

ENS..WSR..40.

Mexico City,D.F.,
Apartado 538,
July 12,1928.

My dear Mr.Rogers:

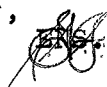
I hand you herewith what I hoped would be my last article on the agrarian question. The darned material keeps on growing and growing, however, and there dos'nt seem to be any place where I can decently stop. But now I have taken an oath: one more article and I quit!

I am quite in agreement with your belief that I should"devote myself to creating a situation here which will lead to a request for the Rosenwald money". For the present, however, my hands are tied. I had a talk with Moises Sáenz (the sub-secretary of education who was out of town when Embree was here) the other day. He was very cordial, but at the same time very firm in his conviction that nothing could be done until the new administration came in. I elicited a promise that he would see that I was informed as soon as the new Minister of Education had been decided upon. This week I have an appointment with Mr.Morrow and will discuss with him the proper strategy to follow during the next few months.

Mr.Embree has written me several very thought-provoking letters. I am glad to say that he seems to be interested ^{not only} in the Institute in general, but also in me personally and the special problems with which I am trying to deal here.

If you miss Handman in Chicago you may see him at Williamstown or in New York. I am writing him to be on the look out for you in both places.

Sincerely,



THE AGRARIAN PROBLEM AND THE CALLES REGIME.

INTRODUCTION.

Pledged to carry out the program of land reform implicit in the revolutionary slogan of "tierra y libertad" and embodied in Article 27 of the Constitution of 1917, General Plutarco Elias Calles took over the reins of government from President Obregon in December of 1924. In numerous campaign speeches and in various statements to the press he had stated in unequivocal fashion his belief that: "Any truly national government should devote itself in the first place to the creation of small properties and to converting the peasants into proprietors of the lands which they are able to work. Only by devoting their attention to carrying out these urgently needed reforms and by making each peasant a proprietor can the future governments of Mexico prevent revolutions. Thus will interests be created which will be a guarantee of established order. The division of the land ought to be the concern not only of the government but also of the present proprietors.. The ejidos as the communally held property of the villages signify, to my mind, the first step toward the creation of small rural holdings."¹

As has already been noted in a previous section on the "Agrarian Aspects of the Revolution" President Obregon was the first of the revolutionary executives to pass laws and to create the necessary governmental machinery to make effective the agrarian provisions in the 1917 Constitution. Under these laws and regulations as has been previously stated, final possession of some 3,799,635 acres was given to 731 villages including 153,071 farmers.

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DIFFICULTIES IN ADMINISTRATION AND ABUSES UNDER THE AGRA- RIAN LAWS.

When President Calles took office, however, it was clearly apparent to everyone that the laws and regulations passed by Obregon and his predecessors were somehow not producing the desired results. As President Calles' minister of agriculture, Luis León, pointed out in a speech to Congress in September of 1925, the Mexican social revolution, unlike the French and Russian revolutions, had of necessity proceeded on an almost purely "empirical basis". Lacking either a Rousseau or a Marx to furnish an ideological background and a reasoned statement of aims and ideals, the Mexican revolutionists had perforce to work out their programs and to pass their laws of social reform in the heat of battle. The romantic and impractical agrarian program projected, for example, in the "Plan de San Luis Potosí" was only an aspiration, a recognition of the great and urgent need of the peasants. In this and in other subsequent programs and laws the revolutionists had proceeded on the assumption that the agrarian problems of Mexico were puramente políticos (purely political) and all that was needed for their solution was the establishment of a more democratic form of government. For this misguided belief, the Mexican people had paid dearly.

Specifically the problems which had arisen under the operation of the then existing agrarian laws, according to Minister León, could be listed as follows: (a) Although according to the law the lands of the ejidos are supposed to be worked communally, everyone knows that, as a matter of fact, this is not the case. In almost every case the lands of the ejidos have been allotted in severalty. Furthermore the ejidatarios themselves have shown by their actions that they are convinced that the communal method is not the best way to cultivate their newly acquired lands. (b) It is a now general-

ly acknowledged fact that production on the lands distributed under the agrarian laws has fallen below that which had been hoped for.

The failure of the ejidos to produce is to be attributed in part to the fact that the peasants have not been supplied with implements, animals, seeds, credit facilities, etc., with which to work their lands; but, also, a very important factor is the wide spread feeling of insecurity of tenure. The ejidos are constantly being threatened with supreme court injunctions (amparos), rumors are spread that the Federal Government is abandoning its land policy, and the peasants are frightened and worried by the threats of the large landowners. Another factor of no less significance in producing the feeling of insecurity on the part of the peasants is found in the character of the control of the ejidos exercised by the local Administrative Committees. These committees have fallen into the hands of the most ambitious (and oftentimes most unscrupulous) members of the village who do not hesitate to look after their personal interests to the sacrifice of the collective welfare. No sooner does the peasant get his crop planted on his little parcel than the local politicians manage to effect a reallocation of the land and his work goes to enrich some political favorite. The caudillesmo (bossism) of the hacendados (large landholders) has been destroyed only to be supplanted by the caudillesmo of the local Administrative committees.... The only way in which the agricultural future of the ejidos can be assured is first to provide absolute security in the possession of the land for the whole village, and second absolute security of tenure for each ejidatario for his own personal parcel.

PRESIDENT CALLES' AGRICULTURAL POLICY AND AGRARIAN ADVANCES IN
THE PERIOD 1924-1928.

In order to remedy the above mentioned evils and to carry out the program of agrarian reform to which he was pledged both as an individual and as a leader of Mexico's social revolution, President Calles announced soon after taking office the general outlines of his agricultural policy. For convenience this policy and the advances which have been made during the last four years in carrying it into effect may be discussed under the following heads: (1) Laws regulating the Distribution and Tenure of Land; (2) Statistics of the Distribution of Land; (3) Program of Agricultural Educational ; (4) Agrarian Banks and Institutions of Agricultural Credit; (5) Irrigation Program; and (6) The Question of Compensation for Expropriated Lands.

Laws Regulating the Distribution and Tenure of Land.

During the administration of President Calles a number of laws, decrees, regulations, etc., have been passed in an attempt to find a reasonable and workable method of restoring or giving lands to the villages and the peasants. On December 31, 1925 was published a law entitled "Ley Reglamentaria Sobre Reparticion de Tierras Ejidales y Constitucion del Patrimonio Parcelario Ejidal." This law was further defined and amplified by Reglamento (regulation) passed on April 5, 1926. Both the above mentioned law of December 31, 1925 and its regulation were modified in a new law entitled "Ley de Dotaciones y Restituciones de Tierras y Aguas, Reglamentaria del Artículo 27 de la Constitucion," published in the Diario Oficial on April 27, 1927. Finally, all the foregoing laws were declared

null and void and two new laws went into force on August 17 and August 29 of 1927. It is these last mentioned laws, which at the present writing (June 1928) are in force.

Before passing to a discussion of the Calles agrarian laws as they stand in their final form it is appropriate to recall that the starting point of all of the agrarian laws which have been passed in the past twelve years as part of the revolutionary program was the famous Carranza decree of January 6, 1915 (See Appendix A of Agricultural Studies, Series I., No.3). This decree was concerned with (a) the "restitution" of ejidos to those villages which had lost them following the promulgation of the Reform laws of 1857; and (b) the conferring of new grants, called "dotations" on those communities which had never had lands but were in need of them. The Constitution of 1917 gave the Decree of January 6, 1915 the force of constitutional law and at the same time went further and enjoined the Federal Congress and the State Legislatures to enact laws providing for "the division of large landed estates" and for determining "the maximum area of land which any one individual or legally organized corporation may own". In practice, it should be said, that up to the present time, although some of the states have passed laws limiting the size of rural properties, the Federal Government has not attempted to limit the size of land holdings and estates of several million hectares still exist.

Another fact worthy of notice is that from 1917 on each new land law has extended the radius of action of the agrarian reform. The original provision in the Decree of 1915 that a village might be given only the land "immediately contiguous to it" has been amplified so that under the present law "contiguous properties"

means anything within seven kilometers of the village in question. Again: although the original law applied only to historical Indian settlements such as pueblos, rancherías, congregaciones, and comunidades, which had previously possessed lands, later legislation has extended the benefits of the law to other types of communities. The present law goes the whole way and provides that "every center of population lacking lands or waters, or which do not have lands or waters in sufficient amount for the agricultural needs of the population, have the right to be granted same."

Summary of the Agrarian Laws of August 17 and August 29, 1927.

The principal provisions of the agrarian laws now in force (for full translation see Appendix A and B) may be summarized as follows:

A. Law Amending Decree of Dotations and Restitutions of Lands and Waters Regulating Article 27 of the Constitution (Promulgated August 17, 1927).

All centers of population (corporación de población) which may have been deprived of their lands, woods or waters by any of the means referred to in Article 27 of the Constitution, have the right to have same restored. Furthermore, every center of population (poblado) which lacks lands or waters, or possesses them in insufficient quantities for the needs of the population, has the right to receive the same. In case a center of population petitions for "restitution" of land and is unable to establish its right, the petition is automatically changed into an application for a "dotation."

The following are not entitled to dotations:

- (1) The capitals of the states and the Federal Union.
- (2) Cities with more than 10,000 inhabitants, and with an agri-

cultural population of less than 200.

(3) All towns and cities not included in the above category and with a population of less than twenty individuals entitled to receive land by dotation.

(4) Ports engaged in high seas traffic.

(5) Centers of population formed on colonized lands.

(6) Groups of peons living on farms under cultivation.

All males, unmarried, over eighteen years of age; all married males, regardless of age; unmarried women and widows supporting a family, provided they are Mexican and have lived in the village "at least six months before application for lands is made," are entitled to receive a lot in the ejidos.

The following are not entitled to receive ejidal parcels:

(1) Those possessing a tract of land as large or larger than the corresponding ejidal parcel.

(2) Persons possessing commercial or industrial capital greater than 2,000 pesos.

(3) Persons possessing agricultural capital greater than 2,000 pesos.

(4) Public employees of the state or Federal Government, or persons receiving a wage of more than seventy-five pesos per month.

(5) Professional men and women.

The allotment of land to each individual, in case of dotation, is as follows:

3 to 5 hectares	(7.41 to 12.35 acres)	of irrigated or moist lands.
4 to 6 hectares	(9.88 to 14.82 acres)	of first-class land watered by rainfall.
6 to 10 hectares	(14.82 to 24.7 acres)	of second-class land watered by rainfall.
8 to 12 hectares	(19.76 to 29.64 acres)	of pasture or foothill lands.
Up to 24 hectares	(59.28 acres)	of pasture land for livestock.
5 to 10 hectares	(12.35 to 24.7 acres)	of mountain land, including forests.
Up to 48 hectares	($118\frac{1}{2}$ acres)	of arid or clay lands.

Arable lands are to be granted wherever possible. The President has authority to increase the acreage granted in the case of a dotation to an Indian tribe.

Only 150 hectares ($370\frac{1}{2}$ acres) of irrigated lands and up to 720 hectares ($1,778\frac{1}{2}$ acres) of pasture lands are exempt from expropriation under the law.

In order to prevent land owners from escaping the application of the law by dividing up their properties among various members of the family, the law provides that there shall be considered as a single property various tracts owned by the same individual, or by several individuals in the case of inherited estates. Likewise, all properties owned by the same individual within the same state shall be considered as a single property in the terms of the law. Division of property or change of ownership after publication of an application for an ejido is of no effect.

All mortgages and liens, except liens in favor of the state, are extinguished by the definitive grant of an ejido.

Plantations of coffee, cacao, rubber, vanilla, bananas, alfalfa, sugar cane, maguey and henequen, and other perennial and cyclical crops, are excluded from dotation; but the proprietor of such plantations must substitute other lands of the same quality.

Application for grants or ejidos must be presented in writing to the governor of the state in which the village is located. The governor turns it over to the Local Agrarian Commission, which takes census of the village and prepares a map showing the property subject to expropriation. On receipt of the recommendation of the Commission, the governor renders a decision, and, if favorable, orders the Executive Committee of the village to take possession and deliver the lands "provisionally" to the peasants. Once in possession, the villagers are considered as the owners of the land "for all legal effects." The law declares that rights of amparo against provisional grants shall be without effect. Provisional grants go up to the National Agrarian Commission, and afterwards to the President, for review. "Presidential decisions shall not be modified nor revoked in any manner." (Article 96.)

The law permits both the villages and proprietors to ask for a change of the lands distributed within a month after the decision of the President in a case. Furthermore, the law apparently gives the villages the right to apply for an enlargement of the ejido at any time thereafter, without time limit.

The law provides for the granting of waters in the same manner as is prescribed for land.

B. Law Amending the Regulatory Law Regarding the Distribution of Ejido Tracts and the Constitution of the Ejido Patrimony Subject to Parceling, Dated December 19, 1925 (Promulgated August 29, 1927)

The rights to communal lands abide en masse in the whole group which in fact or by due process of law forms a communal entity (ejido). These rights are absolute and inalienable.

The administration of the rights of the ejidos shall rest in the hands of the following groups to be elected by the members of

the ejidos: (a) an Administrative Committee which shall have charge of distributing the communal lands to the ejidatarios in the manner hereinafter defined; (b) an Ejido Comissariat, which shall act as a general administrative body for the affairs of the ejidos, represent the community before administrative and judicial bodies, and "take upon itself the establishment and conservation of the material betterments which redound to the benefit of the community"; and (c) a Board of Vigilance, the duties of which shall in general be to watch the activities of the Administrative Committee and report to the proper authorities any irregularities thereof.

Regulations are hereby established by which, after certain necessary areas have been set aside for the town site and for the rural schools, the agricultural lands of the ejidos shall be parceled out to the various heads of families in the community.

The beneficiaries of the division and adjudication of the agricultural lands of the ejido shall have property rights over their individual lots of parcels subject to the following limitations:

(a) These rights shall be inalienable and therefore not subject to contracts, mortgages, leases, loans, etc., nor may they be rented or given to any other person either within or without the community. (b) In case of the death of the proprietor of an ejido lot, the rights to the same shall pass to "the persons whom he maintained or supported even if they are not his relatives, provided that they lived with him as a member of his family." For this purpose the proprietor shall make out a list at the time of receiving his parcel designating his heirs and the order of succession. (c) In case there are no heirs the property shall revert temporarily to the town and shall be readjudicated to some other

member of the community who has no lands. (d) The "failure to cultivate an ejido tract during more than one year shall give rise to a new adjudication of same, after due proof has been rendered satisfactory to the general meeting of the town."

"The beneficiary of the adjudication of the ejido lot shall give yearly 15 percent of the crop which he may obtain on his lot or its equivalent; the 15 percent will be applied-- 5 percent for the payment of taxes and material betterment (rural schools etc.) and the rest shall constitute a contribution to the funds for the encouragement of co-operation. In all cases the failure of covering the 15 percent referred to in the foregoing shall be justifiable cause for the forfeiture of the temporary or definite rights to the fruit of his lot by the ejido beneficiary."

The ejido parcel may not be subject to seizure as the result of a suit, but, if the proprietor fails to provide for his family, an "embargo may be made against as much as 85 percent of the product of his harvest."

Rules and regulations are hereby laid down whereby the pastures and water rights of the ejido shall be administered by the Ejido Commissariat for the benefit of the whole group.

For recording and safe-guarding the rights of the ejidatarios to their lands, an Agrarian Registry shall be created under the supervision of the National Agrarian Commission.

Statistics of the Distribution of Land. Under Agrarian Laws.

There is considerable disagreement in the statistics which have been issued from time to time by official sources relative to the amount of land distributed under the various agrarian laws from the Decree of 1915 to the present date. The following tables,

showing the number of "definitive" and "provisional" grants made, year by year, from 1915 to October of 1926, may therefore be taken as only approximately correct:

Definitive Grants

<u>Year</u>	<u>No. of Grants</u>	<u>Hectares Granted</u>	<u>No. of heads of families affected</u>
1915	-	-	-
1916	1	1,241	605
1917	62	5,492	2,217
1918	62	70,549	14,498
1919	53	37,828	15,724
1920	64	61,219	14,783
1921	126	263,427	24,861
1922	63	135,673	12,405
1923	130	229,032	29,676
1924	309	549,254	65,636
1925	481	898,551	79,999
1926 (To Oct. 13)	313	634,265	56,708
Totals	1,664	2,886,531	317,112

Provisional Grants

<u>Year</u>	<u>No. of Grants</u>	<u>Hectares Granted</u>	<u>No. of heads of families affected.</u>
1915	1	7,334	-
1916	2	11,762	41
1917	3	48,350	278
1918	-	-	-
1919	-	-	-
1920	4	5,825	707
1921	65	175,167	17,033
1922	60	199,167	12,469
1923	151	279,666	37,777
1924	201	379,236	35,124
1925	391	634,654	63,632
1926 (To Oct. 25)	177	334,688	26,043
Totals	1,055	2,525,849	193,104

If the figures for 1927⁵ are added to the totals given in the above quoted tables the following grand total of the amount of

land distributed from 1915 up to January 1, 1928 is obtained:

	No. of Grants	Hectares Granted	No. of heads of families affected.
Definitive Grants:	2,061	3,874,291	399,182
Provisional Grants:	1,268	2,815,782	220,925

In other words, according to the best data now available, the Mexican government has distributed up to the present time in round numbers something more than 6,690,000 hectares of land (approximately 16,725,000 acres) in provisional and definitive grants. This land has been given to some 3,329 pueblos to the benefit of approximately 620,107 heads of families.

Statistics to date relative to the amount of land granted during the administration of President Calles are not yet available, but according to no less an authority than President-elect Obregon, during the first two and a half years of Calles' term, provisional possession was granted to 1,695,718 hectares and definitive possession to 2,304,329 hectares of land.⁶

A study of the official statistics of land distribution under the headings dotación and restitución shows an interesting shift in emphasis away from the earlier doctrines of the agrarian revolution. According to these doctrines the agrarian reform was justified on the grounds of the inherent right of the villages to have restored to them communal lands of which they had been unjustly deprived. The official statistics of the definitive grants up to the end of 1926, however, show awards of only 608,702 hectares by "restitution".⁷ Furthermore, the just quoted figures do not take into account the some 2,500,000 hectares of provisional grants, the larger part of which are "dotations." In other words, it is apparent that many villages are receiving communal lands which

have never had them before and that the institution of collective landholding is being extended into new territory.

All of which suggests the very pertinent question: Just how much land will the villages of Mexico need and how long will it take to give it to them? From the sources of information now available it is impossible to obtain any very satisfactory answer to this very natural query. Some light is thrown on the problem by a statement which occurs in a book written by one of the foremost authorities on the agrarian question in Mexico. "According to the figures of José L. Cossío," writes Fernando Gonzales Roa, "1,500 square leagues or 2,735,000 hectares will suffice to provide ejidos for all of the villages of the nation- that is leaving out of account all pueblos of more than 3,000 inhabitants, those which already have a sufficient amount of land, and the various pueblos of the states of Mexico, Puebla, and the 937 villages of Oaxaca which have retained their ejidos... However, there are some regions of the country where the pueblos do not need lands and there is reason to believe that the estimate of Señor Cossío is too high."⁸

If the figures quoted by Gonzales Roa are anywhere near correct, it is obvious that the government of Mexico has already distributed two or three times as much land as the villages actually need. On the other hand, we have it on the authority of another agrarian expert, César Córdoba, in an interview published in "El Universal" in March, 1928 that "there are in the Republic approximately 15,000 communities with rights to petition for ejidos; and that at the present rate of distribution, for these communities to obtain definitive possession of their ejidos will require some 202 years if the regular legal channels for obtaining such pos-

session are followed."⁹

You can pay your money and take your choice. Meanwhile, the distribution of lands goes merrily on.

The Program of Agricultural Education.

The present writer has already treated at considerable length the educational program now being developed in Mexico. (See Educational Studies, Series I- especially Nos. 1, 3, 5, and 7). In this place, therefore, it is not necessary to do more than to recall in summary fashion the particular aspects of this program which bear directly on the problem of agricultural education.

The two major instrumentalities by which it is hoped to effect the regeneration of the agricultural population of Mexico are the rural school and the agricultural school. Carrying on the work started during the administration of Obregon, President Calles has established during his term of office over 2,000 federal rural primary schools. These added to the number which were already in existence when he took office, give a total of more than 3,000 federal rural schools. In addition, largely due to the example set by the federal government, some 6,000 state supported rural schools have been established throughout the Republic. For rural schools alone in the year 1926-27 the national government spent the sum of 3,001,590 pesos.

The program which is being followed in these federal rural schools is specifically adapted to the educational needs of the agrarian committees. Departing from the traditional three "R's," the authorities have placed the emphasis in the four year course upon teaching the children (and through them their parents) those

things which will serve immediately to increase productivity and raise the standard of living. In October 1927 a decree was passed granting to each rural school $12 \frac{1}{2}$ acres of land with a view to providing the students with an extra source of income and the community with a model demonstration farm. Courses in farming, gardening, the care of chickens and rabbits and courses in weaving, tanning, pottery making, the preservation of fruits and vegetables, and carpentry bulk quite as large in the curriculum as reading, writing, and arithmetic. Night classes are held for adults and every effort is put forth to make the school the center of community life.

The regional agricultural schools offer a more specialized and advanced type of education. These institutions are modeled more or less on the Agricultural and Mechanical Colleges of the United States. Their purpose is to "transform benighted Mexican peons into self respecting Mexican farmers." Each school has a large tract of land, is stocked with high grade farm animals, and equipped with modern farming and dairying machinery. The courses are open to the sons of small farmers, especially those coming from the villages which have received their ejidos. At the end of 1927 four Escuelas Centrales Agrícolas had been established, in the states of Guanajuato, Michoacán, Hidalgo and Durango. The average cost of each one of these four schools is estimated at 1,000,000 pesos. At the present time the enrollment totals 675 students or an average of 168 per school. (In the last two months another school of this type has been established in the state of Puebla. It is hoped eventually to have an Escuela Central Agrícola in each of the states).

In addition to the formal instruction given in the two types

of schools which have just been described, the government is also attempting to carry forward the work of agricultural education through such agencies as the agricultural banks and the various types of agricultural co-operative societies. Recently the Department of Agriculture has completed a very comprehensive project for greatly enlarging the scope of the educational activities of the institutions already established and calling for the initiation of a number of new types of organizations primarily educational in their nature. From the appended diagrams (see attached illustrative material) it will be noted, for example, that the government plans to inaugurate a "canning club" movement, to start farming societies, to establish demonstration farms and experimental stations, etc., etc. In short, both in its present achievements and in its future plans, the national government is, to the utmost of its resources, seeking in every way possible to solve the tremendous problem of the general and technical education of Mexico's farming population.

Agrarian Banks and Institutions of Agricultural Credit.

The lack of any adequate banking system for providing agricultural credit has always been one of the greatest obstacles in the way of agricultural progress in Mexico. In the days before the Reform Laws broke its economic power, the Catholic church was practically the only source of credit. (See previous study Series I, No. 2.) However, neither from the Church nor from the banks which were established in the last half of the nineteenth century could anyone but the large landowners obtain loans- and even the hacendados were forced to pay ruinous rates of interest. The small farmer either had to finance his own operations out of his meager

savings or fall into the hands of private money lenders and loan sharks. Interest rates often ran as high as 50 percent per year. The great mass of Mexico's farming population- the Indians in the thousands of little villages scattered throughout the land- have to this day remained in almost total ignorance of even the meaning of credit.

The high interest rates and the unwillingness of the banks to make agricultural loans to any but those with the very best credit standing, is partly explained by the great risks which have attended this type of banking operation in Mexico. Not only has the general economic equilibrium of the country been constantly upset by the periodic revolutionary disturbances, but titles to rural properties, where they are not entirely lacking, are often imperfect and unsatisfactory. Various attempts have been made in the past to correct these faulty titles by establishing public land registries (for example, a Great Public Registry was organized in 1894), but due either to ignorance or negligence, landowners have not taken advantage of these agencies to any appreciable extent.

The first significant attempt to solve the problem of agricultural credit was made shortly before the end of the Díaz administration. By the law of June 17, 1908, the ill-fated Caja de Préstamos para Obras de Irrigación y Fomento de Agricultura (Institution for the Encouragement of Irrigation Works and the Development of Agriculture) was established. With a capital of 10,000,000 pesos and 50,000,000 pesos of gold bonds guaranteed as to principal and interest by the Mexican government, this bank received its charter on September 3, 1908 and in the short space of a few

months had loaned over 30,000,000 pesos. However, not a single one of these nor any of the subsequent loans were made to small farmers. The Caja from the very beginning was merely an instrument through which a coterie of officials and their friends exploited their own particular enterprises-- enterprises which, for the most part, had very little to do with agriculture. The money was distributed among some 98 men of whom some 11 individuals received 60 percent of the capital. The end, as might have been expected, was disaster and the government is still carrying the burden of the enforced liquidation of this bank.

During the revolutionary years from 1910 to 1921, the need for a system of agricultural credit was constantly urged by the leaders, but no decisive step in this direction was taken until the accession of President Calles to power. The present administration has undertaken to provide agricultural credit facilities in two ways: first, by establishing a National Bank of Agricultural Credit; and, second, by organizing a system of co-operative loan banks to operate in connection with the ejidos.

The National Bank of Agricultural Credit.

The Banco Nacional de Crédito Agrícola was formally opened in March 1926 with a paid up capital of 21,000,000 pesos. The government subscribed 12,000,000 pesos in cash and the balance in credits of the aforementioned Caja de Préstamos.

The National Bank of Agricultural Credit is authorized to make loans to individuals and to specially organized credit societies. The last mentioned type of operation is an attempt to give aid to the small farmers who do not have any individual credit standing. The bank itself superintends the organization of

these local credit societies and exercises a control over their activities through a corps of agricultural and financial experts. It is hoped in this way not only to educate the small farmers in the uses of credit, but also to teach them the advantages of co-operative endeavor and to instruct them in modern farming methods. Due to the fact that the law of Family Patrimony prohibits the pledging of the lands of the ejidos, for the most part loans to the local co-operative societies are made either on the personal credit of the members or as mortgages on their crops. (The Bank, however, is not restricted to dealing with ejidos.)

Theoretically, the National Bank of Agricultural Credit makes four types of loans: (a) avío, or crop advances, which must be paid within eighteen months as a maximum; (b) refaccionario loans, which are for buying agricultural implements, equipment, and farm animals- these loans may run up to five years; (c) commercial credits, which are usually for periods of three months; and (4) loans for permanent improvements which may run up to twenty years. Loans to individuals are usually at the rate of from 9 to 10 percent, those to members of co-operative societies at 8 percent.

In the first year of its operation, 120 societies were organized by the National Bank. At the end of the second year, (December 31, 1927) this number had been raised to 413 societies. Of these 413 societies, as the following table shows, 188 had received loans to the extent of 2, 154, 623 pesos, and to the benefit of 8,715 members.

TABLE SHOWING NUMBER OF LOCAL AGRICULTURAL CREDIT SOCIETIES BY STATES WITH A STATEMENT OF CREDITS OBTAINED AND NUMBER OF MEMBERS BENEFITED- MARCH 1926 - DEC. 31, 1927.

States.	No. of Societies.	No. of Societies with Credit	Amt. of Credits (Pesos)	No. of Members.
Aguascalientes	1.			
Coahuila	25	8	170,007.00	337
Chihuahua	14	1	8,000.00	24
Chiapas	8	4	122,000.00	118
Durango	6			
Distrito Federal	13	8	155,700.00	
Guerrero	4			
Hidalgo	1			
Mexico	106	69	702,997.00	3,334
Morelos	81	52	507,799.55	2,516
Michoacan	1			
Nuevo Leon	2			
Nayarit	1			
Oaxaca	14			
Puebla	48	19	156,450.00	1,122
Sinaloa	3			
S. L. Potosí	5			
Tamaulipas	17	13	89,600.00	624
Tlaxcala	19	3	145,500.00	173
Veracruz	41	11	96,570.00	467
Yucatan	1			
Zacatecas	2			
TOTALS.....	413	188	2,154,623.55	8,715

It is interesting to note that during the same period covered by the above quoted table, the Agricultural Bank has loaned something over 17,000,000 pesos (or over seven times the amount loaned to small farmers) to 753 individuals. (The writer has it on good authority that by no means all of this last mentioned amount has been loaned for purely agricultural purposes.)

The Bancos Ejidales.

The Bancos Agrícolas Ejidales are entirely separate from the National Bank of Agricultural Credit and are under the direction of the Department of Agriculture. These "Farmers' Banks," as they might be called, differ from the "Sociedades Locales de Crédito Agrícola" described above in that they do not operate with anyone but their own associates. Furthermore, these associates must, in turn, be members of ejidos, organized into co-operative societies.

In accordance with the Law of Bancos Agrícolas Ejidales (promulgated on April 7, 1926) the Department of Agriculture on May 1, 1926 established a co-operative "farmer's" bank in each of the states of Durango, Hidalgo, Guanajuato and Michoacan. (In 1927, the Banco Ejidal of the state of Jalisco was added to this number). Each bank was organized with a capital of 200,000 pesos, divided into 20,000 shares of 10 pesos per share. The majority of these shares were acquired by the Federal Government and only a small number were taken by the members of the local associated co-operatives. (The Federal Government up to Dec. 31, 1927 had invested a total of 875,519 pesos in Bancos Ejidales). The Banco Ejidal of Guanajuato, for example, started with an initial capital of

4,090 pesos; that of Michoacan with 9,956 pesos; that of Hidalgo with 20,000 pesos, etc.

It is planned for the Government to retire from financial participation in the Bancos Ejidales as rapidly as the shares can be sold to the member societies. These banks will then become private institutions subject only to the regulations of the general law of agricultural credit. In a little more than a year after they were founded (i.e., by July 31, 1927) considerable progress had been made, as the following figures show, in carrying out this plan:

<u>Bank</u>	<u>No. of Shares Sold to Societies up to July 31, 1927.</u>
Durango	1,940
Hidalgo	6,712
Guanaajuato	3,401
Michoacan	1,096

The Bancos Ejidales make the following types of loans: (a) aviso; i.e., crop advances which usually run one year and may not exceed 300 pesos; (b) refaccionario loans to individuals, for the purchase of tools, equipment, seeds etc., which may run three years and must not exceed 500 pesos for each individual; (c) collective refaccionario loans; i.e., loans to the whole group; these may run to 500 pesos for each individual for a term not to exceed five years. Interest rates are generally not in excess of 6 percent per year. (This rate is very low for Mexico where it is not unusual for 3 percent per month to be charged on agricultural loans.) The various types of loans are guaranteed by the whole membership of the cooperative by virtue of the fact that each society is organized on the principle of the unlimited responsibility of its members. This is practically the only way that loans can be guaranteed, because the Law of Family Patrimony, it will be re-

called, forbids the mortgaging of the lands of the ejidos and rarely do the ejidatarios have any other objects of value.

In addition to making agricultural loans, the Bancos Ejidales also act as receivers of savings deposits (on which a moderate interest rate is paid) and as buying and selling agents of agricultural equipment and the agricultural products of the ejidos. Each bank has a special department to handle the crops in such a way as to procure the best prices possible on the market.¹¹

On December 31, 1927, as shown in the following tables of the operations of the five banks now active, 267 societies with 15,521 members had received loans to the extent of 1,053,237 pesos.¹²

TABLE SHOWING THE ACTIVITIES OF THE CO-
OPERATIVE SOCIETIES RELATED TO THE "BAN-
COS EJIDALES"- MAY 1, 1926 - DEC. 31, 1927.

States	No. of Societies	No. of Members	Shares Bought by Banks. (10 pesos each)
Durango	48	3,288	4,689
Hidalgo	76	3,949	7,248
Guanajuato	50	2,933	5,183
Michoacan	54	3,662	1,787
Jalisco	39	1,689	4,101
Totals	267	15,521	23,008

TABLE SHOWING DISTRIBUTING OF LOANS
OF "BANCOS EJIDALES"- MAY 1, 1926-
DEC. 31, 1927.

Loans <u>de avío</u>	1	442,640.85
Loans <u>de refacción individual</u>	1	269,264.22
Loans <u>de refacción colectiva</u>	2	121,631.43
Loans <u>con garantía prendaria</u>		219,700.66
Total.....		1,053,237.19

1. See explanation above.

2. These are loans made while the crops are being held by the bank in an effort to sell them on a "good" market.

The Irrigation Program of the Calles Government.

The problem of providing an adequate, regular, and dependable supply of water for the many thousands of arid or partly arid acres of land in Mexico is one which has been from time immemorial the concern of those interested in the agricultural future of the country. In both Colonial and modern times in Mexico many private individuals and semi-public companies have undertaken to build dams and organize irrigation systems. Some of these efforts have been successful. Others have been expensive failures. Up until very recently the federal government had never made any concerted effort to participate in these irrigation projects or to develop a national irrigation program. President Calles, however, in the early part of his administration expressed his conviction that the future of Mexican agriculture lay in the governmental initiation and prosecution of a comprehensive irrigation program.

In 1926 a law was passed creating what is known as the National Commission of Irrigation and shortly thereafter the federal government embarked upon extensive constructive operations in various parts of the country. At the present time dams and canals are being built in the states of Aguascalientes, Nuevo Leon, Tamaulipas, and Durango. One irrigation system (in the state of Hidalgo) has been bought from a private company and is being enlarged. Another large system is being constructed in co-operation with the Mexican Light and Power Company. Still other projects are under study.

At the close of the year 1927 the national government had invested in irrigation works some 14,600,000 pesos. The 1928 budget calls for 20,000,000 more to be spent for the same purpose. By

means of the systems now under construction is hoped that approximately 450,000 acres of what were previously arid waste lands will be brought under production. (For a more detailed account of the Calles program and the general problem of irrigation in Mexico, see Agricultural Studies, Series I, No. 4)

Indemnization and Compensation for Expropriated Lands.

The original land decree issued by the First Chief Carranza on January 6, 1915 called for the expropriation of whatever properties were necessary to restore and reconstruct the community lands of the pueblos. Article 10 of this same decree provided that any persons who "considered themselves injured" by the process of expropriation had the right within the space of one year to resort to the courts where, upon obtaining a judicial decision "declaring that the restoration is made in favor of a township," the national Government shall be bound "to the extent of giving the indemnity which may correspond. Within the same term of one year the owners of expropriated lands shall appear and demand the indemnities, which shall be paid to them."

Article 27 of the 1917 Constitution also specifically affirms the right of the national government "to impose on private property such limitations as the public interest may demand...For this purpose necessary measures shall be taken to divide large landed estates; to develop small landed holdings; to establish new centers of rural population with such lands and waters as may be indispensable to them ...Settlements, hamlets situated on private property and communes which lack land or water or do not possess them in sufficient quantities for their needs shall have the right to be provided with them from the adjoining properties, always

having due regard for small landed holdings. Wherefore, all grants of lands made up to the present time under the decree of January 6, 1915, are confirmed. Private property acquired for the said purpose shall be considered as taken for public use."

In thus ordering the expropriation of agricultural lands, Article 27, improving upon and making more definite the indemnification clauses of the decree of 1915, provided that in all cases of expropriation the owners should be bound to receive special bonds in payment for the property expropriated, compensation being based on the fiscal value of the property plus ten percent.

The final step in the legalization of indemnification proceedings for expropriated agricultural lands was a decree issued January 10, 1920 by Carranza which created the Public Agrarian Debt. In the years that followed, this last mentioned decree was reformed and amended on several occasions and it was not until September 1, 1925 that a Bureau of Indemnity was created in the Department of Agriculture and the government began the issuance of bonds.

The law regulating the issuing and amortization of bonds of the Public Agrarian Debt now in force, was passed on December 31, 1925. With respect to the valuation of expropriated property this law provides (a) that the basis shall be the fiscal value of the property at the time the expropriation is made; (b) to this shall be added 10 percent; and (c) to the sum of the foregoing shall be added (for the purpose of indemnifying the owner for any damages suffered) interest at the rate of 5 percent on the total evaluation counted from the day the owner was deprived of his lands to the tenth day after the making of the final settlement.

With reference to agrarian bonds the law provides that these shall be issued by the Treasury in five series in the amount of 10,000,000 pesos each (the first series was authorized by a Treasury order of January 25, 1926). The bonds in question, which are to draw interest at the rate of five percent per annum, will be amortized by annual drawings to be held during the first five days of January in each year. At these drawings the amount of bonds to be amortized shall in no case be less than one-twentieth part of the bonds issued up to that time. All bonds not drawn shall be paid twenty years from the date of issue.

A statement made by the Department of Agriculture on May 12, 1928 presents the following facts concerning the present standing of the agrarian bonds:

To date 800 applications for indemnization have been made. Of this number over 100 claims covering more than 60,000 hectares have been paid in bonds of the Public Agrarian Debt in the total amount of 8,650,200 pesos. Of the 800 applications presented, 144 were foreigners, including Germans, Americans, Spaniards, French, Italian, Swiss, Dutch and English. Up until February 29, 1928, foreigners to the number of 28 had been paid for 19,188 hectares of expropriated land 5,403,000 pesos in agrarian bonds. In the same period Mexican claimants received 3,247,200 pesos in bonds in payment for some 42,000 hectares of land. In order to give greater market value to agrarian bonds after they are drawn, President Calles has issued two special decrees. The first of these, dated June 10, 1925, specifies that drawn agrarian bonds as well as coupons shall be received at par in the payment of all taxes not specifically pledged to the Public Debt. The second

measure (which appears as a provision of the Law of Agricultural Credit of February 10, 1926) authorizes the National Bank of Agricultural Credit to accept agrarian bonds as collateral for loans to associated banks up to sixty-six per cent of the commercial value of the bonds.¹³

The ownership of the agrarian bonds issued to date is highly concentrated. Probably not more than sixty people hold bonds at the present time and of these one Spaniard holds bonds to the value of 3,218,200 pesos, or more than 35 percent of the total value of all bonds outstanding.

In accordance with the provisions of the law of December 31, 1925, two drawings have been held, one each in January of the years of 1927 and 1928 respectively. In the first drawing, bonds to the amount of 78,300 pesos were liquidated in cash by the Government. In the second drawing, 134 bonds of 1,000 pesos each were drawn, and according to a statement made on May 24, 1928 by the Department of the Treasury, these also have now been paid in cash. In addition the same announcement relates that the interest on all outstanding bonds has been paid to date. (Despite this fact, however, it should be noted that Agrarian bonds are not listed on the Mexico City Exchange and there is very little private trading in them. The current value of undrawn bonds is estimated by some as low as five centavos on the peso, by others as high as seventeen percent of their face value.)

INTERNATIONAL RELATIONS AND THE LAND LAWS.

The various agrarian laws and regulations which have been promulgated in Mexico during the last ten years have involved the

country in more or less serious diplomatic controversies with other nations. For a number of reasons the most serious of these controversies has been that carried on between Mexico and the government of the United States. In view of this fact and because the issues raised in the Mexico-United States diplomatic exchanges are typical of the protestations made by other governments in behalf of their nationals, the following discussion of the effect of Mexico's land laws on her relations to other nations will be restricted to a summary of the above mentioned controversy between the United States and Mexico.

Alien Properties Affected by the Land Reforms in Mexico.

Before undertaking this summary, however, it is pertinent to quote the following statistics concerning the foreign properties affected by the land reforms from a speech made in March of 1927 by the Minister of Agriculture, Luis L. León.

EXPROPRIATION OF PROPERTY OWNED BY
FOREIGNERS- JAN. 6, 1915-OCT. 13, 1926

Nationality	No. of Properties Affected	No. of Donations	Area Affected (in hectares)
American	104	174	189,910
Spanish	231	468	369,966
German	27	45	41,058
French	14	24	10,937
English	26	44	87,111
Japanese	3	5	1,932
Arabian	1	1	254
Italian	6	11	2,586
Syrian	1	2	4,066
Dutch	1	2	204
Russian	3	5	1,332
Cuban	2	2	298
Belgian	1	1	290
Austrian	1	1	324
TOTALS	421	775	710,768

From the above quoted figures it may be noted that the total amount of land taken from foreign properties in the period from January 6, 1915 to Oct. 13, 1926 was 710,768 hectares, or 1,755,596 acres. According to Minister León this was only one-eighth of the total amount of land distributed to ejidos during the period in question. More than one half of the total number of foreign estates (i.e., 231 out of 421) subjected to expropriation were those belonging to Spanish nationals. The number of American properties affected was 104 (the figures of the American Embassy are somewhat higher and show 131 cases at this date) and the area¹⁴ expropriated was 189,910 hectares (469,053 acres).

Diplomatic Controversy Between Mexico and the United States-- 1921-1925.

In the diplomatic correspondence carried on between the United States and Mexico from May 1921 to March 1926, in so far as this exchange of notes had reference to the alien land laws, three fundamental issues were involved: 1. the question of retroactivity of these laws; 2. the question of compensation for expropriated lands; and 3. the significance of the alien land laws with respect to American property rights in Mexico.

The first of the two issues cited in the above paragraph were the subject of a prolonged exchange of note in the years 1921 to 1923. The controversy during this period centered around certain provisions of a proposed treaty of amity and commerce submitted to the Mexican government by the United States Chargé d'Affaires on May 27, 1921. Articles 1 and 2 of this proposed treaty provided, in part, for (1) the reciprocal respect of the right of the nationals of either country living in the other

country to enjoy the full privileges accorded to native citizens; (2) reciprocal assurances against confiscation and expropriation, except "on proper grounds of public purpose"; and after the "prompt payment of just compensation" therefor; (3) assurances on the part of the Mexican government that neither the Carranza Agrarian Decree of January 6, 1915, nor the Constitution of 1917 would be applied retroactively, and, furthermore, that neither of these documents nor any other decree or order, should have any effect "to cancel, destroy, or impair" any American right legally acquired previous to the promulgation of either; (4) restitution to American citizens of rights of which they may have been deprived since 1910, compensation to American citizens for damages done to their "property, rights or interests.. as a result of such deprivation," and adequate compensation for any property, rights or interests of which American citizens may have been deprived, "and which it is not possible to restore."

The United States-Mexican Commission of 1923.

During the course of the diplomatic controversy over these and other questions (especially that of oil) "crises" and "impasses" were reached on several occasions. Finally, on March 2, 1923, President Harding, in an effort to reach an understanding with Mexico respecting the questions at issue between the United States and Mexico, appointed Charles Beecher Warren and John Barton Payne as special American commissioners to meet and exchange impressions with two Mexican commissioners. The first conference of the United States-Mexican Commission (the Mexican

members were Ramón Ross and Fernando González Roa) was held in Mexico City on May 14, 1923, and the final conference on August 15, of the same year. The following paragraphs from Professor Hackett's, The Mexican Revolution and the United States, 1910-1926, summarize in concise fashion the mutually satisfactory agreements and understandings reached by the Commission with respect to the agrarian problem.

"On July 19 the United States commissioners, in view of Mexico's abnormal condition as the result of 'revolutions and consequent disturbances' agreed that, if the Mexican Government would make 'a statement that its claim to expropriate lands of American citizens. . . for ejidos. . . for towns and villages now existing. . . does not constitute a precedent for Mexico entitling her to expropriate any other kind of property. . . for any purpose except upon indemnification for the just value thereof at the time of taking having been made in cash,' the United States Government would take under consideration 'the question whether under the circumstances it will be willing to accept for its citizens who are owners of lands and claimants. . . federal bonds of Mexico. . . in payment for land at the just value thereof at the time of taking, granted for ejidos,' provided that the ejidos did not exceed a specified area of 1,755 hectares (4,335 acres). Such action, however, was conditioned in part 'upon the conclusion of a general claims convention between the two Governments. . . under the terms of which any citizen of the United States whose lands. . . have been taken or are taken before the termination ~~of~~ the commission created by such a convention, will have the right to present to such commission his

claim for loss or damage for any injustice arising from acts of officials or others acting for the Mexican Government.'

"While agreeing to take under consideration the question of payment in Federal bonds for lands expropriated for ejidos that did not exceed 1,755 hectares, the United States commissioners added that it was understood that from no property of a citizen of the United States, or property in which a citizen of the United States had an interest, could an area greater than approximately 1,755 hectares be expropriated for an ejido unless all such land in excess of 1,755 hectares were paid for in cash for the just value thereof at the time of the expropriation.

"With respect to the method of arriving at the true value of the land that might be expropriated the United States commissioners stated that the United States Government did not 'consider it fair, just or legal,' for lands expropriated for ejidos to be paid for on the basis of the assessed valuation, 'either as fixed after a declaration by the owner or without a declaration by the owner,' and that the United States Government 'would have to maintain the position that the owner was entitled to compensation, no matter how paid, for the just value of the land at the time of the taking.' Such compensation should be made, not only for lands expropriated, but for 'improvements, constructions, factories, aqueducts and other works wrongfully taken and for any loss or damage arising from any injustice committed.'

"Finally, the United States commissioners stated that the Government of the United States reserved 'its rights.... to make claims for any losses or damages to its citizens by reason of any injustice by the Mexican Government or by any state government;

and in general reserves under the same conditions all the rights of whatever nature of its citizens under international law, equity and justice, except as limited by any arrangements that may be hereafter concluded between the two Governments in respect of accepting bonds for ejidos of the area specified and under the conditions specified.'

"The following day, July 20, the Mexican commissioners agreed that the Mexican Government would not maintain that the acceptance of federal bonds in payment for lands expropriated for ejidos of the specified area should 'be regarded as an acceptance on the part of the Government of the United States of the principle that payment in bonds can be made for the expropriation of lands or other property for any other purpose.' Other satisfactory assurances of the Mexican commissioners were to the effect that the Mexican Government was endeavoring to negotiate a loan so as to be able to pay for the expropriation of lands for ejidos in cash and that 'the Mexican Government has ordered the restitution of all property and rights confiscated or wrongfully taken from their owners during the revolution.' At the same meeting the Mexican commissioners in behalf of their Government, 'stated that they recognize the right of the American Government to reserve the full rights of its citizens, in whatever form their interest may be held, to present claims brought about by expropriation to the commission to be hereafter constituted under a general claims convention and under the terms provided by such convention, if this exchange of views and statement results in the resumption of diplomatic relations.'

"Thus, on the basis of the above statements, the United States and Mexican commissioners, without receding from their original

positions with respect to the agrarian problem, recognized the right of the Governments of both the United States and Mexico to make any representation in behalf of their nationals as they might see fit before a regularly constituted claims commission, which was to be provided for."

On the basis of the understandings reached by the United States-Mexican Commission, the United States Government formally accorded recognition to President Obregon on August 31, 1923. Soon thereafter, on September 8 and 10 respectively, the two governments signed general and special claims conventions. The special claims convention provided for the adjudication of all claims of American citizens against Mexico arising out of injuries sustained during the revolutionary years 1910-1920. The General Claims Commission was to settle all other claims of the citizens of either country that had originated between 1868 (the date of the last claims convention between the two countries) and the date of the termination of the said commission.

The Alien Land Law and the Renewed Controversy with the United States

The signing of the two claims conventions ushered in a period of cordial relations between the government of the United States and that of Mexico. In December of 1925, however, the Mexican Congress passed a new law known as the Alien Land Law. This law became the subject of a new diplomatic exchange while it was still being discussed and some two and a half months before it finally passed the Mexican Congress.

In order to understand this new controversy it will be necessary to review briefly the history of previous alien land legislation in Mexico.

Alien Land Legislation before 1917.

Alien ~~land~~ laws placing various restrictions on foreigners holding land are not new in the history of Mexico. In the early days during the first century after the conquest, foreigners were prohibited from entering New Spain at all. In 1663 and in 1716 laws and decrees were passed which permitted foreigners to enter Mexico for the purpose of carrying on trade and commerce, but prohibited them from selling within a zone of twenty leagues along the coast. The Constitution of Cadiz maintained this same prohibition and required all aliens to become naturalized before they could acquire real property.

After Mexico gained her independence from Spain in 1821, restrictions on foreigners were gradually relaxed. By the laws of 1842 and 1856, aliens were given the right to own real estate in Mexican territory, but the restricted zone of 20 leagues along the coasts and frontiers were still retained.

In Mexican railway and mining legislation, restrictions have also been placed on foreign ownership of such properties along the coasts and the frontiers. Railway concessions granted by President Juarez, for example, specified that the companies must be Mexican and that their employees could never claim rights as foreigners. The Railway Law of 1899 contained similar provisions. Again, the Mining Law of 1909 prohibited foreigners from owning property within a zone of 80 kilometers along the frontiers.

The Alien Law of 1856 denied foreigners the right to acquire national lands on the frontiers of Mexico adjacent to their own country.

Although it is said that practically all contracts and concessions for lands granted to foreigners during the time of Díaz contained a clause to the effect that aliens in making such contracts must agree to consider themselves Mexicans in respect to the property in question, it is evident that this clause was not taken very seriously or considered as an obstacle in the way of acquiring lands in Mexico, As has been previously pointed out (see Agricultural Studies, Series I, No. 2), under the "benevolent" Díaz foreigners acquired huge tracts of land in all parts of Mexico, even in what had previously been designated as the "prohibited zones." In 1921, according to an estimate made by the United States Department of Commerce, foreign investments in Mexican lands were as follows:

	U.S. Currency.
American	\$105,000,000
British	55,000,000
German	7,500,000
French	5,000,000
Chinese	500,000
Japanese	750,000
Spanish	100,000,000

It was during the Díaz administration (and largely because of the enormous concessions of land given to aliens at that time) that the expression originated: "Mexico is the mother of foreigners and the step-mother of Mexicans." Years before the revolution of 1910 many Mexicans were becoming alarmed by alienation of the country's lands and the stage was being set for a nationalistic reaction.

Alien Land Legislation Since 1917.

Along with provisions relating to agrarian reform and the nationalization of sub-soil deposits there was crowded into the

famous Article 27 of the 1917 Constitution the following provision:

"Only Mexicans by birth and naturalization and Mexican associations have the right to acquire ownership in lands, waters and their appurtenances, or to obtain concessions to develop mines, waters, or mineral fuels in the Republic of Mexico. The nation may grant the same right to foreigners, provided they agree before the Department of Foreign Affairs to be considered Mexicans in respect to such property, and accordingly not to invoke the protection of their governments in respect to the same, under penalty in case of breach, of forfeiture of property so acquired. Within a zone of 100 kilometers from the frontiers, and 50 kilometers from the sea coast, no foreigner shall under any condition acquire direct ownership of lands and waters."

After eight years the Mexican government finally got around to passing an operative law to put this constitutional provision into effect. In the 1925 session of Congress there was passed, and on January 21, 1926 there was promulgated a law known as the Alien Land Law. Shortly thereafter on March 26, 1926 the "Regulations" for this law were issued by official decree. (For the full text of these two documents, see Appendix C and D.)

The chief provisions of the Alien Land Law are as follows:

The prohibited zone of 100 kilometers along the frontiers and 50 kilometers on the coasts stated in Article 27 is reiterated.

Also, is restated the provision that aliens acquiring dominion over lands, waters, etc., in Mexico must consider themselves Mexicans in respect to such property and agree not to invoke the protection of their governments in respect thereto.

Foreign persons who possess more than 50 percent of the total interests of companies owning rural property for agricultural purposes shall be allowed to retain it until their death in the case of physical persons and for ten years in the case of corporations. (Colonization contract executed prior to the going into effect of this law are not subject to this provision.)

Alien persons receiving property by inheritance must dispose of same within five years after the death of the testator.

As previously indicated, even before the Alien Land Law was passed by Congress, the United States Government in notes dated October 29 and November 17 and November 27, respectively for the year 1925 made protests against various clauses in the proposed law. These notes initiated a diplomatic exchange which lasted until March 27, 1926.

The two chief issues raised by the United States Government in its correspondence with the Mexican government over the Alien Land Law were: (a) that certain provisions of the law were "manifestly retroactive" and "plainly confiscatory"; and (b) that a waiver of "diplomatic protection" such as the law requires cannot operate to cancel the obligation of the United States government to intervene in behalf of its citizens in the case of a denial of justice.

In reply to these contentions, the Mexican Government held (a) that the provisions of the law in question would not be executed in such a way as to be either retroactive or confiscatory; and (b) that "whereas an individual may not compel the state of which he is a citizen to refrain from asserting a right which belongs to it", that, nevertheless, the Mexican government has a

right to require an alien to consider himself a Mexican with respect to Mexican owned property and that such an obligation is "assumed individually. . between the contracting party and the Mexican Government" and in no wise infringes "upon the rights of the foreign state." (See Notes to Alien Land Law in Appendix C).

The "Regulation" of the Alien Land Law which appeared on March 26, 1926 two days after the exchange of notes between the two government was closed, "softened" the law somewhat with respect to the provision concerning inheritance. Article 11 of the regulations states that in the cases where an alien shall acquire rights by inheritance, the acquisition of which might be legally prohibited, the time limit of five years in which the alien is required to dispose of such property may, for any valid difficulty, be extended "for the length of time necessary to eliminate the difficulty." Also, it is not without interest in view of the previous diplomatic controversy, that article 18 of the "Regulations" expressly states that "none of the provisions of this law or of these regulations will have retroactive effect to the prejudice of anyone."

Mexican Justification for the Alien Land Law.

Gonzales Roa in a recently published book, Las Cuestiones Fundamentales de Actualidad en Mexico, in referring to the Alien Land Law, makes the following statement:

"This law has been considered as an evidence of unprecedented radicalism and to the foreigner it is a final proof of the hostility of the present administration toward the citizens of other nations. We are very far, however, from holding that Mexico ought to return to the deplorable laws of the Colonial period by which

all foreign capital and enterprise was systematically excluded from the country. We believe that the interdependence of all nations is one of the most characteristic facts of our century and we are convinced of the impossibility of enclosing ourselves by a Chinese wall... Moreover, in view of the foreign investments which have been made in Mexico; in view of the presence of the citizens of many nations in our country; of the numerous treaties which past administrations have celebrated; and, finally, in view of our geographical position- it would be foolish for us to pretend such isolation. But all this is a long way from concluding that we ought to take no precaution to guarantee our national independence."¹⁷

It has been said, that the immediate reason for the enactment of the Alien Land Law and the Petroleum Law was the feeling aroused among Mexican officials by the gratuitous statement of the American Secretary of State, Mr. Kellog, in June of 1925, that "Mexico was on trial before the world." If this was the immediate reason, certainly the more fundamental reason was that implicit in the proverb "a burnt child dreads the fire." In some matters the Mexicans have a longer memory than the citizens of the United States and they have never forgotten that as a direct and indirect result of allowing Americans to settle in Texas, Mexico suffered bitter defeat in an ignominious war and the loss of over half of her territory. Accordingly, it is not to be expected that the Revolutionary leaders of Mexico should look with pleasure on the large holdings which Díaz permitted Americans to acquire in Lower California, Sonora, Chihuahua, Tamaulipas and the Isthmus of Tehuantepec. History might repeat itself and "manifest destiny" once more inspire Mexico's neighbors to the north.

In addition to its justification on the basis of national defense, the Alien Land Law is also in keeping with the new national spirit of "Mexico for the Mexicans" and is intended to further the cause of the whole general program of the Agrarian Reform and the division of large landed holdings.

There is little doubt, whatever may be the reasons and however justified they may be, that the Alien Land Law like the related agrarian laws will act to retard the agricultural development of Mexico. It will unquestionably discourage foreign investments and since there is not enough native capital to absorb the lands now held by foreigners, rural property values will drop and much land will remain idle for some years to come.

DIFFICULTIES IN ADMINISTRATION AND ABUSES UNDER THE AGRARIAN LAWS.

Criticism of the agrarian laws and of the agrarian reform in general in Mexico has been and continues to be voluminous. There is already a very extensive bibliography on the subject and hardly a day passes without the addition of new items. In the short space of less than a year the present writer has collected over a hundred newspaper clippings, magazine articles, pamphlets and books all exhibiting the constant pre-occupation of the public with the course and outcome of the agrarian reform.

As a guide for a discussion and summary of the points raised in this literature, a rough classification of the various types of critical commentary might be made as follows: (a) Some writers claim that, with a few exceptions, the big landed estates are not being divided and that lands are not really being given to the peasants; (b) others hold that land is being distributed, but

the process is accompanied by fraud, blackmail and malpractice of all sorts, and that the only result of the laws has been to curtail production and to plunge the country into social and economic chaos; (c) finally, still others have attempted to show that the agrarian reform is a failure because the peasants-- either because of ignorance, fear, lack of capital, or laziness-- will not work their lands after they have received them and that the country is therefore headed for starvation.

(a) Dr. Francisco Vasquez Gomez on the editorial page of "El Universal" made the following statement on September 26, 1928: "The revolution has had as its firm purpose the improvement of the conditions of the Indians and of the rural population in general; but the means which have been employed for achieving this end (the division of the landed estates) have been transformed by the radical revolutionary philosophy into ends. Today the apparent purpose of the revolution is not so much the improvement of the working classes, but the destruction of any and all agricultural riches that can be identified with landed estates... [Furthermore] it is a well known fact that not a few of the most radical enemies of the latifundio system have themselves become large landholders at the very time that they have been most active in the destruction of properties belonging to others. This is evident proof that many of the agraristas have not been sincere in the philosophy which they have professed and that their real purpose has been to make use of the revolution to enrich themselves."

In other words, according to some authorities, the revolution and the agrarian reform has, to an appreciable extent, resulted

not in the distribution of lands to the needy, but in the building up of new landed estates, the substituting of new hacendados for the old. Just what the phrase "appreciable extent" in the foregoing sentence may mean in terms of hectares and acres there is no way of telling at the present time. Official records on the agrarian reform, unsatisfactory in any case, are entirely lacking on this point. Certainly it is true that, although perhaps the majority of the hacendados on the central plateau have lost portions of their estates, by no means have all of the landed holdings in Mexico been destroyed. In the south and especially in the north there still exist estates of hundreds of thousands of acres. As late as 1927, according to one investigator, some 15 men still owned over half of the state of Zacatecas. It is no secret, moreover, that General Obregon (who is said not to have owned more than 20 hectares of land in 1910) now possesses in the state of Sonora one of the largest haciendas in Mexico. The "Universal Grafico" of June 27, 1927 stated that Luis L. Leon, then Secretary of Agriculture, had acquired the Terrenates ranch of 75,000 acres in the state of Chihuahua. Aaron Saenz, the present governor of the state of Nuevo Leon and the right hand man of President-elect Obregon, has an hacienda in the state of Tamaulipas, in addition to other properties.

(b) The second line of criticism of Mexico's agrarian reform states that the system of land distribution is unsatisfactory and that the laws have been badly administered giving rise to fraud and oftentimes to violence and even murder.

In the early days of the reform when the country was still

torn by revolutionary strife, as the former Secretary of Foreign Affairs, Mr. Pani, stated in a communication to the United States Government, many illegal and disorderly acts occurred. Concerning the first stages of the agrarian reform in 1922 Mr. Pani wrote: "Naturally due to the haste with which the government has had to act in order to be sure to obtain the immediate pacification of the country and to avoid the greater and really irreparable damages caused by civil war, it could not efficiently organize the necessary personnel...In the face of the popular eagerness for lands, which was repressed for a long time, the noble enthusiasm of some agrarias and the intrigues of political agitators who found a favorable field to act, it was not possible, on many occasions, for the government to keep within the strictest legality." ¹⁸

How many thousands of acres of land were seized during the revolutionary years by military leaders (and are to this day being illegally held practically by force of arms) will perhaps never be known. That large areas were so seized and that their owners suffered forcible ejection and even death at the hands of the revolutionaries, there can be little doubt. However, it is not entirely nor even mainly to this period in the reform that the critics of the agrarian movement are referring when they say that the system of distribution is badly administered and is characterized by political favoritism, fraud, and violence.

For the past twelve years, even before the Decree of 1915 and lasting down to the present time, according to Narciso Bassols, "the agrarian legislation in the parts which refer to the juridical processes which must be followed in giving land

to the villages has been characterized by the disorder of its principles and the lack of any logical and harmonious method for regulating the procedure of dotation and restoration." ¹⁹

The system of "provisional grants" of land, originally ordered in the decree of January 1915 and later in 1917 given the status of constitutional law, may be taken as a case in point. A "provisional grant", as the name suggests, simply means that a village is given temporary possession of land by the local Agrarian Committee pending the final approval of the National Agrarian Committee and the Chief Executive. Theoretically, if for any reason this final approval is not forthcoming, the property is supposed to be restored to its original owner. As a matter of fact, however, the ousting of the peasants from the land, once they have obtained possession, has in many cases proved a very difficult matter. Sometimes it is necessary to call out federal troops and even then the landowner continues to be molested by the agraristas. Moreover, although it is specifically prohibited by the present law, both before and since the passage of this law there have been cases where the peasants have obtained provisional possession of lands for the sole purpose of harvesting the crops on it. After that they have no further interest in the matter and the land is allowed to lie idle. When the crop involved is one which takes years of careful cultivation to mature (such as henequen or coffee) the giving of provisional possession of the land to the villages oftentimes works irreparable damage to the property in question.

The many cases of mal-administration and political favoritism on the part of the public officials charged with putting the

agrarian laws into effect have led one authority to make the following statement:

"Agrarianism cannot continue to live on words! The agrarian reform cannot continue to be worked out by inefficient politicians. It is necessary to entrust the agrarian reform to those who are convinced of its justice, but who are at the same time capable and efficient; who are energetic, but not robbers; who are decided, but not prophets of a false radicalism which only hides a stinginess of purpose. In a word, agrarianism needs to be cleaned up; and the first thing to do is to "disinfect" its methods and its leaders. Agrarianism, it is clear, will have to be entrusted to a minority for the simple reason that the great majority of those who know how to read and write are hostile to it. But for this very reason, because of the special and dictatorial methods which all revolutionary work demands, this minority must be very honest and efficient."²⁰

The clear implication of this passage is that up to the time that it was written (1927) the agrarian reform had not yet succeeded in finding that very special minority of "honest and efficient leaders" and officials. It is not necessary to cite here in detail the cases in which the officials of local agrarian committees have been bribed by rich hacendados; the cases of blackmail by lawyers who have intimidated landowners by threatening to incite villages to put in a petition for lands; the cases of mythical villages created over night for the purpose of obtaining lands fraudulently. These and other similar practices, if not common, are at least numerous enough to warrant the censure of even the most ardent defenders of the reform.

Perhaps the worst evil which has followed in the train of the militant agrarianism of recent years has been the open and practically continuous resort to physical violence. Especially in the states of Queretaro, Puebla, Michoacan, Jalisco and Guana-juato, where the agraristas are still well armed, there are almost daily reports of armed conflict, murder and violence of all sorts. Many of these conflicts are between the villages themselves and arise out of disputes over property lines and boundaries; others are between the villages and the neighboring landlords. In either case, these conflicts are fought to the bitter end and the agrarian reform is being paid for in blood.

(c) A certain amount of mal-administration, social disorder and even violence is, perhaps, the inevitable concomitant of any reform as far reaching and as intimately related to the life and welfare of the people as is the present agrarian reform in Mexico. Criticisms of the type which have been cited in the foregoing paragraphs are, therefore, not to be taken as evidence positive of the failure of the agrarian reform. Quite a different matter, however, is the charge being made on all sides that the peasants themselves, because of indifference, ignorance, a feeling of insecurity, lack of capital or whatnot, are not working the lands which have been given them and that as a consequence national agricultural production has seriously declined. In another place a statistical study of the truth or falsity of these charges will be made (see Agricultural Studies, Series I, No. 6). For the present it is perhaps sufficient to quote the opinions of various authorities on the subject.

On the first day of September, 1925, in a message accompanying the proposed law for the creation of Family Patrimonies, President Calles, himself, summarized the agrarian situation at that time as follows:

"The experiments in communal organization in those relatively small villages granted ejidos have produced the firm conviction that such a system, if continued, will render fruitless our conscientious efforts to bring about the economic re-construction of the country. Because of the lack of confidence on the part of the peasants that they will receive the reward of their labors, and because of the corruption of the directors of the communal enterprises....the ejidatarios have lost interest and agricultural production has suffered a serious decline.

"The fact is that the great majority of the villages which have received lands have adopted the system of making, by means of their administrative committees, a division of the agricultural lands into small parcels. Only those elements of the ejido such as the pastures, the woodlands and the waters are exploited in common..

"From this situation have arisen two grave evils which must be avoided in order to save the agrarian revolution from failure: First, the circumstance that the distribution of the lots is in the hands of executive committees which redistribute the tracts frequently for political reasons, leaving the peasants in an insecure position, ^{and} destroys ^{as} the peasant's interest in improving the land or in increasing its productivity; lacking property rights or security, he is unwilling to invest labor and capital

without knowing whether he will get any return from them; Secondly, as is natural and human, members of the executive committees are corrupt and abuse their functions by collecting rent for the use of the tracts, by leasing out the communal woodlands and forests for their own profit, or by diverting to themselves the funds of the village." ²¹

As has already been pointed out above, President Calles hoped to remedy the evils which had developed in the ejidos and the concomitant marked lowering of the national agricultural productivity by the Law of Family Patrimony. This law was passed in March of 1926. It may be yet too early for the hoped for good effects to be apparent. However this may be, it is pertinent to note that in 1928, two years after the passage of the law of Family Patrimony, critics of the agrarian movement were making the same complaints that President Calles made in 1925.

"To continue using agrarianism as a political foil... can only result in prolonging the prevalent state of insecurity and in making the land a pretext of irregularities and even of crimes;- or in other words, to follow blindly the road of national disintegration.." Editorial page of El Universal, March 15, 1928.

"In Mexico the reduction of the national agricultural productivity has its origin in politics. No one is ignorant of the fact that it has come about principally because of the legal instability of rural property and because of the lack of security which threatens not only the life but the property of the agrarian classes." Editorial page, El Universal, May 7, 1928.

These two quotations from one of the leading morning papers in Mexico are typical of many others that might be cited.

President Calles undoubtedly has done as much, if not more, than any of Mexico's leaders to solidify the gains of the revolution. The foregoing survey is a demonstration of this fact in one field. By this statement it is not meant that the agrarian problem has been solved. The most that can be said at the present is that more time, energy and money is being spent today in Mexico in an attempt to find some way out of the agrarian maze than have ever been spent before. Time alone will test the wisdom of both the philosophy of the agrarian reform and the means which are being used to bring it about.

NOTES.

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4. León, Luis- Speech published in the Boletin de la Secretaría de Educacion Publica, March, 1927, pp. 32-33.
5. Statistics taken from an unpublished report by the Secretaría de Agricultura.
6. Figures given in a speech by General Alvaro Obregon, published in El Universal, Mexico, D.F., June 26, 1927.
7. Estadística Nacional, May 31, 1927, p. 24.
8. Gonzalez Roa, Fernando- "El Aspecto Agrario de la Revolucion Mexicana", Mexico, D.F., 1919, p. 241.
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15. Hackett, Charles Wilson- The Mexican Revolution and the United States, 1910-1926, World Peace Foundation, Boston, 1926, pp. 351-2. See also: letter of Charles E. Hughes to Henry Cabot Lodge, in Cong. Rec. Vol. 65, No. 30, Jan. 23, 1924, pp. 1367-68.
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20. Ibid, p. 9.
21. Recopilación de las Principales Leyes etc., op.cit., pp. 34-35 .