

What Ails Argentina?

The apparent enigma of poverty and unemployment in a vast, thinly populated and potentially wealthy territory is here examined by the doyen of the Spanish Georgeists and one-time Spanish Cabinet Minister. His article, specially written last year for our Argentine contemporary, *Reforma Agraria*, has been translated by Francis B. Huss.

By BALDOMERO ARGENTE

ARGENTINA is in the news. The recent visit of President Frondizi to Europe including Italy, the country of his ancestors, and to Spain, the mother-country of the nation he represents has contributed to this fact. There are two other reasons which give Argentina news-value: Peron's rule, the effects of which are still to be seen in the country's economic state. This situation not only grieves us, as does any misfortune afflicting a daughter-nation, but causes us no little surprise, so that we immediately seek reasons. We are grieved because for a long time Argentina has been a source of consolation to us in our troubles here in Spain. We knew that our compatriots could find a refuge in a land which we imagined to be rich in all good things for all who settled there. Her former wealth was our pride and our hope in time of need. We are surprised and we wonder how it is that Argentina finds herself in the weak economic position indicated by the low exchange-value of her currency.

Argentina is a country of about 3 million sq. km., six times the size of Spain, with fertile soil and productivity approximately equal to that of Europe. She has scarcely more than 20 million inhabitants and one wonders how this handful of human beings can possibly suffer poverty, and how it is that the State should suffer penury with such a vast territory under its control. How does one explain the fact that there are workers idle and that wages are relatively low when the size of the country makes such claims on the labour force? Yet this state of affairs *does* exist.

This phenomenon, here as in all other parts of the world, has its causes. The soil of Argentina is monopolised by a section of its inhabitants — a minority. The remainder are landless and have to exist exclusively on the wages paid them. The land monopolists are the rich; the landless majority are the poor. The former use their power to reduce the wages of the workers, hence the country's internal strife, the mentality of the masses favourable to the excesses of the *peronistas*, and many other social phenomena.

There can be no doubt about the monopoly in land. It is indicated and proved by statistics. A few years ago a list was read in the Argentine Chamber of Deputies giving the names of the owners of the estates in the province of Buenos Aires, which showed that most of

the land in that province belonged to a few dozen families. Of these estates the biggest was 400,000 hectares, the smallest 200,000 hectares.

This reflects the territorial make-up of the whole of the Republic, the origin of which must be sought in the colonial system applied to Latin America in the 16th century. This system obtained throughout all the Spanish-American countries and in turn was the outcome of the dominant theories held in the mother-country during the colonial period. These ideas differed widely from those prevailing at the same time among the colonial minorities originating from Anglo-Saxon communities. Hence the different development in the two types of colonial territory. This distinction is shown by a comparison of the present situation of the U.S.A. with that of any Latin-American country.

It is not because the soil of North America is more fertile than that of Latin America, nor because its inhabitants are naturally more skilled in the arts of civilisation than the Iberian peoples — perhaps the reverse is true. The difference formerly lay in the different colonial systems, and today lies in the different systems of land-ownership.

If the land in Argentina were not monopolised by a minority, *i.e.* were not converted into a preserve of a very small section of the population, if it were thrown open to the labour of all those who wished to exploit it, there would be neither idle workers nor low wages; rather, everyone could find work to suit his desires and ability, enough to satisfy his needs. Wages would rise, wealth would increase and spread, and in such a society peace and happiness would prevail. Communism and the spirit of revolution would find no place there. It would be just such an Argentina as Alberdi and others of its presidents dreamed it would become, a country which would increase her population at a rate equal at least to that of the U.S.A. Argentina would then become among the Hispanic nations an example and inspiration for all her sister republics. The bewilderment of her leaders faced with the obvious cause of her present plight causes many of us to wonder, for there exists in the Argentinian constitution an historic precedent which, had it prevailed, would have prevented her present economic ills, and even today offers a way to improve social conditions. I refer, of course, to the Rivadavia Legislation

Bernardino Rivadavia was Argentina's first President. Assisted by J. S. Agüero, one of the greatest brains that Argentina had the good fortune to encounter at the start of its development, he introduced the law of May 18th, 1826, called the Law of Agrarian Emphyteusis which forbade the sale of common land in the State of Buenos Aires, permitting only the grant of such land by deed of *emphyteusis* for periods of 20 years, renewable every 10 years. Thus it was impossible for private individuals to retain unused land and to create vast fortunes by land speculation, and for great estates to be devoted exclusively to low-yield cultivation, such as sheep-raising on a large scale, which, though far less expensive, is extremely uneconomical, leading, as it does to a reduction of land cultivation. Thus the State was armed with the means of providing itself with a revenue sufficient to meet all expenses, of preserving itself against those ravages which have made themselves felt with the passage of time, of removing labour troubles and the urge to get rich through the abuse of official power and all the other ills which chequer the history of our family of nations.

The Uruguayan, Andres Lamás in his book "Rivadavia and the Legislation concerning Public Lands" (1882), tells amply of the wonderful results of the Rivadavia legislation during the short time it remained on the statute book. In his book Lamás not only digs deeply into the inspiring ideals of that legislation, but links them with those expounded by the most famous economists, from Adam Smith onward. These ideas serve as a lesson to the reader, a lesson which many rulers have still to learn. The Rivadavia legislation was annulled by the

Dictator, Rosas, who thereby destroyed Argentina's immediate chances of becoming a great nation, and prevented Rivadavia's sure and accurate remedy being again applied, except for a weak attempt under the presidency of Roque Saenz Peña.

Today the Rivadavia Legislation would have to be reframed. Ideas have progressed, and the world too. After Rivadavia, Henry George wrote his wonderful book, *Progress and Poverty*, renewing the fundamental concepts of classical political economy, and exhausting the subject of the influence of land monopoly upon society. Society in accordance with a natural law governing its organisation has concentrated large populations in great cities, thus creating valuable urban sites which are far more important economically than agricultural plots and have far more influence upon living standards. As to the importance of this factor, Rivadavia could not possibly have had any conception at the beginning of the formation of the Republic, when Argentina's population scarcely exceeded one million. But as it is merely a question of a *change of direction* in fiscal legislation, there is still time to make it.

This change, which initially may be slow and halting in its progress, would take Argentina as far as human possibilities permit. She would be an example, not only to her sister-nations, but also to the European countries themselves, not least to those Latin countries where there still prevail errors which took root under Roman Laws and vitiated all our colonial efforts, so that today we see the Latin-American republics transformed into seedbeds of revolution.

LETTERS

A Plea For Self-Assessment

To the Editor of Land & Liberty.
SIR,—In your article "Symmetry in Budapest" by the late Dr. J. J. Pikler (L&L Dec. 1960) self assessment of land value is condemned as being "odious, hateful, complicated and difficult."

With all due respect to the famous author I must say that this verdict is absolutely erroneous. We had self assessment, guided and supervised by the municipal valuation office in Vienna in 1919 and it worked well and would have continued to do so, if the land value taxation law of which it formed part had not been abolished as a consequence of the then raging violent inflation, which made its results illusory.

Looking at things impartially it seems unfair and illogical not to give

the landholder a chance to utter his opinion as regards the value of his plot or estate when everybody else, as for instance in the Danish valuation law, is at liberty to express his.

Certainly the last word should be said by the valuation authority, with due provision and after careful consideration of appeal, but the first word should belong to the man who holds and works the land. It is just the great number of quotations produced by the method of self assessment which can guide the valuation and planning authorities and prevent their deviating from realistic appraisal as described in Dr. David Ascher's excellent article "Isovals and Isopols" (Feb. L&L).

Apprehensions that self assessment would lead to far too low valuations,

as proprietors would try to avoid high rates or taxes, are needless, as other considerations, such as indemnity in case of expropriation, reference to their estimates in case of sale, mortgaging and inheritance, will keep their decisions on or near the right level.

An opinion requested from the Vienna municipality has described self assessment as a practical and cheap method of ascertaining the value of land even in its first application and it would have improved if it had been continued. Self assessment is at present once more applied in the Austrian valuation law of 1955. Unfortunately rent and lease control and many other encroachments of the state on the economy have caused an anarchy of land prices so that many land owners were at a loss what to state in the