

By David Simmons

Recently I spent several weeks visiting different parts of Mexico - a country where I lived for 30 years. The political situation is rather unstable in this election year, but I do not believe that things will get out of hand.

President Salinas' much needed reforms are seen by the man in the street as benefiting only the rich, which of course is unfair, because it takes time for the benefits to the poor people to become evident. And as long as Mexico does not adopt Land Value Taxation there will always be vast differences between the poor and the wealthy, since the latter are able to monopolize natural resources.

Because of the change in the Constitution allowing *ejidatarios* (farmers owning small plots given them by the government) to sell their land if they wish, they are able to use it as collateral for bank loans. When they were unable to pay the loan, the banks have been foreclosing and taking over ownership of the land. Thus it is perceived that the reform has benefited the banks primarily. However, if a farmer does not have the capital to work his land, he would be better off selling it to someone who had the capital necessary to make the land produce. Larger productive units should provide agricultural jobs for some of the *ex-ejidatarios* who are not capable of applying modern business and farming methods to their land. When they borrow money, betting that markets and weather will cooperate, some of them are bound to lose. Over the long run more efficient and productive agriculture should benefit all the people with lower food prices.

Mexican peasants have been accustomed too long to a paternalistic government that gave them land, loaned them money, provided them with seed, and guaranteed prices of agricultural products. The long overdue changes are bound to be painful for many, but the results in the long term are bound to be beneficial for the nation as a whole.

In a country where peasants understand economic justice as being given a plot of land by government, how do you explain to them

that genuine justice can only be accomplished by having all landowners pay for the exclusive possession of the land by paying an annual tax based on its value exclusive of improvements? It would probably be impossible unless you also abolished all other taxes at the same time, and they were able to enjoy the benefits of a much lower cost of living, and experience the opportunities that a genuinely free economy could offer them. And even then it would be very difficult to convince people of the benefits of such a change.. It makes one wonder if such a change would even be possible in a democratic country, in this day and age when people are used to instant gratification. Perhaps the best chance for such a reform would be in a country with a benevolent dictatorship!

Having seen first hand the effects of the *ejido* system in Mexico, I personally believe that taking into account the effect on the country as a whole, private ownership is the lesser of two evils.

However in many cases it will not improve the condition of the peasants. The only system that could do that is the one proposed by Henry George.