Agrarian structure in Latin America
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I. Introduction

Latin America remains, along with sub-Saharan Africa, the most unequal region in the world. In economic terms, most countries in the region have grown substantially in the last 30 years. And the region has urbanized at a rapid pace. The middle classes have grown and poverty has declined. But inequality remains stubbornly persistent. Part of this is due to the rural sector. Poverty is systematically lower in urban areas than in rural areas. In rural areas, poverty rates remain high and have not declined substantially in recent decades (World Bank Global Monitoring Report 2013).

The foundation of rural developmental stasis is agrarian structure. I define agrarian structure as the distribution of assets and rights tied to land among populations that live in rural areas or derive a significant income from rural activities.

Agrarian structure defines rural poverty and inequality. It plays a key role in opportunities for education and migration in the countryside. And it impacts investment and the nature of rural land markets.

Agrarian structure has shifted dramatically in many countries in Latin America over the last century. From the time of colonization until the early 20th century, most Latin American countries were characterized by extreme social and economic inequality rooted in the skewed distribution and use of land (Engerman and Sokoloff 2002). Over half of the population in Latin America was rural until 1960. Yet the vast majority of rural laborers were poor. The poorest half of rural workers in most countries throughout the region typically held less than 5% of the land. Landed elites, by contrast, were very powerful. The richest 2-3% of large landowners typically commanded ownership of most of a country’s land. Landed elites also used their authority to influence the behavior and even the movement of rural workers that lived on their estates (Baland and Robinson 2008, Barraclough 1973).

Large-scale land reform changed the agrarian structure of many Latin American countries in the 20th century. Landholding inequality dropped substantially. But the governments that conducted wide-ranging land redistribution also withheld property rights from land reform beneficiaries. This generated widespread informality and property rights insecurity in the rural sector. Contributing to this was the late development of unified property registers and land cadasters in most Latin American countries.

Land reform in recent decades has shifted. There are two major trends. First is a shift from state-led land redistribution to either no redistribution of land or market-based land reform. This has supported a stasis, and in some cases an increase, in landholding inequality. The second trend is a push for large-scale land titling and formalization. While land formalization has provided a greater degree of property rights security, its effects have been uneven. In places where states are weak, property registers have quickly become outdated and rural dwellers have reverted back to the informal sector. In other cases, land formalization cemented in a tendency toward greater landholding inequality in the 1990s driven by commodity prices and land agglomeration prior to complete land formalization projects.
In the coming decade, broad land redistribution to equalize landholdings is unlikely given widespread democracy in the region. Consequently, more progress to shift rural livelihoods and tackle rural poverty should come through policies of well-compensated regional and project-based land reforms, rural investment in infrastructure and markets, still greater property rights security while allowing for flexibility in tenure form to accommodate demands for cooperative or communal holdings, and investment in rural schooling.

This paper begins by explaining the importance of agrarian structure in Latin America and describing its origins and evolution. It discusses the consequences of unequal land distribution and the informality of property rights on rural development. Finally, it proposes policy suggestions for tackling rural poverty in the coming decade given the low likelihood that major land redistribution policies will be put in place in the near future.

**II. Why agrarian structure is important**

Land is the chief productive asset for the world’s rural poor. Most of the rural poor, and some of the urban poor as well, depend on agriculture as their main source of income (Lipton 2009, 148). Land also serves as social insurance in the developing world. It provides not only employment and income, but also sustenance, a place to live, insurance for infirmity and age, and security for future generations (Thiesenhusen 1989).

The property rights and security of tenure tied to land ownership are also critical for rural well-being, investment, and mobility. This section outlines several consequences of agrarian structure that make it so important to rural economies.

**i. Agrarian Structure, Poverty, and Inequality**

Where land is held by a small number of large landowners and property rights for smallholders are weak, poverty and inequality are higher and difficult to change. From the time of colonization until the early 20th century, most Latin American countries were characterized by extreme social and economic inequality based on the skewed distribution and use of land. More than half of Latin America’s population was rural until 1960. Yet the vast majority of rural laborers were poor. The poorest half of rural workers in most countries throughout the region typically held less than 5% of the land. Landed elites, by contrast, were very powerful. The richest 2-3% of large landowners typically commanded ownership of most of a country’s land. Landed elites also used their authority to influence the behavior and even the movement of rural workers that lived on their estates (Baland and Robinson 2008, Barraclough 1973).

Engerman and Sokoloff (2002) also document a strong and persistent link between agrarian structure and poverty in Latin America. Areas with high land inequality had lower investment in public goods during the colonial period, generating poor long-run economic outcomes well after decolonization (Engerman and Sokoloff 2002). Landholding inequality was fertile ground for low investment in public goods, slow economic growth, the development of weak central states, delays in literacy and enfranchisement, and the persistence of widespread poverty.
ii. Agrarian Structure, Education, and Migration

Educational attainment has historically been lower where landholding inequality is high (Galor et al. 2009). Smallholders, tenants, and wage laborers in rural economies where landholding is concentrated have typically faced steep barriers to accumulate enough land or capital to save, invest, and send their children to school where they could be trained to work in more dynamic economic sectors (Cinnirella and Hornung 2016, Galor et al. 2009). Land concentration also historically hampered freedom of movement and freedom of choice on the part of rural laborers to access schools (Griffin et al. 2002, Rueschemeyer et al. 1992).

Weak property rights security also encourages families to remain in rural areas lest they lose their land to counterclaimants while migrating to urban areas or other countries. However, if families are large enough, property insecurity can actually encourage migration for reasons tied to poverty.

iii. Agrarian Structure, Rural Investment, and Land Markets

A large literature demonstrates that well-established and secure property rights are critical for the functioning of rural land markets, generating incentives to invest in agricultural production and infrastructure, and the rise of access to private credit (e.g., Deininger et al. 2004, De Soto 2000, Rajan and Zingales 2003). Secure land access also supports the accumulation of human and physical capital (Besley and Burgess 2000, Galor et al. 2009). It is therefore widely accepted that property rights, even if not always formal or individual, strongly support the efficient exploitation of land (Demsetz 1967, Feder and Feeny 1991).1

By contrast, weak property rights have a deleterious effect on investment and rural land markets. Investment in the land and in improvements are lower since untitled land cannot be used as collateral to obtain loans from private banks. Weak property rights also stunt rural land markets. On the one hand, buyers are more reticent when they cannot be sure that they can protect their land from counterclaimants. On the other hand, it is difficult to obtain a mortgage without a land title and therefore it is more difficult to purchase land.

iv. Examples of the Consequences of an Unequal Agrarian Structure: Colombia and Brazil

Colombia and Brazil illustrate some of the pernicious consequences of an unequal agrarian structure. In Colombia, early rural settlement was inegalitarian. Land speculators and large landowners systematically enclosed public lands dating at least back to the mid-19th century, leveraging their resources and political clout to obtain land titles (Saffon 2015, Sánchez et al. 2010). Palacios (1980, 177) carefully documents the replication of inequality in frontier regions.

As in other countries with high inequality, powerful Colombian landowners blocked extensive land reforms that harmed their interests. Elites successfully lobbied for the land reform agency INCORA to focus its efforts at “those projects least disturbing to the existing land tenure and involving minimal cost” (Tai 1974, 294). Rebel groups such as the FARC took up the peasant cause, fanning peasant grievances over the unjustness of landholding inequality and promising to institute reforms if they took power.

1 The importance of land formalization and individual ownership in securing property rights is an area of much more active debate than the importance of property rights themselves. See, e.g., Brasselle, Gaspart, and Platteau (2002).
Instead of promoting government policies that might have reduced guerrilla support, landed elites instead attempted to retain their land and hire private “self-defense” armies to counter the guerrilla threat. The reforms that did occur often provoked paramilitary retaliation and pressure for counterculture, which in turn fed more guerrilla activity. Furthermore, the limited and piecemeal land reform created animosity between beneficiaries and non-beneficiaries, leading some peasants who did not receive land to protest and turn to guerrillas for support, exacerbating rural insurgency (Albertus and Kaplan 2013). Even the distribution of public lands, fueled in part by commodity price shocks and political considerations, often ended up being captured by relatively powerful and resourceful local landowners rather than the landless (Albertus 2019).

Although the government recently struck a peace deal with the FARC, landholding inequality and the poverty and rural insecurity associated with it have not been resolved. Recent households surveys in Colombia reveal a 45% rural poverty rate, triple the urban rate. Farmers get little government support: 83% lack agricultural machinery and 90% do not receive any agricultural credits or technical assistance. Access to education in rural areas is also sorely lacking. Some 73% of young people aged 17 to 24 have no educational opportunities at all.

Brazil is another country in which landholding inequality has been extremely high and persistent. Brazil’s Gini coefficient of landholding was 0.86 in 2006, one of the highest in the world. This has fueled rural social movements and occupations of large landholdings. During the period 1988–2013, there were over 9,400 land invasions in rural areas – staged by several million individuals – and 1,200 killings of peasants and peasant leaders (CPT 2014, Girardi 2014). In response, the National Institute of Colonization and Agrarian Reform (INCRA) transferred nearly 77 million hectares of land to almost one million families (INCRA 2011). To a substantial decree, Brazil’s land reform has been reactive rather than proactive and only replicated the existing bimodal distribution of landholdings. Furthermore, whereas isolated threats to landed elites in the form of land invasions are difficult to repel, generating a positive relationship between landholding inequality and one-off land occupations, sustained, broader local threats to property that are triggered by nearby landreforms catalyze landowner organization to repel land occupations, leading to a reverse relationship between land occupations and landholding inequality (Albertus, Brambor, and Ceneviva 2018). This dynamic tends to reproduce inequality and instability.

Colombia and Brazil are hardly the only countries where agrarian structure was related to conflict. In Guatemala and El Salvador, land was a core issue driving lengthy civil wars and peace agreements prompted land reform policies.  

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2 To be sure, the massive distribution of public lands also benefitted many small landholders (see, e.g., Centro Nacional de Memoria Histórica 2016).


4 While Brazil’s land reform is massive in absolute size, it is smaller in relative terms – though hardly insubstantial. Over the period 1930-2008, Brazil ranks sixth within Latin America in terms of the amount of land distributed for reform purposes relative to cultivable land area after Bolivia, Chile, Colombia, Cuba, and Mexico (see Albertus 2015).

5 Common landowner tactics to repel occupations include organized violence and intimidation (Bruno 2003), leveraging influence with the police or judiciary to break up squatter settlements, utilizing political ties to members of the congressional bloc representing rural interests (the bancaduraruralista), and campaigns of disinformation about the effects of land reform (Costa 2012).

6 See, e.g., Wood (2003) for an in-depth discussion of this in the case of El Salvador.
Agrarian structure has shifted radically in some, but not all, countries in Latin America in the last century. Labor dependence in agriculture has shifted across the board, albeit at different paces and to differing degrees. In countries that did not implement major land reforms, or that focused on the distribution of public land over the redistribution of private land, landholding inequality has remained high. In countries that implemented major land redistribution, landholding inequality initially declined dramatically. In some of these same countries, such as Peru and Bolivia, market transactions reversed some, but not all, of these gains. The countries that implemented major land redistribution also tended to underprovide property rights to land reform beneficiaries, increasing land informality to the long-term detriment of those beneficiaries.

i. Land Inequality in the Mid-20th Century

Based on statistics of the landholdings of the largest and smallest landholders in Latin America, landowners in most countries were relatively few and very wealthy. The largest few percent of landowners in most Latin American countries held more than half—and in some cases closer to 80%—of total land around 1950. The smallest 50% of landholders were often relegated to less than 5% of land and in some cases as little as 1% (Albertus 2015).

The outsized power of landed elites can in many cases be traced back to colonial times, when the Spanish and Portuguese crowns granted extensive tracts of land to colonizers and the church as well as rights to use indigenous populations as resident laborers (Barraclough 1973). This arrangement led to the widespread latifundio-minifundio system in which indigenous peasants worked for landlords and could subsistence farm on their own small plots when not otherwise occupied (Thiesenhusen 1995, 70). Subsequent developments often reinforced unequal landholding patterns, such as granting large landholdings to key military figures in the independence movements and disentailment laws that enabled already powerful elites to usurp remaining indigenous lands.
Table 1. Land Distribution in Latin America, 1950-1970

<table>
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<tr>
<th>Country</th>
<th>Year</th>
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<th>% of Holdings Less than 5 Hectares</th>
<th>Area of Holdings Less than 5 Hectares</th>
<th>% Area of Holdings Less than 5 Hectares</th>
<th>Number of Holdings Greater than 200 Hectares</th>
<th>% of Holdings Greater than 200 Hectares</th>
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Sources: Author’s calculations based on FAO (1981); Censo agropecuario de 1950 (Bolivia); Hendrix (1996) (Cuba).

ii. Labor-Dependent Agriculture in the Mid-20th Century

Large landowners frequently controlled or at least influenced the mobility of a substantial portion of agricultural labor through various forms of debt peonage, anti-vagrancy laws, control over access to information, paternalistic tenancy arrangements, and influence over the police and judiciary. The most oppressive among them leaned on coercion and repression to ensure a supply of non-wage or servile labor (Albertus 2017, Rueschemeyer et al. 1992). But attempts to manipulate and control workers were hardly limited to this latter set of landowners.7

Albertus (2017) provides perhaps the clearest picture of labor dependency in agriculture to date. Building from data collected by the FAO and UN, Albertus (2017) constructs a cross-country comparable measure of labor-dependent agriculture that captures the percentage of families in a country that are engaged in agricultural labor but lack ownership or ownership-like rights.8 By capturing the prevalence of labor-dependent agriculture, this indicator implicitly accounts for the importance — and relational power — of landowners in society.

The Labor-Dependent Agriculture measure corresponds closely with country case studies and

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7 Guatemala’s early history is illustrative. See Albertus (2015, 42) for a discussion.

8 To the extent that smallholders with extremely small plots have to supplement their income with wage labor, this should bias downward the estimate of labor-dependent agriculture.
common findings detailed in existing literature and illustrates several important historical trends. As Figure 1 illustrates, the measure indicates much lower historical rates of labor-dependent agriculture in Argentina and Uruguay (Panel A) than in more historically labor-dependent countries like Guatemala and Honduras (Panel C). Countries such as Colombia and Ecuador (Panel B) score between these two sets of countries. Furthermore, as expected, the prevalence of labor-dependent agriculture in most countries has declined substantially in recent decades. This is consistent with authors such as Paige (1997) and Huber and Safford (1995).

Figure 1. Trends in Labor-Dependent Agriculture in Selected Latin American Countries, 1930-2003
iii. Major land reforms

Major land reform programs beginning in the 20th century have shifted agrarian structure and rural poverty in a number of countries in Latin America. Of course, the term land reform can encompass a wide range of policies, including programs of land expropriation and redistribution, negotiated transfers from the private market, the colonization of public lands, land titling, and the generation of markets to buy and sell land.9

Albertus (2015) systematically outlines and compares Latin American countries across three major land reform policies: land redistribution, land negotiation, and land colonization. Land redistribution entails the undercompensated or uncompensated expropriation of land from the private sector and its redistribution to the land-poor. Land negotiation is the acquisition of land from the private sector with market-value compensation or above and its subsequent transfer to the land-poor. Land colonization is the state-directed transfer of state-owned land to settlers.

A total of 128 million hectares, or 1.28 million km², of land was expropriated and redistributed in Latin America from 1930-2008. There were 37 million hectares transferred through compensated land negotiations and another 106 million hectares transferred through land colonization. A total of 14% of all of the land in Latin America -271 million hectares- transferred hands between 1930 and 2008 as a result of these three types of land reform. This represents an area nearly the size of all of western and northern Europe, or the equivalent of roughly 1.5 times the land area of Mexico. Given that most land reform focused on arable or cultivable regions, more than half of all cultivable land in Latin America transferred hands through land reform. Figure 2 displays these trends.

The redistribution of private land, especially without compensation as in Bolivia, Chile, Cuba, Mexico, Nicaragua, and Peru, had the largest impact on agrarian structure. Several of these – such as Bolivia, Mexico, and Peru – contributed to the spike in land redistribution in the 1970s in Figure 2 as authoritarian ruling coalitions drawn from outside the ranks of traditional landed elites sought to destroy their landed rivals. Land reforms with compensation to private landowners, as in Venezuela or more recently in Brazil, have had a more muted impact on agrarian structure. And the distribution of public lands, like in Colombia, has largely replicated agrarian structure.

![Figure 2. Land Reform in Latin America, 1930-2008](image)

**Note:** Data are from Albertus (2015). Solid line indicates land redistribution; dashed line indicates negotiated transfers; dotted line indicates land colonization.

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9 The term “land reform” is used by some scholars to refer to a subset of the broader policies that constitute agrarian reform. These broader policies may include, but are not limited to, the provision of credits, inputs, infrastructure (e.g., irrigation), marketing assistance, and services directed at the rural sector (see, e.g., Deininger 2003; Thiesenhusen 1989, Tuma 1965).
A. Consequences of major land redistribution for land inequality

There are three main reasons why the most redistributive types of land reform often have dramatic consequences for agrarian structure. First, land reform that targets landed elites with expropriation may directly transfer land from large landowners to the land-poor and is therefore fundamentally redistributive in nature. Second, this type of reform creates incentives that further support its central redistributive aim. For instance, to avoid current or future land ceilings, large landowners may try to sell or rent out portions of their holdings. This pushes down land prices and rents and makes it easier for the poor to gain land access. Large landowners must also sell or yield land to individuals with smaller landholdings. In support of this end, increased smallholder ownership drives up the price of rural labor. And land ceiling legislation can also create constituencies that lobby for implementation of the law through land invasions or other forms of pressure when progress stalls, as in the case of the MST in Brazil. Third and finally, in creating smaller and more equal farms, redistributive land reform tends to raise net farm output (Deininger 2003). This generates resources to help pay for the reform, whether by providing support to beneficiaries, compensating the losers, or effectively paying key constituencies to support the reform that would otherwise not do so.

Of course, land reform can also be blocked or reduced in scope by landed interests. Thiesenhusen (1995) labels many of the cases of land reform in Latin America, when measured according to their stated goals, little more than “broken promises.” And Kay (1998) argues that while a host of Latin American countries implemented substantial land redistribution, most reforms ultimately favored the development of capitalist farming by the 1990s. Furthermore, in cases like Peru, landholding inequality can return over time through market transactions. Yet land reform has had far from negligible consequences for rural welfare.

Figure 3 demonstrates that those countries that had the most extensive land redistribution programs between 1950 and 1990 also witnessed the largest declines in landholding inequality during that period. The largest decreases in land inequality from 1950-1990 occurred in Mexico, Nicaragua, Peru, Bolivia, Cuba, and Chile – all countries with large programs of land redistribution during the period, as Figures 4.2 and 4.3 indicate. By contrast, countries with a weaker record of land reform or with reforms that focused on colonization or land negotiation over land redistribution experienced little change in landholding inequality. This includes countries such as Brazil, Costa Rica, Uruguay, Argentina, and Paraguay. By the time many countries had adopted neoliberal land policies in 1990, this latter set of countries, along with Guatemala and Venezuela, had some of the most unequal distributions of land in the region.

**Figure 3.** Change in Land Inequality in Latin America, 1950-1990

**Note:** Land inequality is measured using a Gini coefficient, with data taken from Crespo (1991), Eckstein (1986), and Frankema (2006).
B. Consequences of major land redistribution for labor-dependent agriculture

Major land reform programs centering on land redistribution have also drastically diminished labor dependency in agriculture. Land tenure reforms, often though not always associated with the redistribution of land, abolished many feudalistic land tenure arrangements in Latin America such as *pongeaje* (Bolivia), *huasipungaje* (Ecuador), *inquilinaje* (Chile), *peonajeacasillado* (Mexico), and *yanaconaje* (Peru).

The destruction of these and related exploitative labor conditions enabled peasants to increase their political and social independence vis-à-vis landlords. As Mayer (2009, 3) writes of General Velasco’s land reform that began in late 1960s Peru: “It was the first government ever to execute significant income distribution in a society of great inequalities. It completed the abolition of all forms of servitude in rural estates, a momentous shift in the history of the Andes, akin to the abolition of slavery in the Americas.”

C. Consequences of major land redistribution for property rights

Land reform programs in Latin America introduced new property rights regimes on a massive scale. In most countries where land redistribution was substantial this entailed an enormous spike in informal ownership and property rights instability: the private property rights regime that prevailed among large landowners was quickly wiped out but not immediately replaced by clear, stable systems of property rights. Instead, a host of provisional, partial, or informal forms of ownership and usufruct arose (see, e.g., Lipton 2009).

When more stable property rights regimes were put in place, they often differed substantially from the property rights regimes they replaced. In broad terms there were four principal types of new property rights regimes. One was cooperative ownership with some degree of local control. The cooperatives created by Peru’s military regime in the 1970s and the *asentamiento* cooperative structure constructed in Chile under presidents Frei and Allende are illustrative examples. A second type was communal ownership structures, such as the *ejidos* system in Mexico under the PRI. A third type was direct state ownership and management with individual shares in production or wage labor. Examples include Cuba’s state farms created in the wake of the Cuban Revolution and the state farms created in the early 1980s by the Sandinista government in Nicaragua. A final type of property rights regime was individual ownership either without formal title or with provisional title, as followed from Venezuela’s land reform program in the 1960s and 1970s.

D. Major land redistribution on balance: an evaluation

Several studies provide supportive evidence linking the redistribution of private land to rural well-being. At the macro level, scholars have long pointed to land reform in South Korea and Taiwan as generating both equality and high economic growth as rural families could afford to send their children to school, ultimately yielding urbanization and industrialization (Galor et al.)

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10 Even among these broadly different types of ownership there was often blending and evolution over time. In some cases states held the formal title to cooperatives and in other cases cooperative members held formal or provision title; sometimes title was transferred between them. Even when cooperatives held title, states at times managed cooperatives or manipulated their membership or production decisions. In many cases of communal ownership, communities lacked formal title to their lands. Furthermore, if and when cooperatives and communal ownership structures were broken up by the state, members often transitioned into holding land informally.
While these important contributions have advanced the understanding of how land reform impacts development, critical gaps in knowledge remain. Part of the reason is empirical: few scholars have collected localized data on the scope of actual land transfers in order to assess their long-term development consequences. Keswell and Carter (2014) is one of the few empirical analyses using data on direct land transfers, although they examine the consequences of land reform in South Africa over several years instead of decades.

Work in progress on the consequences of major land redistribution in Peru under military rule from 1968-1980 cast some doubt on the general ability of land redistribution per se to ameliorate poverty and land inequality. Using original localized land reform data and a regression discontinuity design that exploits unevenness in land reform implementation, Albertus and Popescu (2019) show that greater land reform intensity in Peru generated more poverty in the long term in northern coastal Peru. Evidence suggests that this occurred because land reform encouraged rural demographic stasis, generated widespread land informality and property rights instability, and reduced political competitiveness.

These findings may differ from those of Keswell and Carter (2014) due to the time period of analysis as well as the fact that South Africa’s land distribution is smaller, more patchwork, and more slow-moving than Peru’s and grants recipient full property rights. Nonetheless, this is an important area for future research, and one that could be informed by broader comparisons in modes of land access with other regions such as Southeast Asia and elsewhere (e.g., De Janvry et al. 2001).

IV. Changes in rural policy in recent decades

Recent decades have shifted rural policy away from the most common and consequential policies that prevailed for most of the twentieth century. This has had important consequences for agrarian structure in the region.

i. Shift in Land Reform from Redistribution to Market-Based Land Reform

As Figure 2 indicates, one major shift in rural policy has been the decline of programs of land redistribution. But starting in the 1990s, there has been an increasing number of “market-assisted” land reforms with programs funded by the World Bank that enable private individuals or collectives to purchase land from private landowners with state support in the form of loan subsidies or legal assistance (Binswanger-Mkhize et al. 2009, 21-22). Brazil, Colombia, El Salvador, and Mexico have all implemented such programs.

A more similar case to Peru may be Mexico, where after nearly eight decades of land reform rural poverty remains severe and widespread, affecting over half of all rural dwellers.
This type of land reform is close in some ways to land negotiation in the sense that landowners are fully compensated and those who are relatively land-poor may become program beneficiaries. But it also differs in several key respects. First, the provision of subsidies to potential buyers often leads to the inflation of land prices by prospective sellers, which then depresses the demand for land through these programs. Second, when land prices are inflated or state subsidies are small, market-assisted reforms operate much more similarly to private markets than to land reform, albeit with the state or an external organization such as the World Bank acting as a matchmaker to facilitate private transfers. The state’s role in these reforms is therefore often quite limited.

Market-based land reform has proven to be not as redistributive or large in scope as desired (see, e.g., Deininger 1999). Part of the reason is a lack of funding. But another reason is political capture by large landowners. In Colombia, for instance, land distributed through Laws 30 (1988) and 160 (1994) has been disproportionately acquired by organized cultivators that steer grants in their favor, aided by favorable commodity price shocks and political connections (Albertus 2019).

**ii. Foreign land ownership**

Agrarian structure in most countries in Latin America has historically been largely determined by domestic actors despite the fact that international markets and foreign demands for commodities have shaped ownership patterns and choices over land use. But in some parts of Latin America, direct foreign ownership of land has impacted a large portion of the rural sector. Companies based in the United States, for interest, accumulated large landholdings in countries such as Cuba and Guatemala in the early-mid 20th century. In both of these cases, most of these landholdings were expropriated and either nationalized or redistributed.

In recent decades, there has been a return to the trend in some countries for large tracts of land to be purchased by foreign interests, often in alliance with the central state, and used to serve those interests. As Borras Jr. et al. (2012) detail, foreign land grabbing has occurred through various mechanisms: food security initiatives, energy security ventures, climate change mitigation strategies, and demands for resources from emerging powers.

One example of this dynamic playing out is Paraguay. In some ways, land ownership in Paraguay has long been influenced from abroad. The Paraguayan government sold off nearly 90% of all national land in the wake of the War of the Triple Alliance (1865-1870) in order to raise revenue. The land was obtained by a small number of corporations (many of which were foreign-owned) and Paraguayan elite (Carter and Galeano 1995, 51-53). Multinational agribusinesses, mainly from Brazil and the United States, played an increasingly large role in the rural sector starting in the 1950s by acquiring large tracts of land for soybeans, cotton, timber, and raising cattle. But the trend in foreign ownership of Paraguayan land has progressed even more rapidly in recent decades. Now one-fifth of the country’s land is controlled by foreigners (mostly Brazilian) and over 90% of cultivated land is oriented toward producing products for exports.13 Brazilians have colonized a significant portion of eastern Paraguay.

In response, some countries in Latin America have passed laws limiting foreign land ownership. Argentina, for instance, passed a land acquisition act in 2011 limiting foreign ownership of land to 1,000 hectares. But other countries such as Paraguay have lagged behind and now struggle to

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13 See the Latin America Bureau report at: https://lab.org.uk/paraguay-growing-inequality/.
regulate powerful foreign landholders who are focused on export markets rather than local rural development.

iii. Property rights reforms

As discussed previously, most major land reform programs in the 20th century introduced new property rights regimes on a massive scale. In many countries, the private property rights regime that prevailed among large landowners was quickly wiped out and replaced by a host of provisional, partial, or informal forms of ownership and usufruct. In countries that did not undergo major land reform programs, such as Argentina, Costa Rica, and Uruguay, property rights were more stable. But population growth still led to a proliferation of smallholders with weak or absent property rights. And in countries that undertook major land colonization programs, such as Brazil and Colombia, many new smallholders lacked secure property rights.

This generated a host of development problems given that well-established and secure property rights are critical for rural land markets, investment in agricultural production and infrastructure, and access to private credit (e.g., Deininger et al. 2004, De Soto 2000, Rajan and Zingales 2003). Secure land access also supports the accumulation of human and physical capital (Besley and Burgess 2000, Galor et al. 2009).

Beginning in force in the 1980s and 1990s and running up until the present, many countries in Latin America have sought to remedy this by strengthening rural property rights through large-scale land formalization and titling efforts. Examples include Bolivia, Mexico, and Peru. Countries have also sought to create unified property registers and complete land cadasters. In many cases they have received financial support from the World Bank or Inter-American Development Bank.

This has undoubtedly enhanced property rights security. But the effects have been uneven. In countries with a weak state, property registers have rapidly become outdated and rural dwellers have been relegated back to the informal sector as a consequence of not registering new titles or not transferring those titles through land sales. And in some cases, land formalization cemented in a tendency toward greater landholding inequality in the 1990s driven by commodity prices and land agglomeration prior to the completion of land formalization projects.

iv. Bottlenecks and opportunities for land redistribution and its alternatives

Despite the incomplete nature of land redistribution over the last century and the persistence of relatively high landholding inequality in some countries, a return to land redistribution is unlikely in the near future for several reasons. The first is linked to the spread of democracy. Transitions to democracy in much of Latin America in the 1980s and 1990s have brought unprecedented advances in political freedom but they have also increased institutional constraints to rule. The greater distribution of political power across different branches of government have given large landowners more opportunities to capture veto points and slow or water down land redistribution (Albertus 2015).

A second reason is related to the partisan nature of new democratic parties. Transitions to democracy in many Latin American countries occurred in the midst of economic crises and pressure for neoliberal economic policies. Structural adjustment programs shrunk the size of the state and the role of the state in social welfare provision. They consequently generated social atomization and less state intervention in redistributionist policies (Kurtz 2004), ultimately harming democratic
legitimacy. Furthermore, they weakened the scope of action and organizational base of left parties. Although the commodity boom of the 2000s fueled the rise of a “New Left” that expanded social spending and built stronger links to poor constituencies, this largely fizzled in the wake of the commodity bust after the global financial crisis. There is therefore not a strong and organized partisan champion for land redistribution in most countries in the region.

Finally, the opening of economies to trade and capital flows in the 1990s and 2000s may have generated a “race to the bottom” dynamic with respect to taxes and redistribution. Although the evidence is somewhat mixed on this point,14 many authors argue that stiff competition for international capital has encouraged governments to cater to the interests of holders of capital and land lest they seek more favorable government policies elsewhere. Capital account openness has rendered traditionally illiquid assets such as land effectively more liquid as landowners sell property rights to foreigners seeking diversified portfolios, making governments more responsive to the interests of landholders (Freeman and Quinn 2012),15 even as agricultural employment and the contribution of agriculture to GDP has declined.16 This places downward pressure on land redistribution. And it renders governments more sensitive to lobbying efforts for low land taxes. Consequently, as historically (Engerman and Sokoloff 2002, Bird 1974), land taxes remain low in Latin America and are not typically an effective instrument for creating incentives to increase the productive use of land or raise fiscal resources (e.g., Bird and Slack 2004).

Despite this dynamic, progress can be made on alternatives to land redistribution in the form of land negotiation and land colonization. These types of land reform can aid in alleviating poverty and land inequality if they deliver land to the rural poor, ideally at subsidized rates.17 Given high institutional constraints under democracy, proponents of reform can only move forward if large landowners do not organize collectively against it or threaten to move their capital abroad. This suggests a more regional and project-based orientation rather than the blanket reforms of the past. Targeting specific zones for land reform that have greater development potential but where rural poverty is dire and peasants can be locally mobilized can split landowners as a class, especially if landowners who lose their land are compensated.18 This approach could even garner the endorsement of urban constituencies, both because new zones of development represent a business and marketing opportunity and because greater agricultural productivity could reduce some domestic food prices.

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15 Former native landowners can then use the proceeds of their sales to purchase more liquid assets in foreign markets.
16 That many large landowners hold other non-land assets also contributes to their ongoing political clout despite the diminishing relative importance of the agricultural sector. For statistics on agricultural sector and employment trends, see, e.g., Food and Agriculture Organization (2014).
17 One successful example is South Africa (Keswell and Carter 2014). Crucially, these programs must avoid political capture, lest they be steered toward benefitting more powerful actors (see Albertus 2019 on this in the case of Colombia).
18 When governments themselves lack the funding, the World Bank or foreign donors could step in, perhaps by matching government investments in land purchases or colonization schemes. Splitting landowners is most likely where greater specialization in agriculture has generated differentiated interests.
V. The future of agrarian structure

In Latin America

For the foreseeable future, significantly reducing landholding inequality is unlikely in most Latin American countries. This is because the most effective way of doing so – land redistribution – is largely foreclosed under democracy.

Consequently, progress to advance rural livelihoods and tackle rural poverty should come through policies of compensated regional and project-based land reforms, rural investment in infrastructure and markets, still greater property rights security while allowing for flexibility in tenure form to accommodate demands for cooperative or communal holdings, and investment in rural schooling. Rural investment can directly diminish rural poverty by increasing agricultural productivity and rural incomes. Greater property rights security can increase private rural investment in improvements, marketing, and value-added products, enhancing productivity and incomes. It can also underpin more liquid land markets and facilitate short-term and seasonal migration to supplement on-farm income. And investment in rural schooling can increase human capital in rural areas, enhancing upward economic and social mobility.

The key is generating the political will and the funding to underpin these programs. Rural populations in Latin America, though not necessarily shrinking in absolute terms, are losing political clout relative to rapidly growing cities. Government responsiveness to rural areas is therefore becoming less important. Furthermore, providing goods and services to rural areas is often more costly on a per capita basis than in urban areas given the dispersion of rural populations. To make headway will require a partnership between governments, rural populations, and international actors.
VI. Bibliography


