

# the Henry George News

PUBLISHED BY HENRY GEORGE SCHOOL OF SOCIAL SCIENCE • MAY 1960

## *The Land Problem in Mexico*

by DAVID MARTIN



THE fabulous archaeological ruins of Mexico bear witness to the fact that great civilizations existed there many centuries before Columbus discovered America. In view of its very early achievements, why isn't Mexico more advanced today economically? Partly, perhaps, because of the social structure which made possible the construction of such impressive monuments. It was not the type of society apt to foster individual initiative, and it left its mark on the character of the native peoples. Even more important was the conquest of Mexico by Spain, which brought the destruction of existing Indian cultures and resulted in the appropriation of most of the best land by the Spaniards.

For centuries after the conquest the concentration of land ownership continued. Even after Mexico achieved its independence the attempts which were made to remedy the situation were frustrated by selfish interests. It has been estimated that by 1910 only 2 per cent of the people owned over 70 per cent of the land. Furthermore, it has been affirmed by a well known

Mexican economist that 29 people owned 24 per cent of the land at that time. In the state of Chihuahua just one man owned over 23 thousand square miles.

It is not surprising that this led to a revolution, but the man who came to power as a result, Francisco I. Madero, was from a big landowning family. Although he refused to do anything about the land situation, the pressure for reform was too great to be ignored, and in 1915 a law was passed nullifying all previous expropriations of land which had originally been the community property of the indigenous people. However, very little was accomplished until 1920 when the Law of "Ejidos" spelled out just how this transfer of land was to be made.

The idea was to divide the "latifundios" into individual plots so that if possible each family in the community could own a piece of land. The main restrictions were that they must work the land, and they could not mortgage or sell it. This law has been

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constantly added to and revised during the past 40 years. For many years after it was first passed the progress in the redistribution of land was very slow, and it wasn't until 1935 that it was pushed energetically under the regime of president Lázara Cárdenas. By 1940 over 40 per cent of the crop land of Mexico had been transferred to the people who actually worked it, and the process has continued ever since, making it one of the most sustained programs of agrarian reform ever attempted anywhere.

Needless to say there have been numerous problems connected with this reform, and the economic situation of the agricultural workers has not improved to the extent expected. As a result, many people have become disillusioned and are urging a complete re-examination of the program. Although a more or less communal system has developed in some of the "ejidos," in other cases the small size of the parcels has made their exploitation uneconomical, and the agricultural production of Mexico has had a hard time keeping up with the population increase. As Henry George pointed out, to try and obtain a more just distribution of the wealth by an arbitrary subdivision of the land is to run the risk of diminishing the amount of wealth there is to divide. Experience seems to bear this out.

At present there is great optimism about the future of Mexico. Under its dynamic young president, Adolfo Lopez Mateos, it is taking great strides forward. American investors have greater confidence in its political and economic stability and considerable industrial progress should occur during the coming years. Unfortunately this progress will be somewhat limited by the fact that the average yearly income in Mexico is approximately \$200 per person. Even considering that a dollar buys more south of the border, this is

a bare subsistence. Hence the majority of the people are not able to buy what the industry of the country produces now. It is hoped that the Latin American Free Trade Zone will provide expanded markets, but other member countries share the same hopes.

Although large areas of land have been redistributed under the agrarian reform, the actual value of the land affected is only a minute part of the total land value of the nation. It would be most interesting to know, today, 50 years after the revolution, what percentage of the people own what percentage of the land, calculated on the basis of land value rather than area.

Since real estate taxes fall almost entirely on buildings and improvements, land speculation is widespread. Residential building lots in some subdivisions on the outskirts of Mexico City are selling for as much as \$12,000. Contrasting this figure with the average yearly income gives a good idea of the unjust distribution of wealth that exists. These lots are advertised in full page newspaper advertisements as magnificent investments—they "go up in value every minute" says one ad! Considering that Mexico has one of the world's fastest growing populations, this may be so. The long term trend of land values will obviously be up, but temporary reversals of this trend are also quite possible. Perhaps it was with this in mind that the National Banking Commission recently ruled that "Financieras"<sup>1</sup> cannot invest any of their funds in real estate or in land subdivision companies, nor make loans to companies dedicated to buying and selling land.

The next logical step would be to make speculation in land unprofitable

<sup>1</sup> "Financieras" function as investment banks, underwriting securities issues, etc. They issue large amounts of bonds, but cannot accept demand deposits.

by taxing the unearned increment. The central principle of Article 27 of the Constitution of 1917 is that the land of Mexico belongs to the people as a whole, and that the nation has at all times the right to regulate the use of natural resources in the public interest, in order to make a more equitable distribution of the public wealth. Perhaps someday it will be recognized that the only practical way to achieve this is

by collecting for public use that value which the people as a whole have created.

A case study of a large scale agrarian experiment published by the University of Florida Press in Gainesville, is entitled *Land Reforms and Democracy* by Clarence Senior, and deals with the distribution of land to about 30,000 peasant families in Mexico. This is a pilot study for land reform movements with special reference to three major issues.

**FROM UR TO NAZARETH**, by Francis Neilson. Robert Schalkenbach Foundation, New York, 1960. 461 pages. \$6.  
(Available from The Henry George News at \$5)

THE distinguished author, Francis Neilson read *Progress and Poverty* in his teens in England. In his home the principles of economic freedom were discussed by the outstanding radicals of the time, who were friends of his father. Also, the Bible was read every day, and it is to this heritage that he attributes the roots of learning and a disciplined writing style.

On reaching America before the age of twenty he learned to work hard at rather menial labor, but he continued the serious study of noble literature which was already a part of his nature. He was striking in appearance and possessed a vibrant voice, so it is not surprising that he became an impressive speaker and actor.

In 1902, having returned to England, he entered the political arena as a Liberal candidate for the British Parliament. He was then in the midstream of a career in the theater. Eight years later he was to become a Member of the House of Commons. It was during that period that religion and economics became absorbing interests which were to culminate in *From Ur to Nazareth*,

a crowning companion to previous notable volumes with which all Georgists should become acquainted.

Since 1915 Mr. Neilson has made his home in the United States. Just prior to his ninety-third birthday he spent two and a half years building this monumental book which John Haynes Holmes hails as a triumph—"the work of a lifetime of study and research." In a purely contemporary manner, he illuminates for us such familiar passages as the Sermon on the Mount, the concluding verses of Isaiah 65, and the poetry of the Psalms, discerning in them fresh economic and political texts.

The deeply-searching author has followed every forward step in this field during past decades, and when archeologists steadily produced facts confirming recorded evidence, he was unquestionably the philosopher best qualified to synthesize them. In a majestic modern transport the reader is carried from the teachings of Moses, "the first fundamental economist," to the gospel of economic justice as exemplified by Jesus. Let's turn off the television, close the door, and experience once more the joy of great reading. This book should be for Bible readers, a new light—for historians, a new continent—for students of economics, a revelation.