

**Land Reforms in Latin America:
Ten Lessons toward a Contemporary Agenda¹**

by

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Abstract

In reviewing the outcomes of 70 years of land reforms in Latin America, we arrive at the following ten lessons that give guidelines for future programs of access to land.

Lesson 1: Latin American land reforms have generally been "incomplete" in that they have not provided beneficiaries with the prerequisites for competitiveness. As a consequence, they have had a poor record in solving the poverty problem.

Lesson 2: Land use is generally only one element of pluriactive household strategies. Hence, optimum access to land should be endogenous to household choices as it depends upon idiosyncratic livelihood strategies.

Lesson 3: There exists a multiplicity of paths of access to land that can be selected from and combined according to political feasibility and budgetary capacity, with expropriative land reform only one of them and usually not the easiest.

Lesson 4. Opportunities for governments to negotiate the recuperation of lands to settle poor people remain vastly under-explored, even though they provide some of the most politically and budgetarily feasible approaches to land reform.

Lesson 5. Expropriation based on the social functions of the land, the classical approach to land reform, remains an important option for many countries, but it should be pursued pro-actively to be effective.

Lesson 6. When property rights are legitimate and formalized, access to land through assistance to purchase can offer attractive possibilities that deserve further experimentation to establish best practice.

Lesson 7. Access to land through assistance to rental offers possibilities that have not been pursued and deserve urgent attention.

Lesson 8. Land reform should be systematically imbedded in "new" approaches to rural development based on regional development and economic incorporation of the poor.

Lesson 9: Land reform for social change has been effective in displacing traditional landed elites and achieving political control over peasants, but not in promoting the social incorporation of beneficiaries.

Lesson 10: Many land reforms have remained inconclusive, and the path toward conclusion has in most cases been excessively tortuous and delayed, implying high efficiency and welfare costs.

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Using public policy to amend the pattern of access to land has been one of the most important and controversial issues in Latin American governance. This is due to the fact that the post-colonial nations on that continent inherited a highly unequal pattern of land ownership dominated by latifundios that were established in most situations through expropriation of indigenous community lands (Mexico, Bolivia, Peru, Ecuador, Guatemala, Honduras). The issue of land reform thus combines aspects of efficiency (large tracts of under-used land coexisting with overused and ill-located small plots; inequality in the distribution of assets as an obstacle to faster growth), equity (the latifundio-minifundio dualism and the corresponding political dominance of landed elites), poverty (rural poverty still dominates total poverty in many countries in spite of a high rate of urbanization, and the incidence and depth of poverty are always higher among rural than urban populations), racial tensions (claims for restitution of ancestral territories as the necessary condition for social reproduction of indigenous groups), and environmental stress (land claims established on the basis of deforestation; subsidized non-sustainable livestock and forestry operations; mining of the land associated with poverty in excessively small plots with no options for off-farm earnings). Today, in spite of seventy years of land reform starting with the peasant-led revolution in Mexico, the problem of access to land remains unresolved in most countries. With the end of the Cold War and new concerns for poverty and the environment, it has regained rank on the policy agenda. Clearly, lessons can be derived from the long history of land reforms in Latin America and from better empirical knowledge of agrarian phenomena in helping shape governments' current land policies and the assistance that can be drawn from international development agencies. It is the objective of this paper to review this experience and to capitalize on new empirical regularities in order to establish such lessons.

1. Rural poverty in Latin America and the role of land in exit paths out of poverty

1.1. Importance and permanence of rural poverty

Rural poverty in Latin America has been surprisingly resilient. As can be seen in Figure 1, the incidence of rural poverty has remained overall surprisingly constant since the 1970s. It remains above 50% in half the countries. Except for Brazil, and very recently Chile and Mexico, the total number of rural poor has increased in every other country (Figure 2). Finally (Figure 3), rural poverty still represents more than 50% of total poverty in half the countries, particularly in Guatemala (72%), El Salvador (67%), Costa Rica (59%), Paraguay (56%), Panama (55%), Honduras (54%), Nicaragua (53%), and Bolivia (51%). In spite of high levels of urbanization, rural poverty thus remains a huge social problem.

1.2. Exit paths from poverty and the role of land

How effective is land relative to other instruments in helping the rural poor escape from poverty? A first entry into this problem is to recognize that there exists a variety of paths out of poverty, and that land plays a role in some and not in others. The most important such paths are the following four:

Exit path through migration

This has been the historically dominant escape from poverty. For Latin America, in the last 30 years, more than 75% of the reduction in the incidence of rural poverty relative to that of urban poverty has been due to migration, not to rising rural incomes (de Janvry and Sadoulet, 2000a). This migration of poor unprepared people contributes to congestion externalities in large agglomerations, and all too often displaces poverty from the rural areas to these urban centers, recreating there the same poverty problems.

Exit path through monetary transfers

Direct transfers to the poor have become one of the main approaches pursued by governments and international agencies to reduce rural poverty. While this is indeed administratively easier than trying to help poor people raise their incomes through employment and investment opportunities, it is an approach clearly limited by the extent of poverty. Thus, while necessary to respond to emergencies and to assist the poor who cannot work, it is clearly not a financially viable strategy out of poverty in countries where poverty is extensive.

Exit path through family and community agriculture

This is the classical approach based on land reform and rural development to secure access to land and competitiveness of beneficiaries. Support for the approach by international development agencies has declined due to lack of political will in confronting land issues and difficulty in scoring successes with rural development. As a consequence, budgets in support of the approach have fallen sharply.

Exit path through pluriactivity

Households engaging in both farm and off-farm activities have become increasingly frequent as rural areas become better connected to urban environments (Reardon et al., 2001). The potential of this pluriactivity as an element of rural development strategies remains under-explored. Its effectiveness depends on both the qualifications of the rural poor and the availability of employment and investment opportunities in the localities where they live.

Migration of prepared individuals toward local growth poles can indeed be an effective strategy out of poverty. For this reason, massive investments in the education of the rural poor (Progres-a-type programs) are justified. Regional development to support the creation of local employment and investment opportunities that can be captured by the rural poor (including as part of pluriactive strategies) is also an important element of rural poverty reducing strategies. Beyond this, access to land is necessary to activate the exit path through family and community agriculture, and it is also the platform on which pluriactive strategies are built. This paper consequently reviews the accumulated experience with seventy years of land reform to assess how effective access to land through different public policy initiatives has been in helping rural households get out of poverty.

2. New opportunities exist to place land reform back on the development agenda

Land reform, once a mainstay of development strategies (Alliance for Progress initiatives to prevent the spread of revolutions after the Cuban experience; CEPAL strategies of domestic market expansion in support of import substitution industrialization strategies), had largely disappeared from the policy agenda in the 1980s and 1990s. There are, however, a number of recent changes that have helped look again at programs of access to land as a key element of development strategies. They include the following:

- i) Renewed focus on poverty in the international agencies (World Bank's WDR 2000/1 "Attacking Poverty", CGIAR Vision and Strategy, DIFID's livelihoods approach, IFAD's Rural Poverty Report 2001), with an intended shift in approach from income transfers to income generation, and hence to control by the poor over productive assets, land in particular.
- ii) Greater degrees of freedom for international development agencies to address issues of property rights and social incorporation after the end of the Cold War when, during that period, addressing property rights and social exclusion issues were suspect of subversion.
- iii) Greater domestic demands to deal with poverty and social exclusion as a consequence of progress toward democracy, decentralization of governance, and the "thickening" of civil society organizations.
- iv) New empirical evidence that greater equality in asset ownership and more comprehensive social incorporation can be important sources of growth.
- v) Increased public attention given to environmental issues that are tied to property rights and to patterns of land use, and greater willingness for society to pay for environmental services.
- vi) Renewed evidence that access to land and property rights are key instruments to reduce civil conflicts in rural societies and to stabilize post-conflict situations.
- vii) "New" approaches to land reform that give a range of policy instruments to promote access to land that can be selected from according to political feasibility and budgetary capacity.
- viii) "New" approaches to rural development that give greater potential in using access to land more effectively for poverty reduction (IICA's New Rurality, World Bank's "Reaching the Rural Poor").

ix) Greater willingness of donors to coordinate initiatives to reduce poverty (e.g., Inter-Agency Group for Rural Development in Latin America).

Given this renewed willingness to look at access to land as an element of poverty reduction strategies, it is important to derive lessons from past experiences to guide new initiatives.

3. Incompleteness of the Latin American land reforms

Latin American land reforms have in general focused on access to land as opposed to the competitiveness of beneficiaries. In Bolivia, revolution in 1953 resulted in distribution of all the land in haciendas to workers on these lands, but was not accompanied by programs to promote efficient use of land by beneficiaries. Today, these peasants live mainly in poverty. The same occurred in Peru, where expropriation of lands in haciendas, particularly on the Altiplano, was not accompanied by rural development programs. In Mexico, the ejido was initially strongly supported by investments in large irrigation projects, special credit lines, and technical assistance. However, this support declined over time, and the ejido sector increasingly lagged relative to the private sector. Overcoming lagging productivity and rising poverty in the ejido sector was a major objective of the 1992 constitutional reforms allowing privatization of land in individual plots. In Chile, lack of access to credit for land reform beneficiaries and agrarian debts prevented them from investing in the emerging fruits and vegetable activities. As a consequence, most had as a better option to sell their lands to entrepreneurs who could invest in these profitable activities. Warriner qualified as "incomplete" land reforms where access to land is not accompanied by a set of institutional reforms able to secure the competitiveness of beneficiaries. This qualification of reforms applies to most Latin American cases. Historical experience shows that giving access to land has been easier than securing the competitiveness of beneficiaries.

Lesson 1: Latin American land reforms have generally been "incomplete" in that they have not provided beneficiaries with the prerequisites for competitiveness. As a consequence, they have had a poor record in solving the poverty problem.

4. Access to land as one element of comprehensive household livelihood strategies

Empirical analyses of the income strategies pursued by the rural poor reveal considerable heterogeneity in sources of incomes. Clearly, access to land and natural resources is key for rural households in generating income as agriculture, livestock, forestry, and fisheries are the main sources of economic activity in rural areas. However, empirical regularities (Figure 4) show that not only do the poor rely importantly on off-farm sources of income (by necessity as they have no or little natural capital), but that most of the rural non-poor (even if landed) also derive important shares of their total incomes from non-farm sources. What changes between poor and non-poor is the quality of these off-farm income sources in response to differential levels and quality of asset endowments. For the poor, asset endowments only give them access to low wage employment in agriculture, construction, and informal services dominates. For the non-poor, asset endowments allow them access to employment in manufacturing and formal services. This portfolio of activities for rural households is what has been characterized as "pluriactivity" (MacKinnon et al., 1991).

For many rural households in the world, pluriactivity has been an effective road out of poverty (Lanjouw and Lanjouw, 2001; Reardon, Berdegúe, and Escobar, 2001; Ramírez, Berdegúe, Caro, and Frigolett, 2002). As can be seen in Figure 4, on average across 11 locations of Latin America, rural non-farm incomes account for 55% of total rural household incomes, and these activities have grown quickly in recent years. However, land reforms have typically defined farm size for beneficiaries on the basis of technical criteria to establish viable family farms where agriculture is considered to be the only activity (U.S. homesteads, Mexican ejido). Given the heterogeneity of circumstances and the prevalence of pluriactivity, it is important to let households choose how much land they want to farm (Cedula da Terra in Brazil). Land acquisition and land use should consequently be planned as a household strategy, not as a farm management plan (as in the Cedula da Terra). Yet, land reform programs have taken a narrow sectoral perspective instead of a comprehensive look at household livelihood strategies.

Lesson 2: Land use is generally only one element of pluriactive household strategies. Hence, optimum access to land should be endogenous to household choices as it depends upon idiosyncratic livelihood strategies.

5. There exists a multiplicity of paths of access to land

There exists a multiplicity of paths of access to land. Among those, even in countries that have had extensive land reforms, the land market (legally as in Nicaragua or informally as in Bolivia) is of fundamental importance, both through purchases and rentals. In Nicaragua, for instance, only 16% of land plots have been acquired through land reform, while 21% have been received through inheritance, 46% have been accessed through the land sales market, and 15% through the land rental market. Hence, land markets provided access to land in 67% of all cases. In addition, each of the many ways of access to land can be made more effective for the poor and for women. Land reform through expropriation and distribution, the classical approach in Latin America, is clearly only one way of access, and not necessarily the easiest. Interventions to provide access to land to the poor should thus take advantage of the broad array of instruments available and be chosen in terms of the political feasibility and budgetary capacity that characterizes each particular situation.

Lesson 3: There exists a multiplicity of paths of access to land that can be selected from and combined according to political feasibility and budgetary capacity, with expropriative land reform only one of them and usually not the easiest.

6. There exists a multiplicity of types of land reform

There are four broad categories of approaches to land reform that can be considered. They are:

1. Negotiated recuperation of land.
2. Expropriation based on the social functions of the land.
3. Assisted land purchases.
4. Assisted land rentals.

These four types of land reform should be seen as complementary according to types of situations, calling on pragmatism in identifying best practice.

Each approach to land reform should be assessed on the basis of four criteria:

1. Political feasibility: Pareto optimality (win-win) after compensation, or strong coalition in favor of the reform.
2. Budgetary capacity: Low subsidies per beneficiary to achieve broad coverage and be competitive with alternative paths out of poverty.
3. Incorporation of the poor: Effectiveness of program targeting toward the rural poor.
4. Competitiveness of beneficiaries: Access to threshold levels of asset endowments in a favorable context (public goods, policies) to achieve economic and environmental sustainability.

6.1. Category I of land reform: negotiated recuperation of land for settling the poor.

This is potentially the least conflictive and cheapest approach to land reform, yet it is also the least explored in creative fashions. It consists in recuperating lands that can then be used to settle poor households. A good example of the approach is that pursued by the mayor of Brasilia. The capital city attracts many poor households from the impoverished Northeast, who arrive with no skills else than some farming experience. Settling them as pluriactive farmers is the best option to reduce poverty and social tensions. The mayor identified lands with uncertain titles and negotiated surrendering to the municipality part of the land in exchange for full updating and regularization of titles on the remaining land. This is a win-win proposition for landowners who can derive greater benefit from fully titled smaller areas than from weakly established property rights over greater expanses of land. The mayor can in turn develop his land reform program on recuperated land at low cost.

Opportunities to recuperate land to settle poor people include the following:

1. Recuperate illegally held lands

This can involve major expanses of land. Brazil recently reviewed the status of land titles of all large properties in the Amazon, recuperating for public control millions of hectares improperly held. A large potential also exists in Bolivia if political will exists to verify the legitimacy of land titles and enforce the law.

2. Negotiate the partial surrendering of land in exchange for regularization of obsolete or incomplete titles

These opportunities should be identified locally (role of the municipalities), and negotiated with participation of grassroots organizations. In the Bolivian case, this suggests inviting the participation of municipalities when they have the capacity of confronting landlords controlling lands with illegitimate titles. Where municipalities are subject to capture by landed elites, central authorities should remain the driving force.

3. Ley de Quota Parte:

Under this law, landowners surrender in land the increased value of their assets created by public infrastructure investments. This has been applied principally to public irrigation projects (Dominican Republic, California's 960 acres reservation law on federal irrigation projects), but it could be extended to other infrastructure investments with clear impact on the value of the land.

4. Negotiate the settlement of inconclusive land reforms

Many Latin American land reforms have remained inconclusive in the sense that final titles have not been granted to beneficiaries. This is generally due to illegal expropriations (for example lands that were invaded in Nicaragua) or to lack of payment to landlords of agreed compensations (Nicaragua, Dominican Republic). These situations can be renegotiated to create win-win arrangements, much like countries renegotiate sovereign debts with international lenders when they cannot meet debt service obligations. In the Dominican Republic, a European Community program extends loans to beneficiaries who can make deals with former owners for partial restitution of land or partial cash payment in exchange for final transfer of title.

5. Distribute public lands

In many countries of Latin America, extensive public lands remain that can be used for land reform settlements, under proper conditions of assistance to competitiveness and environmental concerns. In Bolivia, for instance, the government has identified 900,000 hectares of public lands apt for human settlement. In the Dominican Republic, many lands in the public domain after expropriations on account of maximum size have still not been distributed to intended beneficiaries.

Seeking decentralized opportunities to negotiate the recuperation of land to settle poor people is a vastly under-explored approach to land reform. The approach requires coordination between municipal authorities, grassroots organizations, and deconcentrated representatives of land agencies to identify and negotiate local opportunities. Political feasibility of the approach can be achieved since improved titles or improved land (e.g., irrigation) on a smaller area can be more advantageous to the former occupant than a weak title or unimproved land of greater extension. Budgetary feasibility is secured since no subsidies for beneficiaries to purchase land are needed as lands recuperated by the land agency are not paid at market price.

Lesson 4. Opportunities for governments to negotiate the recuperation of lands to settle poor people remain vastly under-explored, even though they provide some of the most politically and budgetarily feasible approaches to land reform.

6.2. Category II of land reform: expropriation based on social functions of the land.

This is the classical approach to land reform, where historical turning points in political power (revolutions in Mexico, Bolivia, Cuba, and Nicaragua), or the mobilization of powerful political coalitions in favor of land reform (military coup in Peru, peasant movements (MST) in Brazil, alliance between labor unions and industrial interests in Chile under Frei, or electoral victories by the left (Guatemala under Arbenz, Chile under Allende, El Salvador)) allowed to expropriate land. This was also done on the basis of constitutionally defined social functions to be satisfied by the land, with only partial compensations for the expropriated assets (land paid in non-indexed agrarian reform bonds in Peru), or none at all (Mexico, Bolivia).

Social functions can be defined in several ways:

1. Productive functions: minimum level of use in latifundios (specified in the Constitution in Brazil, Dominican Republic, Bolivia)
2. Social justice: maximum size (80 basic irrigated hectares in Chile, 200 irrigated hectares in Mexico's *pequeñas propiedades*, Dominican Republic, Bolivia)
3. Environmental value: lands that create positive externalities (watersheds, biodiversity reserves).

The political feasibility of this approach is difficult to achieve. It has required political turning points in history (U.S. occupation in Taiwan and South Korea; revolutions in Russia, Eastern Europe, and China; Punta del Este conference in Latin America responding to the shock waves of the Cuban revolution). Few of these options are available in Latin America today. However, less dramatic shifts in power to support the approach are feasible. Grassroots pressures (MST) have been able to create political feasibility for expropriation in Brazil and indigenous mobilizations have led to collective titling of former territories in Ecuador and Bolivia. Contradiction between constitutional rights (Brazil for underused private lands) and civil law (respect of property rights) invites disobedience if the expropriation is not pursued proactively by government and has to be obtained instead through invasions, violence, and referral of the case to the Federal Government.

Budgetary feasibility is helped through partial compensations. However, negotiations for compensations are often made harder when lands are expropriated by government instead of chosen for purchase by beneficiaries. Results contrasting the INCRA (government expropriations program) to the Cedula da Terra (Land market assisted land reform) in Brazil, show that land acquired through the first program cost US\$300/ha on average compared to US\$100 for the latter (Filho).

Programs of land expropriation on the basis of the social function of the land are important where land is highly unequally distributed with oligopsonistic power by landowners, where there are large expanses of under-used lands, and where there are many landless poor. The environment can also be used as an opportunity to question current unsustainable land use. It is, however, recommended that expropriations on the basis of the social function of the land be pursued proactively to avoid violence and to reduce costs (budgetary feasibility). It should remain actively pursued even if other approaches to land reform are being followed, recognizing the need for a multiplicity of solutions in correspondence with the heterogeneity of situations

Lesson 5. Expropriation based on the social functions of the land, the classical approach to land reform, remains an important option for many countries, but it should be pursued pro-actively to be effective.

6.3. Category III of land reform: assisted land purchases

Given the difficulty of mobilizing political coalitions in support of expropriation, assisting the poor in using the land market to gain access to land in ownership is an attractive option. With variations, this is the approach followed in "community" or "market" assisted-land reform (C/MALR), as well as in land bank schemes. Political feasibility is secured by joint willingness to transact by seller and buyer. However, the political legitimacy of subsidies to the transfer can only be secured if the current pattern of

land ownership is recognized as legitimate, both locally and nationally. Budgetary feasibility depends on the cost of the two types of subsidies required due to overpricing of land relative to its value in use:

- Overpricing of land due to capitalization in land values of services provided by land beyond use in production (shelter of wealth, collateral to access credit, insurance against food price fluctuations and unemployment, tax breaks, access to farm subsidies, speculative value, status and power). Hence, M/CALR needs give a subsidy to compensate for overpricing of the land relative to its income generation potential in productive use (that sets the maximum loan that can be extended to a poor buyer). Where land ownership is highly unequally distributed, oligopsonistic market power leads to further overpricing of land when effective demand is increased by C/MALR. This increases the cost of the approach.

- Since fully mortgaged land does not leave collateral value to borrow for investment and operational costs, an additional subsidy is needed to help poor people get started in using the land productively.

Evaluations of the approach and experimentation with adaptation to varying circumstances are still lacking. Observations based on current practice suggests the following:

- C/MALR can be expensive since a double subsidy is needed. High cost would mean limited scope.

- Accepting the price to be paid for land signifies accepting the legitimacy of the current pattern of land ownership. This implies that restitutions and expropriations on the basis of illegitimate acquisition or of social functions of the land are now considered unjustified.

- Reducing oligopsonistic market power if it exists requires a progressive land tax to capture rents derived from market power and to push these lands into the market. Fiscal decentralization creates a new political economy in support of the local enforcement of real estate taxes.

- The scale of the program can create incentives for collusion: this has implications for the pace of implementation to reduce upward pressures on land prices.

- The ownership option in M/CALR tends to crowd out the cheaper land rental option.

Lesson 6. When property rights are legitimate and formalized, access to land through assistance to purchase offers attractive possibilities that deserve further experimentation to establish best practice

6.4. Category IV of land reform: assisted land rentals

Land rental is an important instrument to gain access to land in Europe (71% of the land is rented in Belgium, 48% in the Netherlands, 47% in France; see Swinnen, 2001), the United States (45% of the land), and Asia (46% in Pakistan). Among rental contracts, sharecropping is an important option (30% of land leased in the U.S.). Land rental markets are, however, relatively small in Latin America where only 12% of the land is rented. While there is evidence of under-reporting, that the market is small leaves little doubt.

Why is the land rental market atrophied in Latin America? Case studies in a number of countries show that main limiting factors to land rental transactions are weakness of property rights and lack of reliable conflict resolution mechanisms. Consequences are rentals that are few, informal, short-run, and segmented as they occur within narrowly defined circles of confidence (by kinship, proximity, farm sizes, and social class). Rentals are also sometimes forbidden (land reform sector) and rents controlled at excessively low levels. Differential market failures for small versus large landowners often result in reverse rentals, where smallholders are better off renting to commercial users with good access to product and factor markets.

Advantages of access to land through land rental versus land sales markets explain its prevalence on other continents. Rentals allow:

- Flexibility in adjusting land area used with low transactions costs.
- Saving limited available liquidity for productive investments.

- Easy reallocation of land toward more efficient users than current owners, especially old (thus facilitating access to land for the young), non-cultivating heirs, urban beneficiaries of restitutions, etc.
- Entry points for the landless as a stepping stone into agricultural ladders toward land ownership.
- Sharecropping contracts help overcome market failures in labor, insurance, credit, management, and supervision, thus potentially helping secure the competitiveness of beneficiaries

Activating land rental markets requires to strengthen property rights (individual or collective titling with community approval, or informal property rights anchored in social capital), abolish legislation that benefits tenants through occupancy rights, introduce effective conflict resolution mechanisms (decentralized alternative dispute resolution mechanisms, including for inter-community conflicts, and reliable and expeditious litigation systems), formalization of an array of contracts, regulation of land rental contracts (termination clauses, compensation for residual value of investments), and elimination of rent controls (except in short run emergencies).

For the rural poor to gain access to land through rental, subsidies and credit lines are required to acquire the working capital necessary to get started. In addition, market intelligence with community supervision is needed. Interesting experiments with assisted land rentals exist. They include the "Landless Workers' Consortiums to Rent Land" in Brazil (de Rezende, 2001), group rentals in Honduras (FUNDER), and the "Sharecropper and Rural Leasing Exchange" in Uberaba, Brazil.

Lesson 7. Access to land through assistance to rental offers possibilities that have not been pursued and deserve urgent attention.

7. Complementarity between land reform and rural development

Access to land programs must be inserted into the "new" approaches to rural development to make land use part of viable livelihood strategies. These "new" approaches to rural development have been partially articulated in the Inter-Agency Group for Rural Development in Latin America's "Nueva Ruralidad" and the World Bank's "Reaching the Rural Poor" strategies (see also de Janvry and Sadoulet, 2002).

The two essential dimensions in the "new" approach are:

- (1) Regional development to create local employment and investment opportunities for rural people. This requires focusing on the determinants of local economic growth: regional growth poles for manufacturing and linkages to agriculture in the region.
- (2) Rural development to promote access to these opportunities by the rural poor. Key for this purpose is access to assets, land in particular.

In that sense, an effective strategy of access to land is but one dimension of a comprehensive approach to regional and rural development.

Lesson 8. Land reform should be systematically imbedded in "new" approaches to rural development based on regional development and economic incorporation of the poor.

8. Land reform for social incorporation

Land reform is more than an economic proposition. The most extensive land reforms in Latin America (Mexico, Bolivia, Peru, Guatemala 1952-54) have all been the outcomes of struggles for restitution of ancestral territories and recognition of political rights. Others (Nicaragua) occurred in revolutionary contexts where political rights were a dominant issue. Most land reforms promoted by the Alliance for Progress (Colombia, Ecuador, Chile 1967-73) had an explicit anti-feudal purpose, seeking to displace the traditional agrarian elites and to eliminate labor relations based on peonage and servitude. From that perspective, land reform has been pursued for three objectives:

1. Access to land as a source of income and security for beneficiaries, usually the workers of expropriated estates.

2. Competitiveness of beneficiaries ("complete" land reform) to secure their economic incorporation and increase the productivity of land use.

3. Social incorporation of beneficiaries:

Political rights (representation, rights of citizenship).

Emancipation from dominance of landed elites (anti-feudal).

Cultural identity for indigenous groups, restitution of ancestral territories.

The long history of land reform in Latin America has given access to land to some rural poor, although many were excluded, and the problem of access to land remains overall large. Yet, land reform was quite extensive in some countries like Bolivia, Mexico, and Peru where about half of the land was redistributed. Land reforms have also been successful at removing the feudal elites, either transforming them into modern entrepreneurs under the threat of expropriation and assistance to capitalization (Colombia, Ecuador, Venezuela) or effectively expropriating them (Mexico, Bolivia, Chile, Peru). Finally, land reforms have been effective at reducing revolutionary pressures, freezing peasant demands through selective access to land and creation of a buffer class of beneficiaries (Mexico, Bolivia, Peru). These are the positive achievements.

Where land reforms have been less successful is in reducing poverty among beneficiaries, as they were not accompanied by agricultural and rural development policies to help beneficiaries achieve competitiveness. Even in Mexico, where land reform was initially quite successful at enhancing productivity among beneficiaries through large irrigation projects and organization of a set of institutions in support of the ejido sector (Banco Ejidal for access to credit in spite of incomplete property rights, Conasupo for access to markets, etc.), this support declined over time, increasingly pushing beneficiaries into stagnation and poverty.

Land reforms have also not been very effective at achieving social incorporation of beneficiaries for three reasons. One is strong tutelage by bureaucratic agents to achieve social control following the reforms. Beneficiaries were not allowed to decide on their own for land use, land transactions, labor decisions, the provision of public goods, and the management of common property resources (Mexico, Dominican Republic, Peru, Bolivia). The second hurdle to social incorporation was poverty, an outcome of incomplete reforms. Finally, much of the political gains from land reforms were indirectly captured by an urban and rural middle class that benefited from the removal of traditional elites to capture political power.

If land reforms are to achieve gains on both economic and social fronts, they should be explicitly managed as such from the very beginning. While competitiveness requires "complete" land reforms, social incorporation requires organization, representation, and empowerment. Devolution of land to indigenous communities is not sufficient. Assistance to the ability to manage community affairs and to achieve political representation should be an integral component of the reforms.

Lesson 9: Land reform for social change has been effective in displacing traditional landed elites and achieving political control over peasants, but not in promoting the social incorporation of beneficiaries.

9. Inconclusive and tortuous reforms

Lastly, most land reforms have had a long and tortuous process toward completion, while time plays against the economic and political interest of beneficiaries. Expropriated lands were organized in collectives (ejidos in Mexico and Honduras, collective farms in Chile, Peru, and Nicaragua, land settlements in the Dominican Republic) way beyond the time necessary for beneficiaries to learn entrepreneurial skills and for the transformation of infrastructure necessary to evolve from haciendas to individual farms. Property rights were left insecure (Nicaragua) and incomplete (Mexico, Bolivia, Peru) for a long period of time, preventing beneficiaries from gaining access to credit and from investing in their plots. Consequence from this was deepening poverty, bankruptcies and foreclosures, and political marginalization. Inconclusiveness and delays have sharply reduced the potential gains from reforms, sometimes acting as a counter-reform just through the passage of time.

Lesson 10: Many land reforms have remained inconclusive, and the path toward conclusion has in most cases been tortuous and delayed, implying high efficiency and welfare costs.

Figure 1. Incidence of rural poverty (%)

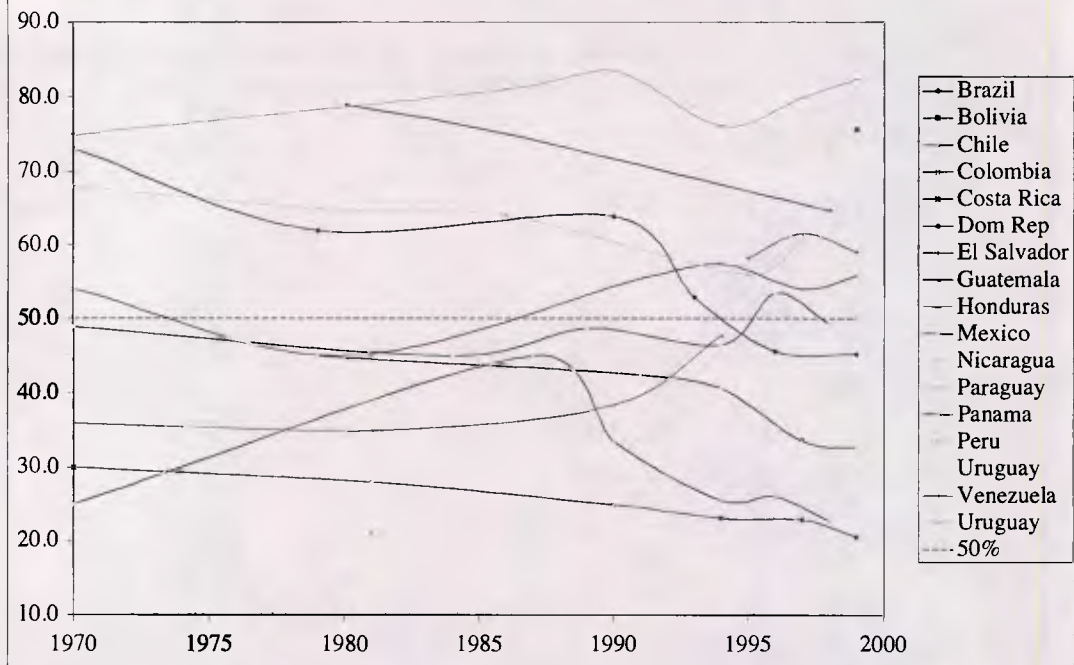


Figure 2. Total number of rural poor (earliest date=100)

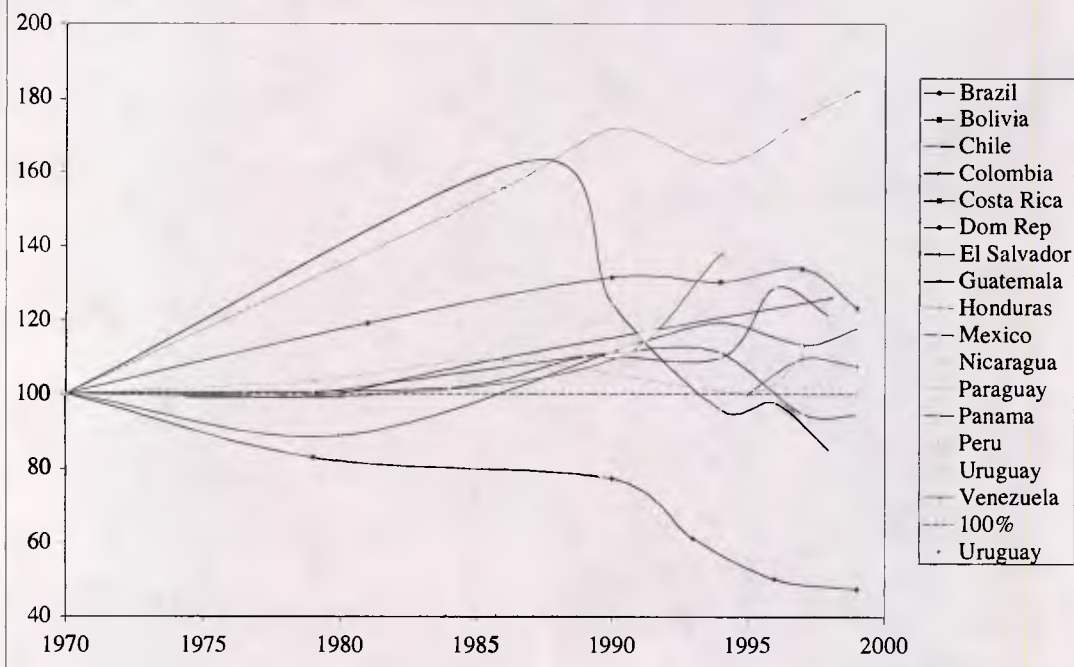


Figure 3. % of total poverty that is rural

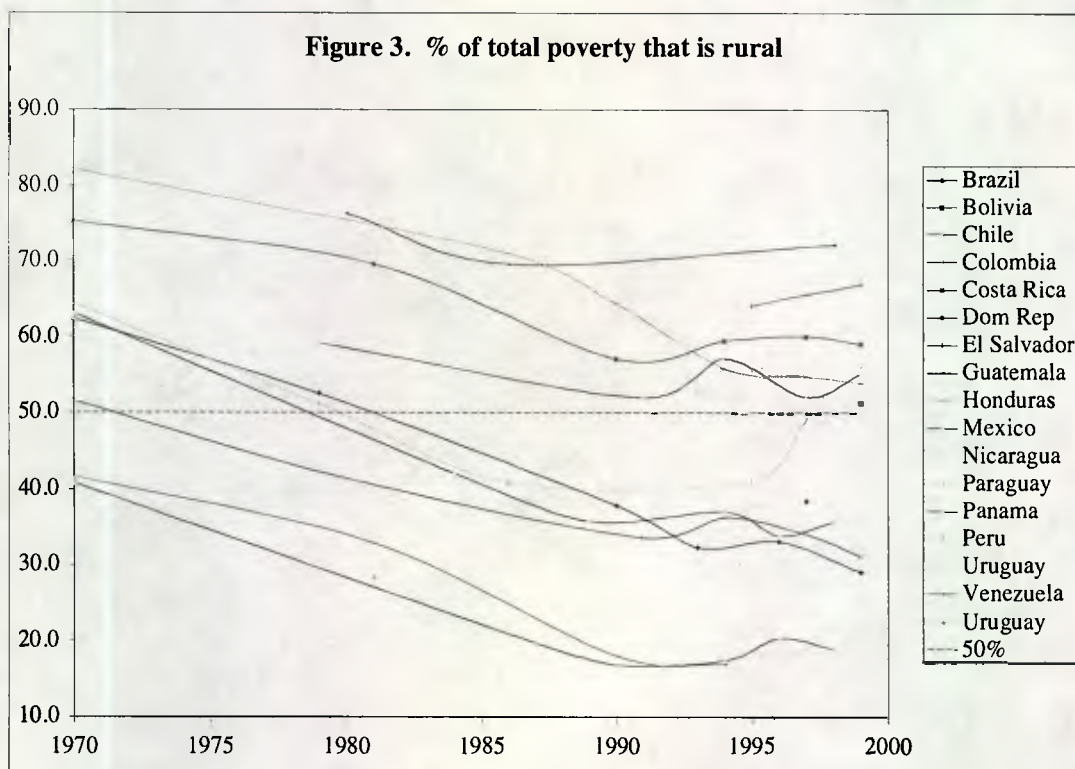


Figure 4. Share of off-farm income by income class among rural households, Latin America

