

The Agrarian Problem in Mexico

M. C. ROLLAND, C. E. AT THE HENRY
GEORGE CONGRESS

IN the following address I hope you will excuse me for mentioning my personal activities because I do so merely as a means of showing my experience and sincerity in this movement.

Long ago, as a youth, I supported the Anti-re-election party in its first revolutionary agitation against Porfirio Diaz which demanded that, at least, there should be allowed a free election for vice-president in order to avoid an armed conflict. Even then we all knew the inevitable consequences of all former bloody struggles in our country which had merely thrown into power voracious soldiers and politicians, who soon enriched themselves at the cost of general misery, but were ever incompetent of solving our genuine national problems.

The stubbornness of the Dictatorship caused the Revolution which, in its turn, was betrayed by its trusted general, Victoriano Huerta, and this event caused my adherence to Venustiano Carranza, Governor of Coahuila, who had headed the protest against such a national dishonor. Later, we begged Carranza most earnestly to legislate for social betterment and this doubtless influenced him to publish in Vera Cruz, on Jan. 6, 1915, his famous agrarian decree which started the present movement; but on a wrong basis, because it was a political expedient rather than an honest attempt to solve the national problem. This decree contained serious errors whose bad results we predicted, even then, and have since seen our predictions verified. The basic principle was the creation of *egidos* (reservations) around all villages so as to form a communal property to be administered by a local committee. We foresaw that the taking of land from its present holder, even when he was working it badly, for the purpose of giving it to incompetent persons, could only result in its depreciation and a decrease of production with no final benefit for anybody. But our warnings were unheeded, and for fifteen years the formation of *egidos* around all villages has been proceeding apace.

The revolutionaries believed that the principal problems to solve were those of land and labor and to these they have devoted all their energy, but, as we shall see, in a badly mistaken way.

The land reform has been confined to the creation of *egidos*, a means adopted by the Spanish conquerors in 1573 to save the Indian villages from starvation by giving them land for a communal use independent of the greedy Spanish Colonists.

The Labor reform has been limited to a one-sided legislation in favor of the employee, without reference to the needs of industry, which kills all initiative by discouraging employers. This false policy will probably not be modified

till all production has been paralyzed and national famine result. The blame must be placed on unscrupulous leaders who have pushed their dupes to all forms of excess while filling their own pockets. But it is not our purpose here to dilate on the labor situation but on our subject, that of land.

FAILURE OF THE EGIDO POLICY

Knowing my revolutionary enthusiasm, General Salvador Alvarado, military governor of Yucatan, engaged me in 1915 to organize his state agrarian commission and catastro (land office). I took along with me from Mexico City a large staff of engineers and we started work with great vim. We were among the first who tried to destroy the haciendas (great estates) in order to form *egidos*. My greatest ambition was to divide up the haciendas of the Yucatan peninsular slave drivers, because I then believed that the solution of the agrarian problem consisted in giving each Indian a piece of land. Meanwhile, the *egido* policy was being inaugurated furiously also on the mainland. Nevertheless, Governor Alvarado and I soon began to perceive that there was something lacking in our policy for accomplishing a genuine social reconstruction, and we began to notice something of the injustices of taxation.

Just about this time, I went to New York to take charge of a bureau for propaganda, or rather for the justification of our revolution. Soon afterwards, I came into contact with some partisans of the Single Tax and became so interested that I devoured all the books on the subject available, beginning naturally with the inspiring works of Henry George. It was later, at the Single Tax Convention of Niagara Falls, that I was deeply moved by the sight of the young men from Philadelphia, who yearned to form a Georgist political party in spite of the disapproval of their elders who did not desire to arouse against the Single Tax the opposition of the Republican and Democratic parties. Since that convention, my spiritual thirst for a correct principle of true social justice has been satisfied, and I have enjoyed the mental calm and faith necessary for exerting all my energies in the struggle for a well defined object.

Meanwhile, the *egido* frenzy had been steadily increasing in Mexico. All the politicians, from ward-healers up to national cabinet ministers and presidents, seized upon this popular craze and converted it into an efficient tool for getting public office; as I discovered when I returned home in 1919 and, with General Alvarado, founded a Mexico City daily, *El Herald*. This paper served us in preaching the new ideas on the Single Tax and the modern forms of municipal administration with the Referendum, the Initiative, and the Recall. We proposed a new plan of municipal government emphasizing the taxation of land values instead of labor and capital. In 1920 came the Obregon revolution and my appointment to the National Agrarian Commission, which is the central body directing the *egido* policy in action.

THE FAILURE OF THE GOVERNMENT POLICY

As a commissioner, I now had an inside view of agra-

rianism in practice and was soon convinced, with my newly acquired Single Tax knowledge, of the scanty merit possessed by the egido scheme for solving the rural problem in the public interest. The new egidos, administered by the famous executive committees, I found almost abandoned; because it is natural that rural workers will not exert themselves to build a home, plant trees and make other vital betterments on a lot which may change hands annually. As the land is communal, it can be redistributed whenever desired by the executive committee which always takes care also to assign the best lots to themselves and friends. In entire states, like Morelos, the folks were in poverty and clamoring for any kind of work providing a living wage; they had land and yet they were dying of hunger, in a similar way to the tales we got from Russia. Then, notwithstanding that the people had land, the prettiest labor laws, and leaders ever ready to save the fatherland (for a consideration) the workers fled in masses to the United States, in such a rapid manner that it soon became necessary to hunt them on the frontiers, to keep them from leaving their saviors, or to get the United States government to send them back.

As president of the National Agrarian Commission, I tried to increase production on the egidos, against the opposition of the politicians who only wanted ever more egidos, until I finally suspended altogether the donation of egidos in very rich regions while we could study the cultivation problem.

Unfortunately, our national president began to look with disfavor on his minister of Agriculture and (notwithstanding that both men were playing with agrarianism for future political advantage) so our proposed law with its wise provisions was rejected. Since then, the frenzy for destroying the haciendas and abolishing all security for rural betterments has raged worse than ever and pushed us toward the dreadful economic crisis of today.

At present we are dedicated to open Single Tax propaganda in the conviction that our present disaster is solely due to our wretched economic system which fosters a greedy bureaucracy and a voracious army and tends to discourage any honest capitalists who might wish to invest here; while the monopolistic concessions and the natural resources either continue in the possession of their former owners or have fallen into the hands of those newly enriched as a result of our new revolution for "restoring the rights of the People."

In 1920, we founded the club of Social-Economic Studies, where local students of political economy could meet for discussion and we could preach the true method of social reconstruction in spite of the opposition of the daily press which fights us ferociously at times but generally maintains a conspiracy of silence. Personally, I founded a review, *El Hombre*, and published a book, "El Desastre Municipal," in which was spent a part of the patrimony of my children; who will forgive me whenever they shall understand how ardently their father has

worked to create a better country for their future use.

PRESENT SITUATION OF MEXICAN AGRARIANISM

Millions of acres of land have been given to the villages, mostly Indian, in the form of egidos which have been taken by force from the former holders. This procedure has created an agrarian debt which is now not less than 500 million pesos and will reach 1,500 millions within a short time; this debt must be paid by the federal taxpayers from whom the last crust may soon be taken by an infinity of taxes which are getting constantly more unbearable. The calamity is further aggravated by the fact that this debt was all unnecessary, because the simple device of a land-value tax would have soon forced the haciendas to return all their unused land, gratis, to the public domain. Agricultural production has declined so alarmingly that we are even importing maize from Africa. In place of urging actively the output of the egidos, where acclimated colonists are now established, the national money has been spent on auto roads for tourists (though there are no hotels for them to stop) and on irrigation projects for desert zones, where there are no colonists, but plenty of irrigable land owned by politicians. The great landlords, since they have long been constantly exposed to arbitrary dispossession, have been unwilling to risk further investments for making needed betterments or renewals, and thus far their output has also declined.

DESTRUCTION OF INDUSTRY BY TAXES

On the other hand, the revolutionary governments, (federal, state, and municipal) have constantly increased their budgets, which must be wrung from a people whose resources are diminishing. The federal budget is now thrice what it was under Dictator Diaz, though the national population has only increased by ten per cent. and poverty prevails all over the country in places where formerly were abundance and security.

As our taxes were never based on any scientific system, they have now been increased by a multiplication of the ancient indirect levies on consumption, while the protective tariff rates have been raised to an insupportable level. The final result is that manta (cotton cloth) the dress of the masses, now costs three times more than in 1910, and the greater part of the folks' wages are taken in the form of indirect taxes levied on food, clothes and housing, making them more than ever the slaves of a brutal and rapacious exchequer. The revolutionary bomb of egidos, for saving the peasants, has so far only proved a dud which has aggravated their present impoverishment. Meanwhile, the urban workmen have killed the goose of the golden eggs, since there are no longer any new factories and the existing ones try to flee if they can. Finally, the security of both life and property, outside of the few policed cities, has been decreasing steadily as a result not only of the aftermath of a long civil war but of the class-struggle which both our agrarian and syndicalist politicians have stimulated for their own selfish ends.

ABUSES UNDER DIAZ

Under the Diaz regime many abuses of power had been committed, like the despoiling of the public lands and of some of the ancient egidos by unscrupulous speculators, both native and foreign. It is true that the Indian serf has often striven to free himself by securing a plot of land for himself, and this fact was demonstrated when President Juarez, an Indian, took away the great estates which the Church had been monopolizing to the prejudice of the people. As long as unjust economic regimes exist here which deprive the peasant of his natural right to use the earth, it will always be possible for agitators to start revolutions by recruiting ignorant Indians as cannon fodder. But neither the forced distribution of land by Juarez, nor the wholesale one of today, nor any other similar attempt can prosper as long as the prevailing scheme of irresponsible bureaucratic government, sustained by indirect taxes on consumers, remains in vogue.

Let us look for example at the state of Morelos, which possesses a small but very rich semi-tropical valley which, under Diaz, had fallen into the hands of a few landlords, mostly Spaniards, who had not hesitated at extending their sugar estates by robbing many of the adjoining Indian egidos. The Indians on these estates were maintained in ignorance and serfdom, in defiance of the constitution of 1857, and the revolution of 1910 brought a terrible retribution. Under the leadership of General Zapata, a small farmer and once a sergeant in the Diaz army, the bolder serfs, and many of the wilder free Indians of Morelos and adjoining states formed guerilla bands and ravaged everywhere with fire and sword. All the Morelos plantations were destroyed and their great modern sugar mills were burned, and where formerly was immense productivity, from the close cultivation of rich irrigated lands, we see now large areas covered with weeds.

Porfirio Diaz never responded to popular need and, when the tempest burst, fled to safety across the ocean. Nevertheless, his regime was always loudly applauded by the American press which mistook appearances for reality and were blind to the future menace of a whited sepulchre. The frightful sequel of the latter reality in Morelos is reflected, more or less, throughout the country. When our foreign friends inquire, why we have acted like a nation of lunatics, I may venture to offer the following explanation: The social wrong existed under Diaz and the revolution did not begin merely because his political tyranny became insufferable, but because of the Indians' desire to recover their despoiled lands. But mere confiscation of real estate from some of its former holders for the purpose of popular distribution has done more harm than good, because it has been effected without rhyme or reason, involving neither justice as between landlords (some have lost everything, others nothing) or between beneficiaries (some peasants have got valuable improved land, others wild or sterile tracts) while the urban peons have got none,

though they will have to pay their share of the national agrarian debt by taxes on consumption. One of the scandals of the distribution has been the acquirement by many "revolutionary" politicians of great estates and the consequent rise of a new class of landlords.

The populace was driven to frenzy and committed crimes and excesses, after the treason of Huerta in 1913, which had been almost unknown during the first or Madero revolution, when the more civilized and honest leaders were still able to control their savage and bandit auxiliaries. Even the present agrarian fiasco has not been due so much to bad faith, on the part of some of the dominant revolutionaries, as to ignorance of the correct solution of this economic problem. We should not be too hard on them therefore, in view of the fact that our upper and intellectual classes either could not or would not point the correct way to reform, when peace and order still prevailed, and the question had to be tackled by the half-educated under the stress of the Anarchy and civil war which gave birth, in undue haste, to the national constitution of 1917 at Queretaro and its crude agrarian article 27.

A GOOD WORD FOR THE EGIDO SYSTEM

Perhaps a good word can be said for the egido system when applied with reference to its original purpose of protecting, economically, those Indians who are still living in the middle stage of barbarism of pro-Cortesian Mexico, where private property in land was unknown, according to the "Ancient Society" of L. M. Morgan. In fact, the idea that the Indian egidos had all been destroyed by 1910 is quite erroneous. According to figures given by Lic. J. V. Estanol, in his work of 1920: "Carranza and his Bolshevik Regime," there were in 1877 still 5,213 egidos and of these only 330, embracing 583,287 hect., were legally divided between 1877 and 1906; while a later investigation showed that the undivided egidos in 1912 still occupied nominally 120,000,000 hect. or six per cent. of the total national territory. I say nominally, because in some cases the adjoining landlords were maintaining, through their political influence, an illegal occupation of some of the egido property. It is thus clear that both justice and expediency would have been simply satisfied in those cases by restoring a few hundred egidos that had been legally divided to their original villages, and evicting the trespassing landlords from their illegal occupations. There were a third class of egido losses, arising under the so-called survey laws of 1883 and 1894 which had authorized favored politicians to seize all the demasias (excess land) held by Indian villages beyond what were conceded by their original grants. As these ancient grants had never previously been mapped or marked by monuments, the surveyors often succeeded in reducing an egido to its exact nominal size of a Spanish square league, though for centuries it had been defined by natural boundaries making it several times as large. All that was needed to do justice, was to revise the egido boundaries by reestablishing them as they prevailed before 1883.

DISTRIBUTION OF LAND IN MORELOS

Disregarding the historical analysis of the last paragraph, the present Agrarian "reformers" are attempting to give every group of peasants an *egido*. This means the bestowal of communal *egidos* on thousands of groups who long ago advanced beyond the condition of barbarism and are consequently unsuited for living the primitive life of their ancestors. This scheme would be comparatively harmless, economically, if the new *egidos* were formed of wild or unimproved land; but unfortunately the practice has been just the opposite, for the best cultivated land was seized, including that under irrigation which had cost millions of pesos to develop with funds secured mostly from mortgages to the banks or investment companies.

As a consequence, the many middle-class investors in rural mortgages have been impoverished, by this presentation by the government to Indian paupers of the security for their loans.

If you ask me, How can an investor be ruined, when his mortgage security is purchased with agrarian bonds? I will answer: The bonds at par only compensate the fiscal value of the real estate, which means about 40 per cent. of true value. As his mortgage covered 50 per cent. of real value, this means first that the par of bonds, only, equals 80 per cent. of his loan. But present market value of bonds is only 15 per cent. of par, which means that investor can sell them for only 12 per cent. of his loan. On irrigated lands, where betterments may represent 80 per cent. of selling value of real estate, the bonds, on quoted basis, cover only 6 per cent. of the cash expended on land-betterment.

Another evil of the new *egido* formation has been the distribution of timberland which, formerly conserved by intelligent farmers, has now fallen into the hands of reckless peasants whose only ambition is to quickly harvest the lumber, irrespective of forestry considerations.

In his recent book, "Mexico's Capacity to Pay," G. Butler Sherwell estimates that already half of Mexico's total cropped area of 12,000,000 hect. has been taken from its experienced owners and given to incompetent peasants, and the end is by no means in sight. In Morelos, of a total of 24,568 hect. of irrigated land, 22,341 hect. or 91 per cent., has been given to the villages gratis, though its selling value in 1910 was between 1,500 and 3,000 pesos a hectare. The land distribution in Morelos has now been officially terminated.

ECONOMIC DISASTER

Aside from the economic disaster, caused by the complete perversion of the ancient *egido* since 1915, this mistaken agrarianism has been a violent encourager of rural disorder. Among a barbarous population, the new agrarian scheme of conferring gratis on irresponsible peasants, the best improved arable and forest land of the country creates a state of moral anarchy. Why should anybody improve land, or plant and harvest it by hard labor, when he need

only be bold and will acquire gratis the best land, already improved for cultivation, and often also with a harvest ready for the reaper? Then, when such land has once been secured and its first cream skimmed, comes the difficulties of apportioning its future benefits to suit the unbridled desires of the more greedy and unscrupulous villagers; soon this causes the splitting of a village into factions which often resort to blows and maybe a massacre of their fellow peasants.

FUNDAMENTAL REFORM DEMANDED

In conclusion, I wish to emphasize the fact that even the reform of the *egido* policy on a rational basis would not itself solve our agrarian problem, which is much broader than the protection of a primitive race from economic oppression. Besides our 40 per cent. of Indians, we must consider also the more civilized mestizos (half-breeds) and whites, the former numbering 60 per cent. and the latter 10 per cent. of the total population in the census of 1910. While the new *egidos*, bad as they are, may often represent more liberty and consequently a more hopeful future for the whilom Indian serfs, their foolish method of acquirement and the decrease of the agricultural production they have caused, have helped to impoverish the Mestizos and whites, who are the principal producers and consumers of the nation. A mestizo, competent to become an independent farmer outside of an *egido*, who wishes to work the land finds always as many obstacles to success as under Diaz, and usually more because of the added risk from rural disorder and the tripled burden of taxation, along with the multiplication of fiscal and labor inspectors who beset him on every hand. Even the tariff on his needed imports, which was placed on a protective basis under Diaz for the profit of influential politicians and their foreign capitalistic partners, is now much higher than before the Revolution on the specious plea of encouraging "national" industries, mostly owned abroad.

I have tried to explain fully and frankly to you, members of the Georgist brotherhood, our true agrarian situation without any false shame as a patriot. We Mexican Georgists have long been earnestly spreading our doctrines, with little apparent result to date, but I do not consider that our future is at all hopeless.

We shall continue the work of national education as far as our modest means allow and will always welcome any additional aid from abroad for cultivating what I believe to be one of the most propitious fields for the early establishment of a Georgist republic. At least, we ask that you will extend always your spiritual sympathy in order that we may all strive together for the abolition of our present false economic frontiers in a world federation of Georgist nations. Until then, I salute you, apostles of the international church militant, in the name of our revered apostle, Henry George.

Send in any names of likely subscribers to LAND AND FREEDOM. We will forward sample copies.