between 50 and 70 percent of the lands of the ejidos in irrigated districts were rented. Rented parcels were primarily those dedicated to commercial and income production, where the opportunity cost of the land was high and where it was necessary to have a high cash flow or access to sources of credit. At the beginning of the 1990s the rental of land—though difficult to quantify because it was illegal—comprised more than 50 percent of the best agricultural, pastoral, and forestry lands belonging to ejidos and communities. The tendency, brought about by the reform, to the reconcentration of land gives rise to a *neolatifundismo* (neo-estate system) built around agrarian capitalists, transnational agro-industries, and big cattle breeders, that are no longer obstructed by legal limits (Concheiro and Diego 2001). The land rental markets have been affected more by the implementation of PROCEDE, then, than by the changes in the legal framework.

The World Bank considers PROCEDE as supporting the functioning of the land markets: “In noncertified ejidos the big producers rent out their lands to the small producers, while in certified ejidos the opposite happens” (Deininger et al. 2001). Empirical observation and case studies (Concheiro and Diego 2001) do not allow one to accept this bold statement. In Mexico, as a consequence of the agrarian counterreforms, we are witnessing the selective reconcentration of land, primarily of high productive potential, in the hands of big producers, agricultural capitalists, *caciques* (local political bosses), government officials, and others, and not the rental of land by the small producers who have little capital. Land is not rented for redistribution

among small producers or peasants who lack it, but rather out of necessity, a profound disadvantage primarily for small producers, caused by their incapacity to make land productive due to lack of capital, inputs, credit, income-yield capacity, and market access. For peasants, entry into the land rental market implies the impossibility of making the land productive and obtaining higher profits.

Despite these observations the World Bank concludes that “there is very little evidence that the political reforms of 1992 and the implementation of PROCEDE favor the concentration of land. On the contrary, the certification of rights to land increases the demand to cultivate land and allows small producers entry to the market from the demand side” (Deininger et al. 2001). In fact, experience demonstrates that small producers generally enter the land market from the supply side. From the peasant viewpoint the increase of sharecropping and renting is generated by the need to survive, by the search for certain stability, or by a combination of other, external activities; nonetheless, the peasants show a clear will to continue being ejidatarios, and thus to conserve the possession of their land.

### *Markets for the Sale of Land*

PROCEDE has not had as significant an impact on markets for the sale of land in comparison to its impact on markets for land rental (Deininger et al. 2001). According to the World Bank, the possession of land, or at least long-term rental, is necessary as an incentive for investment. The case studies of Concheiro and Diego (2001) show that the purchase and sale of land has increased substantially with the constitutional changes. The buyers who make the land market dynamic are local *caciques*, private hoarders that make up an elite of ejidatarios. In some cases, interest by external agents for renting community or ejido land foments the interest of the local elites in purchasing land in order to rent it out to such external agents, who are interested in establishing plantation crops.

In most cases, community lands are sold by communal landholders in order to confront emergency situations. In principle nobody wants to sell the land, and least of all to anyone from outside the community, so the least possible amount of land is sold. This explains why many ejidal lands are sold as fractionized lots, where part of the area is kept, despite the fact that this is prohibited by the law (Concheiro and Diego 2001).

### *Access to Credit*

The hope that the certification of land would increase the access by ejidatarios to credit was one of the guiding ideas of the agrarian reforms. However, there has been no registered impact on the access to credit. On the contrary, there has been a general credit decline—not only among ejidatarios, but in the entire sector, due to the Mexican economic crisis—between 1992 and 2000.

### Conclusions

According to the World Bank, PROCEDE is potentially important for other countries facing the task of shifting from a type of land tenancy that is based on tradition, toward a type of tenancy that is more individualized (Deininger et al. 2001). The World Bank views PROCEDE as reducing the incidence of conflicts in the countryside while facilitating the working of the land market; it counteracts the lack of opportunities, propitiates investment in the rural sphere, and stops the exodus of peasant labor. On the other hand, conclusions derived from seven case studies (Concheiro and Diego 2001) point to the following detractions:

1. A sense of territoriality in the communities is lost through the land market, whether the market is used for rent or for purchase and sale, caused by the loss of control of the physical space necessary for their social reproduction, with the consequential increase in the need to migrate among youths who have lost their access to the land.
2. The market program has instigated a process of dispossession of lands, whether through rent or sale, whereby local or external minorities are gaining control over the best ejidal and private lands of rural communities, while an increasing number of peasants are losing access to the land.
3. The decision to cede the usufruct or possession of the land is forced by the circumstances. Sales are made in order to resolve the emergencies of poor ejidatarios, and the buyers tend to be ejidatario elites, who take advantage of an emergency situation to buy at low rates.
4. Peasants do not participate in the market with the idea of making a profit, or of obtaining a benefit; on the contrary, those who rent out their

land assume the temporary or permanent impossibility of working it directly and that a greater benefit will be obtained through the sale of their products.

In Mexico land markets reflect a profound inequality and inefficient distribution of wealth, resources, and opportunities. Further movement along this trajectory is bound to undo the successes of the original, and far more just, Mexican agrarian revolution. It would seem as if the World Bank were setting up the conditions for a third agrarian reform.