

The Struggle for Freedom In South America

By DR. FELIX VITALE

I EMIGRATED from Italy to Rio de la Plata, called the promised land, in the fall of 1889; but I forget now why it was that I landed at Montevideo instead of at Buenos Aires.

On my arrival I found a terrible industrial depression, or crisis, which was clearly the result of recent land speculation, but which was attributed to many secondary causes and not to the fundamental one.

In a decade I witnessed three insurrections, pompously described in South America as revolutions, but which were nothing more than periodical fights for power between two groups which dignified themselves by the title of "Parties." Their only aim and ideal was the partition of the spoils of public office. No other problem was at issue. I am sorry to say that today there is little improvement.

At the beginning of 1900 I had to go to New York on business. There I met Antonio Molina, a friend of Henry George and the Spanish editor of the *Scientific American*. He was born in Puerto Rico, and educated in New York. While he helped me in my work, his hobby was to convert me to the doctrines of his friend, and he succeeded. After three years of unsuccessful attempts to bring to a conclusion the business on which I was engaged, I returned to Montevideo, where with a full enthusiasm I began my preaching, believing with the ingenuousness of a neophyte that the truth would be easily understood and accepted in a country where the relation between man and land is more evidently perceived than in an old civilization where man forgets that he is a man and animal. Mine was the fallacious illusion of the visionary who believes and hopes for a better world in a short time.

Buried in the deepest oblivion lay the memory of Rivadavia, first president of the Argentine Republic, and of his faithful and great interpreter, the Uruguayan statesman, Andres Lamas. One of my first converts found in a private library the little book written by Andres Lamas and published in 1881, *La Obra Economicas de Rivadavia* (The Economic Work of Rivadavia). The genius of Bernardino Rivadavia as a statesman was wonderful. He had to devise everything in a republic which had just turned out the Spaniards, its conquerors, and was born out of the turmoil of wars of independence. It may be that his visits to France and England had made him acquainted with the work of the Physiocrats or the discussions about taxation in the English Parliament between Walpole and Sir William Wyndham.

Since his first days in public life, Rivadavia had made up his mind on the agrarian question. In a decree dated Septem-

ber 1st (? 4th), 1812, providing for a survey of the lands comprised in the Province of Buenos Aires, he declared "that the object of this proposal was to distribute proportionately to the citizens of the country building sites and arable land under a political system which would ensure the establishment of population and the happiness of the many families, victims of the cupidity of the powerful, who are living in poverty and oppression which is shocking to reason and prejudicial to the true interests of the state." Nothing came of this at the time, for Rivadavia went out of office.

On May 18, 1826, Rivadavia submitted to Congress a law dealing with the public lands, which at that time were most extensive. The first section provided that public lands (the sale or transfer of which had been prohibited by an earlier decree of Rivadavia) should in future be granted in emphyteusis for a term of not less than 20 years, reckoning from January 1st, 1827. Emphyteusis is a system of land tenure in which the use or usufruct of the land is transferred to the holder for a long period, but not the whole right of property. The other sections of this law provided for a rent to be paid to the state in accordance with a valuation to be made by a jury, and for the rent to be revised in the same manner at intervals of ten years.

Describing his proposals, Rivadavia said in an explanatory report to Mr. Woodbine Parish that "if the State offers to sell the lands which are public property, it will, besides transferring them at a price which will be more than doubled in four to six years, put in the hands of a few dozen speculators the fortune of every foreigner, poor or rich, who would emigrate in order to employ himself in any branch of agriculture."

This law remained in existence for only three years from 1826 to 1829. Rivadavia was exiled and his law was abrogated and the recollection of it sank into oblivion. Corrupted and stupid governments squandered the land by selling it at two or three thousand pesos per league, instead of renting it in accordance with the far-sighted plan of Rivadavia. Rosas, the dictator who succeeded him, by one decree alone placed 1,500 leagues of land on sale, and by a law of 1839, he gave at a nominal price six leagues to his generals, five to his colonels, four to his lieutenant-colonels, two to majors, one to captains, to officers below that rank three-quarters, and to non-commissioned officers and men one-quarter.

Forty years ago the incubus from which these republics suffered was the continuity of civil wars. My first statements about private property in land fell like a bombshell. Rivadavia and his interpreter, Andres Lamas, were hardly remembered except for the records in the libraries of a few erudite lawyers.

A daily journal instituted a competition for the best diagnosis and remedy for the troubles of the country, offering three prizes. My pamphlet got the third prize. The first two were awarded to two literary men. Their works were written in nice language and attempted to show that wars are due to

political ambition and the ease with which peasants who are lazy and indolent and warlike by nature can be enlisted for such fights. No economic or land question was touched on by them. About a thousand copies of my pamphlet were distributed, either sold or given away.

My first convert was the distinguished Uruguayan statesman, Dr. Manuel Herrera y Reissig, who subsequently published a valuable book entitled *El Impuesto Territorial* (Land Taxation); and we were greatly helped by a business man from New Zealand, Mr. C. N. Macintosh, a thorough single taxer with wide knowledge of all the financial and business details which crop up in discussing the entanglements of official political economy. I do not know how the doctrine was spread in Buenos Aires, but I think it was due to this co-worker, who was very influential and in contact with business men in his own affairs.

One of the recent Presidents of the Argentine Republic, Dr. Roque Saenz Pena, originator of the law for universal suffrage, speaking in 1912, at the opening of the fifty-first Assembly of the National Congress, said: "I consider it necessary to levy a tax which some nations have adopted with success and the lack of which does not indicate the distributive justice which should prevail amongst us; I refer to the tax on the value of property which does not arise from private effort or work but from the collective effort. All necessities of life and all industries, as well as the labor of man that gives him but a small return are taxed but not the enrichment which is obtained without personal effort but by the action of the community. A compensation is needed for such a glaring privilege. . . . I think that a desideratum of a good administration is simplification of our tax system till we reach the establishment of one single tax imposed upon land which is the tree upon which grows all wealth, and so we will leave free the branches of all industries from a pruning by the state which makes the trunk bleed twice over."

We are still in the beginnings, but new ideas about property in land are coming to prevail. "Property in land," said the Minister of Agriculture, "must have its limits. It will be recognized so long as it does no harm to the progress of our country population, but it must help the object of colonization." There is nothing practical in this, but it is the first step, a weak step, but nevertheless a step in a country dominated by landed gentry. About forty-five schemes of colonization have been presented to Parliament. Not one of them is practicable; the expense of carrying them out makes each one impossible. The socialists are united with a group who call themselves radicals. They have many seats in the upper and lower house. They propose and help the passage of small reforms which, like the lump of sugar, satisfy some working men, but leave intact all the vested interests, nay, make them stronger. They do not interfere with taxation. The following table will show how little the value of land contributes to the expenditure of the nation.

Customs and port dues	.....	.....	\$300,000,000
Inland revenue.....	.....	.....	170,014,000
Land tax	.....	.....	29,000,000
Income tax	.....	.....	101,485,000
Sales tax.....	.....	.....	31,020,000
Stamp duties	.....	.....	62,500,000
Licenses	.....	.....	2,100,000
Petroleum and mineral royalties	.....	.....	4,000,000
Inheritance tax	.....	.....	116,500,000
Post and telegraphs	.....	.....	41,000,000
Lottery	.....	.....	17,000,000
Exchange profits	.....	.....	24,000,000
Miscellaneous revenues	.....	.....	24,100,000
			\$922,719,000

This represents only the national revenue. Each province and municipality raises revenue by heavy taxation of small industries and staple commodities.

I have not at my disposal complete statistics to illustrate the distribution of land, but some illustrations will give a picture of the situation. Very near my house one gentleman owns an estate of 22 miles in extent. Four families own between them more than 4,500 square miles of land in the province of Buenos Aires. In the same province there are 1,031 landowners with more than 12,500 acres each. These and the four previously mentioned are proprietors of more than one-third of the entire province.

There is a great fuss about *latifundia* (great estates) for people realize that they need land and that it is not possible to gain access to it. Thus the sacred right of property presents itself to the human mind in these countries where everybody knows that the ownership is due to violence and robbery through political tricks and corruption.

In the Province of Cordoba, the governor, Dr. R. J. Carcano, a courageous man, defied the press and applied a tax to the big estates, and managed it with wise judgment. The legislature of Cordoba raised the taxes on large areas of land and reduced the taxes on small industries, the excise, etc., so that to some extent the working man finds work easier to get and the cost of living cheaper. It is not, of course, the whole of our ideal. The federal taxes prevent a complete improvement in the system. The largest item of this is the customs duties, which are taken for granted as a necessary source of revenue.

Undoubtedly our cause seems to advance slowly, and that makes us impatient; but no reform involving a complete revolution in an old system can go quickly. To understand the problem of free land and free trade the human mind must be guided by a deep democratic feeling. That there has been some step forward in Argentina is shown by the outcry against big landowners, by the idea that property in land must be limited in the interests of progress, by recognition of the needs of the agricultural laborers wandering from one Province to another in search of work, and by the

idea that land is not a kind of wealth which should be inherited in large amounts. Politics are so corrupt, that business, land and public offices are divided like the garments of Christ.

In Uruguay in 1914 we had high hopes. A Bill was presented by the Exchequer, increasing the tax on land values and exempting improvements. It excited some enthusiasm, but not enough. Later on, a party led by a demagogue took the matter up again, and in 1930 a daily paper published my proposals, omitting to mention that they were mine. But such people have no exact idea of the day-to-day evils of private property in land, and are unable to draw the distinction between confiscation and compensation.

In the Argentine Republic the population is generally more conservative and reactionary than in Uruguay. But I hope that an appeal to patriotism and the memory of Rivadavia, to whom the people have dedicated a monument, will help to change people's minds. Landlords have tradition and money. We have neither. I am looking to the English-speaking peoples. The great revolution against private property in land was born among them; it will ripen there; we will emulate it.

The Cordoba System

From *Nueva Argentina*

Fortnightly Journal of Economic, Agrarian and Social Issues
Published at Buenos Aires, Argentina

TRANSLATED BY WILL LISSNER

CORDOBA is an important issue in current public debate. The administration of Dr. Amadeo Sabattini (Governor of the Province of Cordoba, Argentina) has ardent partisans and implacable opponents. Let us see what is happening in this Province that singles it out in such an unusual manner from the other Provinces in the union of more or less independent States constituting the federal government system of Argentina. In Cordoba, under the new regime, the land value tax is a reality. The latifundists are setting up a tempestuous clamor; the press which is at their service amplifies their voice.

For this reason, it is just that the defense of the Córdoba administration be given a hearing. We therefore present, with doctrinal reservations, an extended report* by the Finance Minister of Cordoba, whose remarks are of the highest interest despite certain Socialistic leanings.

REPORT OF THE FINANCE MINISTER

When, after the change of administration (in 1936), operations were begun, the state of the provincial finances presented alarming problems. Debts had been contracted on wages and salaries of the administrative personnel up to

*The text of the report is not here presented in full, some technical financial points having been omitted.

nearly one-half million pesos. And during 1935, the administration had been illegally disbursing part of the appropriations budgeted for 1936.

The national debt had not been attended to in any way between 1931 and 1934. The recorded public debt of the Province suffered an increase of 9½ million pesos up to the first of January, 1936. The floating debt, which had been consolidated on December 31, 1931—at the beginning of the former regime—increased this sum by about 3 million pesos; thus making a total public debt of 12½ million pesos. And yet, in the budget for 1936, the public debt did not receive preferred claim on the revenues of the State.

The new administration's outlook for achieving financial stability could not have been less promising. The estimate of State revenues on April 30, 1936, showed a drop of 1¾ millions compared with the preceding year. But the new chief executive was a man capable of handling the difficulty. Opportune and prudent measures were undertaken for improving the financial situation. Adjustments were made in the means of collecting taxes. Liberal opportunities were given to the slower taxpayers. Improvements were introduced in the methods of assessment and in estimating the public revenues.

The condition of the public finances grew better within the first few months of the administration, reaching the point where it concluded the first period with a surplus of more than one-half million pesos. In succeeding periods the results were even better. Operations under the budget of 1937 left the considerable surplus of 3¾ million pesos. The period of 1938 was concluded with a surplus of 2½ millions. With the confinement of present expenditures to the estimates of the revenues, it is to be presumed that there was in the following period a surplus of no less than one million pesos.

HOW THE PROBLEM WAS SOLVED

In the policies that have been imposed, the chief executive has reduced the burdens on enterprise by means of suppression of patents and the reduction of taxes on business, with the exception of those levied on branches related to luxury or vice; and he has increased, in the place of these taxes, the direct tax on the valuations of the holdings of the great landed proprietors. This was done with the double purpose of assuring that the tax burden would be distributed in a progressive form with respect to the value of the properties; and of combating the feudal land-holding system (*latifundismo*) by stimulating the subdivision of the land.

The chief executive expressed his ideas in the message which accompanied his legislative proposals for the year 1939: "The laws imposed are not, and cannot be mere fiscal expedients for the State. They cannot respond solely to a fiscal aim, *without also making for true social justice*. This aim has been accomplished with the increase in the rate of the progressive tax on land, and the exemption of improve-