

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-

ments; and at the same time, each contributes according to his means, as contrasted with the sacrifice which is involved in the payments of regressive taxes. The great land-holders collaborate in proportion to their economic capacity to the work of building up solidarity and social justice, which is being realized in many forms by the State."

As inevitably happens in connection with all such fundamental reforms, the large land-holders are agitating for the modification of the rate of taxation and are carrying on a systematic campaign against the new legislation. These wealthy proprietors, who fall within the highest classes of the progressive tax, comprise only some 300 taxpayers out of a total of 287,000 landed proprietors registered for tax purposes in the Province.

The Supreme Court of the Nation has repeatedly declared that the principle of equality as the basis of taxation and of public burdens must be harmonized with the realization that this equality can be effected only among those of the same condition; and that it is good public policy to let the weight of taxation fall upon those who are the least distressed by it. Jeze has phrased it thus: "The economic capacity of an individual does not vary proportionately to his income or his fortune, but progressively."

PUBLIC DEBT REDUCED AND PUBLIC WORKS INCREASED

The public debt of the Province, which up to May 16, 1936, had risen to 75,334,532 pesos, amounted to 70,721,086 pesos on January 31, 1940—a reduction of 4,613,446 pesos; to which can be added 12½ millions paid out for debt service. The public debt has been reduced, but no new bonds have been issued, and yet great public works have been constructed.

An integrated system of public water supply has been completed. Throughout the Province, school and administrative buildings have been constructed. There were also established school dining rooms; more than 600 offices were built for teachers; the pay of the teaching personnel was raised and bonuses provided for teachers; the Sanitary Station of Noroeste was established, as was the Textile Trade School; the President Roca School was enlarged; the subsidies to hospitals were increased; and an appropriation was given the office of the General Director of Revenues for mechanical equipment which assured the rapidity and exactness of its operations, permitting the complete drawing up of the poll of taxpayers, and facilitating the calculation, currently and exactly, of the estimate of the revenues.

The above-mentioned public works and many others, such as the creation of the office of the General Director of Waterways and Waterworks, the organization of a symphony orchestra, and the establishment of the Saenz Pena Department, has raised the budget to more than 34 million pesos, surpassing by about 7 millions the initial budget of the present administration. However, in all the budget periods, as has been pointed out, the operations ended with surpluses.

The Latin American Crisis

By ROGELIO CASAS CADILLA

UP to the first World War, the South American countries administered themselves under simple formulas. Immigration laws were scarcely known, and the customs-house were tolerant. The states could be developed more or less freely. Argentina and Brazil, to which most of the emigrant repaired, received the greatest benefit from the enormous human resources which arrived on their shores. The cities were populated rapidly, and the vitality of these countries was invigorated. Wealth circulated in abundance. In general South America was making rapid progress.

The post-war crisis produced a great economic reversal. Prices of goods fell. The budgets of the governments were not reduced. The great landed proprietors accepted only small increases in taxes (in proportion to the benefits they received), and all the countries fell into the fatal error of imposing higher customs duties on imported goods. This course eventually led to poverty and catastrophe. Each day saw higher duties heaped upon necessities. A new privilege was born, called "home industry." And with it was also born another form of privilege, the combinations of working men.

Today all South America is burdened with restrictive laws. Its nations oppose the import of goods. They also forbid the entry of persons, which results in a further diminution of wealth. Ships no longer go to their ports, because people and goods may not enter through them. With the reduction of commerce, freight rates have increased, and the little trade that remains is not worth mentioning. On the whole, the South American economy presents a desolate aspect. At the wharves there are almost no shipments to be seen. The governments have tampered with their monetary systems. The apprehension that the government will devalue the currency and suppress the natural workings of the market has caused a tremendous destruction of wealth. Although all these governmental restrictions may seem to be born of necessity, they run counter to economic laws, and thus bring disaster to the economy of the nations.

There is only one way open to the South American countries to sustain and renew themselves: To return to the natural law, and permit people to enter their territories freely; to permit the free entry of goods; to permit competition to exist, so that prices will be lower and wealth accessible; and finally, to collect taxes only from the ownership of land and public services, that is, the profits of privilege. This is the only course to follow to establish liberty and justice.

At the head of the government of the United States there are some men, such as Cordell Hull and Sumner Welles, who understand the problem of trade. With their cooperation South America has a splendid opportunity to solve some of her difficulties in the new and more dangerous crisis created by the second World War. Her economic life and sovereign liberty are being threatened. Will she heed the warning?