

Argentina

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UNDER THE INFLUENCE OF BERNARDINO RIVADAVIA, the first President of Argentina, the Law of Emphyteusis was adopted in 1826 by the General Constituent Congress held at Buenos Aires. This law provided for the granting of long-term leaseholds in connection with public lands, which, at the time, constituted most of the national territory; and the thought was that the rent of land would thus become the principal and perhaps the only source of public revenue.

As enacted, the law was not perfect in its administrative detail. Nevertheless, it established as a national policy necessary for the development of agriculture (then existing only in a very rudimentary form) the long-term leasing of government-owned land instead of its sale. For this reason the Law of Emphyteusis was certainly Argentina's most important step toward land reform. And while the abuses inflicted by subsequent governments caused it eventually to be repealed under the stigma of "failure," the emphyteutic principle itself has survived and is basic in some of the most determined reform efforts being made in Argentina today.

THE LAW OF EMPHYTEUSIS

The law—preceded by a decree in 1812 forbidding the sale of public lands—provided for 20-year leases. During the first 10 years the lessee would pay into the public treasury a rent or annual fee amounting to 8 per cent of the assessed value in the case of land used for cattle raising and 4 per cent in the case of smaller parcels used for agriculture. The valuation was to be made by a jury of neighbors, and at the end of 10 years the Legislature was to determine the rents to be paid thereafter, according to new appraisals.

The principle underlying the government's action in passing this law is well expressed in the words of Dr. Ignacio Núñez, Rivadavia's diplomatic envoy to London at the time, who told the British Government that "the spirit of the project is that publicly-owned lands should never be held in any way other than by leaseholds. . . . The present taxes bear harmfully upon the people and hinder its [the country's] development. . . . The rent of land is the most solid and definite source of revenue on which the State may count." It was confidently believed, according to Núñez, that the public collection of land rent would make it possible to do away with tariffs and all other taxes.¹

The statements of Julián S. de Agüero, Rivadavia's Secretary of State and learned collaborator, serve further to illustrate the benefits which it was hoped the Law of Emphyteusis would bring. Agüero pointed out that

¹*Noticias Históricas, Políticas y Estadísticas de las Provincias Unidas del Río de la Plata* (London, 1825), pp. 294-96.

the emphyteutic system was beneficial to producers since it enabled them to occupy land without having to purchase it and, at the same time, gave them security of tenure. "If the capital employed in the purchase of land is invested in the purchase of cattle, it will yield more profits," Agüero said. "It is in the nation's interest . . . that the cultivated area increase, that the countryside be populated with the aid of foreign immigration; that various industries be organized and beautiful cities built. . . . If the State collects all the just rent that corresponds to each parcel, let there be no fear that anyone will apply for or monopolize a greater area than that which he can usefully exploit for who would be willing to pay so much for land which he does not intend to utilize? Nobody!"²

The enactment of the law brought immediate results. Young men left the cities to devote themselves to rural occupations, and it seemed that Rivadavia's dream of creating a true democracy on a solid foundation was about to be fulfilled. The government set itself to the task of completing and improving the law by a series of decrees, but this process was interrupted by the resignation of Rivadavia in June 1827, which allowed Colonel Dorrego, his bitter opponent, to take the reins of government.

The Dorrego government took immediate opportunity to point out the shortcomings of the law—shortcomings which, in the year it had been operating, there had been no time to remove: the poor financial yield to the public treasury owing to the low appraisals made by the juries,

²*Diario de Sesiones del Congreso General Constituyente de las Provincias Unidas del Río de la Plata*, No. 132.

and the fact that the system allowed too large an area to be placed under a single leasehold. (These defects time and experience would have remedied.) This laid the groundwork for changing the law, and in February 1828 it was amended to establish a uniform assessment for all lands and to fix the rents at the ridiculously low rate of 2 per cent of this arbitrarily fixed value. When Dorrego was finally displaced by Rosas the Dictator, that "fixed rent" fell to practically nothing owing to the sharp devaluation of the currency³ and to the fact that Rosas was unwilling, in many cases, to collect it. Of course, under these circumstances, the collection of revenue continued to fall short of the nation's requirements, and customs duties remained the nation's main source of income.

Between 1829 and 1852, while Rosas was still in power, large grants of land were made outright to many persons, mostly military men, and to Rosas himself, by his docile Legislature. All who opposed Rosas were persecuted and their families despoiled of the lands they owned or held under lease from the government. Except for the warlords who engaged in perpetual strife among themselves, the inland provinces became practically depopulated. In these regions no foreigners dared to settle and European immigration all but ceased.

The Emphyteutic Law, by this time robbed of most of its beneficial qualities, was repealed in 1857. All the emphyteutic leaseholders were recognized as the legal owners of the public land they had leased, and the domination of the country by a landowning oligarchy was consolidated.

³The peso dropped from 100 cents to 5 cents in value.

In the years that followed, fabulous amounts of land continued to be sold at nominal prices, and by 1901 it was estimated that the nation had given up forever "28,000,000 hectares of its best lands, that is, an area larger than that of several European nations combined," without the population being thereby increased to any great extent. The reason for these purchases was the anticipated price rises that would come through the expected construction of railways and the resumption of European immigration. As these expectations materialized, the great landowners of Argentina suddenly found themselves so wealthy that in Paris they became as famous as the Russian aristocrats for their extravagances.

For more than half a century following its repeal, the Law of Emphyteusis was forgotten, scarcely mentioned in school and college textbooks. Only after 1917, when *La Obra Económica de Bernardino Rivadavia* (*Rivadavia's Economic Work*), written by the Uruguayan historian, economist and diplomat, Andrés Lamas, had been discovered and published, was it once more remembered. Since then, interest has been slowly reviving, as will later be shown.

LATER PROPAGANDA FOR LAND REFORM

A new movement for land reform through changes in the incidence of taxation began in Argentina following the publication in Barcelona, Spain, in 1893, of an anonymous translation of Henry George's *Progress and Poverty*. A number of organizations were formed to promote tax reform along the lines urged by George, and a few excursions into politics were made with varying success.

In 1916 the Partido Reformista was founded in Buenos Aires with the taxation of land values as its main purpose. It had no appreciable success. Five years later, in 1921, several professors from various universities joined with the author in forming the Partido Liberal Georgista. The platform demanded first a tax on the annual rental value of land (rental value capitalized at the prevailing rate of interest), which would, by gradual stages, absorb the full rental value. When this point had been reached, land would have no selling price, and it was proposed that private titles then would be abolished. All land would become the property of the people represented by the national government or by the provincial government. Thereafter it was to be offered for lease at public auction and lifetime tenures were to be granted to the highest bidders on the basis of annual rent. All tariffs and all national, provincial and municipal taxes were to be lowered gradually, and eventually wiped out. As can be seen, the principle bears a resemblance to the Rivadavian idea, and it won the enthusiastic support of the tenant farmers (the majority of Argentine farmers are tenants) and their sons. In the municipal elections held in the district of Pringles in the Province of Buenos Aires, when, in 1923, the Partido Liberal Georgista offered candidates for six then vacant seats, two of them were elected. Despite this success, however, the party withered away, owing to lack of efficient central leadership.⁴

⁴For personal reasons I was forced to leave the party after the Pringles elections, so that such leadership as I had been able to supply was unavoidably withdrawn.

LOCAL ACHIEVEMENTS

In the Province of Córdoba, an act was passed in 1912 providing for the separate valuation of land and improvements. In 1921 this act was superseded by a new bill which substituted the existing territorial assessment rate with a uniform rural land-value tax of 0.55 per cent, from which improvements were exempt. At the same time, several other taxes, all of them minor, were eliminated. Fifteen years later this land-value tax was made progressive by the more radical governor then in office, but such further gains as might have been made were stopped when objections were raised to the rate of progression, and the Supreme Court ruled unconstitutional any tax in excess of 30 pesos per 1,000 pesos of the assessed value of the land. The separate valuation of land and improvements is still made in this province, and some exemptions are allowed to improvements of low assessed value, but they are inconsequential.

In several other provinces during this period bills similar to the above were submitted to the provincial legislatures, but only one of them was passed, in the Province of Entre Ríos. This bill exempted improvements from taxation and applied a progressive rate to land values ranging from 0.25 per cent to 1.2 per cent. The present situation is similar to that in Córdoba.

OTHER POLITICAL SUPPORT

A significant step was taken in 1920, when the Socialist Party included in its program a proposal to tax land values while exempting improvements. Through the in-

fluence of this party a valuation of land separate from improvements was made in the Federal Capital and in the national territories which do not have the status of provinces and are under the direction of the central government. Nothing further was accomplished, however, until 1923, when that party happened to have a strong representation in the City Council of Buenos Aires and was able to have a by-law passed whereby the charges for public services, such as lighting and cleaning, were to be met by a 1 per cent tax on land values. When the ordinance was enforced, it aroused the opposition of powerful interests in the city; the false claim was made that it was "unconstitutional," and it was soon repealed.

PRESENT STATUS

There is no great movement at the present time toward the taxation of land values in Argentina or, for that matter, in any of the South American republics. On the other hand, interest in the Emphyteutic Doctrine has been growing among men of advanced thought, and some politicians seem now to be convinced that the doctrine has sufficient popularity behind it to make it a sound political issue. The Radical Party, which is today the most important opposition party, is increasingly in favor of land reform based on some modern version of Rivadavia's ideas, and a national Radical Party Agrarian Congress, held at Rosario de Santa Fé in August of 1949, approved by 84 votes to 14 a statement showing clearly that the Congress, especially the younger members, favored such action. The motto was: "Lifetime tenures."

This action by the Agrarian Congress was later endorsed by the National Committee of the party in a resolution adopted in 1950 stating that the prosperity of the country "only will be attained by means of a profound and integral reform such as that proposed by the Radical Party in the plan commended by the Agrarian Congress of Rosario."

A Socialist Party Provincial Congress, held in October 1952 in the city of Tucumán, also approved the principle of the "life lease."

It is now generally admitted that the agrarian system in Argentina has failed (there is a marked exodus of young people from the farms to the cities) and that a basic reform of the land system is essential and urgently needed. There is little hope now of solving this problem by breaking up the large estates and creating more small landowners, for farmers have shown that they prefer to lease land from the government rather than to undertake mortgages of 30 years' duration in order to purchase it.⁵

Under the circumstances, it does not seem improbable that a modern version of Rivadavia's Law of Emphyteusis may become a national issue in the not-too-distant future.⁶

⁵Moreover, we must bear in mind that the cutting up of these farms into portions too small for efficient cultivation, as they are partitioned among several heirs in succeeding generations, is an unavoidable result of the proprietary system. For this reason alone that system lacks the stability of the leasehold.

⁶In my recent book, *Colonización Integral en Tierra de Propiedad Común y Concesión Vitalicia Individual* (Buenos Aires, 1953, Librería El Ateneo, Florida 340), I offer the detailed plan that I personally envisage.