3.1 Introduction

The unequal distribution of land formed the backbone of wealth and asset inequality in colonial Latin America. The adverse effects of colonial land inequality on post-colonial rural development have been widely documented: low shares of land ownership and restricted access to land were sustained by complicated and corrupted procedures to obtain legal title to land, hampering transactions and investments in land (De Soto 2000, Kay 2001, FAO 1971). Land market imperfections reduced the economic perspectives of the landless population in the countryside and contributed to the persistence of rural poverty and rural-urban inequality (World Bank 2004, Morley 2001). Agrarian reforms aimed at redistributing land towards landless peasants were at best insufficient and ineffective, but often even counterproductive (de Janvry and Sadoulet 2002). The failure to promote long run rural development is best revealed by the many latifundias laying waste in speculation of rising land prices. Paradoxically, in a region with such abundant land endowments it seemed harder than almost anywhere else to obtain a piece of land (Cardoso and Helwege 1992: pp. 250–63).

This chapter is devoted to the question why land inequality has become such a salient and persistent feature of Latin American societies. Literature pays ample attention to the role of local geographic and endowment characteristics as well as the specific Iberian colonial institutions as decisive determinants of Latin American land inequality.

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1 To illustrate this: Chile is claimed to have had the greatest monopolisation of agricultural land in the world around in the 19th and early 20th centuries. In 1900, Chilean haciendas occupied more than 75% of all agricultural land. And in 1917 0.46% of all land holders purportedly owned more than half of all the land, while the mini-fundistas, close to 60% of all farmers, owned ca. 1.5% (Collier and Sater 2004: p. 158, Wright 1982: p. 125). But Chile was by no means an outlier. Sokoloff and Engerman (2000) have estimated that in Mexico the percentage of land owners was 2.4% of all rural households around 1910, which compared to 74.5% in the US in 1900 and 87.1% in Canada in 1901.
But the emphasis is placed in different ways. Some studies tend to stress the importance of the local endowment structure, whereas others focus on the nature of colonial policies designed at the Iberian Peninsula. The comparative assessment presented in this chapter adds two arguments to the discussion: first, it is argued that the nature and causes of land inequality in LACs are more differentiated than often suggested. Second, the role of the indigenous population and pre-colonial institutions in shaping the political economic context in which land inequality evolved requires more attention than granted thus far. I argue that taking this factor on board is crucial to account for the omnipresence and persistence of Latin American land inequality far into the post-colonial era.

The colonial roots of land inequality will be examined in two steps. Section 3.2 briefly assesses the literature on Latin American land inequality and discusses various hypotheses regarding its determinants. Section 3.3 introduces and interprets the land inequality data and section 3.4 provides some tests of the hypotheses in a multivariate cross-country regression framework. Given the overt limitations of the land distribution data and the constraints posed by quantitative definitions of complex institutional variables, a comparative case study approach is adopted in the second part of the chapter. Section 3.5 studies the evolution of land inequality in three former British colonies: Malaysia, Sierra Leone and Zambia. It is argued that each country represents a distinct model of land inequality in a colonial setting. These models offer valuable insights for the evaluation of the omnipresence and persistence of land inequality in colonial and post-colonial Latin America in section 3.6. Section 3.7 offers a conclusion.

### 3.2 Perspectives on the Colonial Roots of Latin American Land Inequality

The ‘historical laboratory’ of the post-colonial American growth divergence offers a good starting point to assess the role of land inequality as an initial condition of long run economic development. The egalitarian distribution of land in the northern regions of British North America revealed a remarkable contrast with the unequal distribution of land in Spanish America. However, literature does not fully agree on the determinants of land distribution in the American colonial context.