

Open Letter to President Cardenas

By William J. Palmer

To His Excellency,
President Lazaro Cardenas:

The consul of your government stationed in Detroit, Carlos Palacios Roji, has been very kind to the writer both in explaining the position of your government in the present financial and land situation and in listening to my suggestions on the operations of economic law and what should be the present policies of democratic governments.

"The Lands of Mexico belong to the People of Mexico."

With this declaration, we heartily agree. As to how you are to assert that ownership, we may possibly disagree. The Press states that you propose to pay many millions of dollars to the various companies which have been exploiting both your lands and your people. That procedure, in my opinion, is wrong; it does not agree with our above stated agreed declaration. We could have no disagreement about payment for capital goods such as machinery, buildings and things actually produced by labor. But the companies did not produce the Land.

Land has no value in and of itself; it is the bounty of the Creator delivered up to the People of Mexico for their sustenance and security and happiness. But Land does acquire a location or social value which is 100% the product and property of the People of Mexico. Land-site-valuations are the great Common Purse provided by the Creator; and except for the necessary expense of government the fund could be collected and divided in cash among the people. It is better therefore to assert that Common ownership by collecting it instead of taxes and using it for the common obligation or support of government.

I say these things with full knowledge of the political significance of the situation. I am aware of the threats of lawsuits in foreign countries, the tying up of boats, confiscation of oil and all the smart schemes which lawyers for the companies will think of. I think we can all

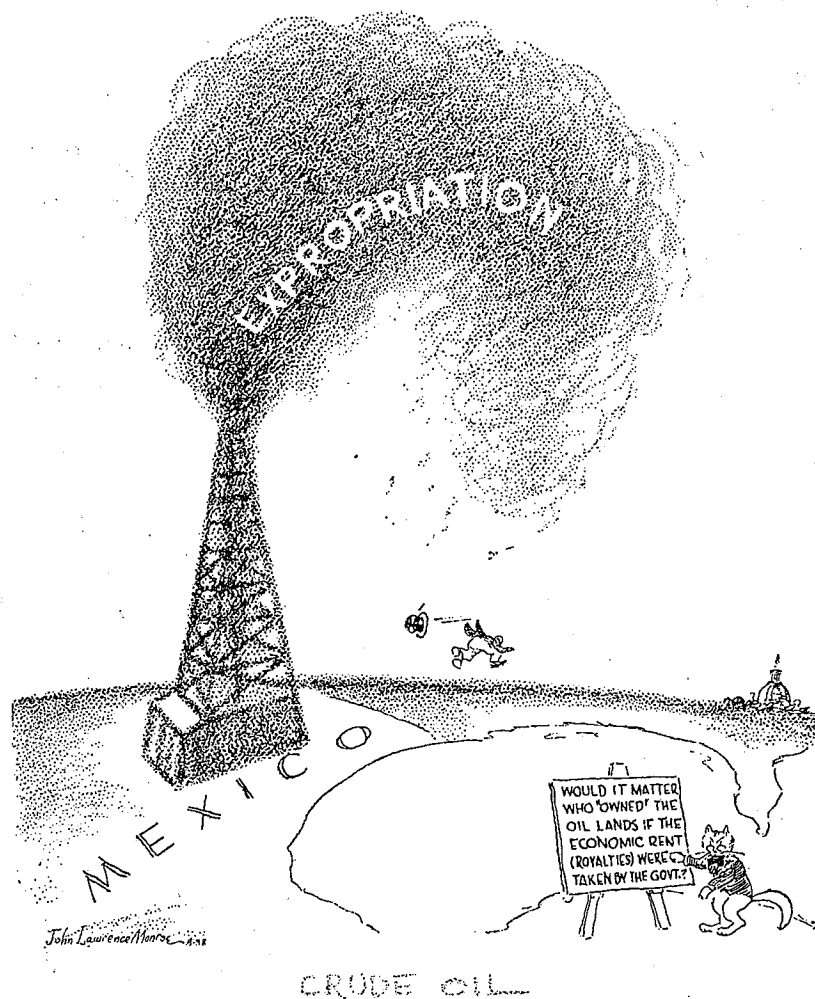
agree that much trouble and a great burden on the people of Mexico is ahead of us if you continue in this direction. The procedure along the natural economic way provided by the Creator cannot become a burden, it cannot be complained of by the companies; and it will not be complained of or publicized because it is so simple, so effective and so just and equitable.

My suggestion is that you offer to pay the companies for the present cash value of the labor-produced capital assets; or that you permit them to return and operate and charge them by taxation the full annual economic rent of the lands which they occupy.

This principle when applied to all

of the lands of Mexico will bring economic freedom to all of the people of Mexico; because it means free access to whatever land-locations which may at the time be unused or unoccupied. It will eliminate at once all of the foreign land-speculators; but since the tax is cheap to all the land-users it will increase the land-users and encourage capital investment and expansion.

I have had the privilege to study the Report of your Joint Committees regarding the Solution of the Agrarian Problem in the "La Guna" District. I am in hearty accord with every word of that report. It shows a remarkable accomplishment, "demonstrating the ability of the Mexican peasant (and he will not



John Lawrence Morse

long remain a peasant) to manage his own economic resources, abandoning successfully his condition of a permanent wage earner (meaning economic slave)—for that of a free man, responsible for his own acts and a **builder of his own future.**" I love those last words. I believe that your Country stands at the threshold of the opportunity to become the greatest democracy the World has ever seen; **but you cannot enter that doorway if you put the burden of cost of government on the shoulders of the people of Mexico.** You must place that cost under their feet on the economic rent of land locations.

That is the Economic Law, not made by Man.

Picture your vast rich Country as a great economic theater. No one ever objected, in a theater, to paying the reasonable value of the seat he wished to occupy. We generally want the best seat available. And so it is in the economic theater, unless most of the best seats are held by the speculators. Of course you will agree that this has been the great trouble and almost the only trouble in your country; great landed holdings of foreign speculators.

Land and Labor are the only two elements necessary to our economic life. As occasion requires or it appears advantageous, **Labor** sometimes turns from producing immediately consumable goods to producing **Capital**. This is only when it will assist **Labor**, however to produce more easily, more consumable goods. Isn't it obviously honest to agree that any burden of taxation will not add to value of the goods when one laborer attempts to exchange his product with another laborer, but it will produce an economic unbalance? And isn't it equally true that when tax-money is spent on roads and all public purposes, it produces location values on the lands? If Society does not keep those location-values, it is only natural for the land-owner to appropriate this unearned share of the wealth which must be produced by the laborer. This means ever increasing land prices or penalties charged against Labor for its access to the all-important Land.

Therefore, I would respectfully suggest that your government should add to the program recited on pages

14 and 15 of the Report in my hand, one firm resolution, which might be recited as:

X. That special studies shall be made of the problem of the Imposition, Shifting and Incidence of Taxation, with the ultimate result that Society shall keep in the Common Purse all of the values produced by Society and relieve as quickly as possible the people and their labors of all of the burden and penalty of Taxation.

This resolution and its proper answer means economic freedom for the people of Mexico; other countries in my opinion are too far afield to give

the problem their honest attention. The writer is a poor man; without any selfish motive in this proposal. If I were financially able, I would like nothing better than to come to you and assist in this study. You can verify the soundness of my proposal by reference to Dr. John Dewey and many others of whom you may well know. But, believe me, it is the most profound problem and its proper solution is the most important issue that will ever arise among any People. It is the difference between economic freedom and economic slavery.