

bination. The evils exist, let us say again, in special favors conferred in tariff, railroad and patent favors, and in the gift of natural monopolies and natural opportunities—consist, in short, of the quasi-partnership maintained by government with industry or certain industries.

In no country have the natural laws of economics been wholly unimpeded. But in Great Britain the obstructions to trade imposed by excessive customs were repealed fifty years ago. With them have also disappeared certain more onerous and irregular methods of taxation still in vogue in continental Europe. The result has been that economic progress has been far more noticeable than in countries where more backward legislation survives. In France, from other causes, certain long-fixed obstructions to the free operation of economic laws were removed by revolution. The people came more largely into the ownership of the land and the laws of inheritance were modified; the result has been that France is a country which is singular in the material quality of its citizens, and where few colossal fortunes loom ominously over great centers of population pauperized or dependent.

But these countries are almost alone where timid, half-way concessions to the law of economic freedom have been made. The forcible breaking away by the revolution from uneconomic traditions, and the more enlightened legislation of the Code Napoleon in France made way for a greater prosperity, while in Great Britain the natural forces of trade and maritime growth leaped the confines of barbarous tariff and navigation laws the minute their bonds were broken.

Germany should not be wholly neglected in naming the states where economic laws have been allowed a measure of freedom. With the creation of the German Empire and the merging of many duchies and principalities was adopted the *Zollverein*, or Customs Union. This entailed the abolition of all tariffs which these former independencies had levied against one another and a consequent extension of the principles of free trade. Almost at once the effect of natural laws began to be manifest in the increase of German manufactures and the greater prosperity of the German people.

No argument should be required for the contention that a natural law is a beneficent law. We cannot speak of the law of gravitation as a law beneficent or otherwise—since it deals with purely physical phenomena. But social and economic forces include human impulses; they deal with the voluntary acts of mankind; and if civiliza-

tion have a meaning, all natural economic laws must tend to the harmonious development of the race. We can read into them what theological concept we please, but beneficent they must be if life upon this planet is anything but a sorry joke of a very poor sort of creative intelligence. And although we have not yet begun to test the working of these laws evidence is cumulative that obedience to them secures the maximum of human happiness and the onward march of the race to unimagined goals. JOSEPH DANA MILLER.

EDITORIAL CORRESPONDENCE

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The year 1913 has now closed. A short review of the outstanding features from a Single Tax standpoint may be of interest to the readers of *The Public*. Unquestionably, from an economic standpoint, the most important has been the adoption by Paraguay of the principle of Taxation of Lands Values as a source of National Revenue, with the expressed idea, as clearly set out by the Minister of Finance, when introducing the measure, of gradually increasing the tax and using the revenue so produced to reduce the taxes heretofore paid on most of the produce exported from the country. What is perhaps more remarkable is the form in which it has been provided that all valuations shall be made. The new law decrees that the owners of all lands shall declare the value of their holdings, setting forth the value of the land, buildings and other improvements. This value shall be accepted by the government as the actual value of the declarant's property, the Government being given the right to expropriate any property that is considered to be undervalued by the simple method of adding 15 per cent to the owner's declared value and paying same over through the Supreme Court to the owner, provision being made that should any difficulty arise with the owner re-accepting the purchase money, same shall be deposited in the Banco de la Republica and the expropriation thus not be delayed by the almost interminable lawsuits that can be raised under the law systems of most Latin countries, and for the matter of that, where the litigant can pay, in Anglo-Saxon communities also.

This Paraguayan law further establishes a surtax of 40 per cent on all properties where the value of capital invested in the working of same does not amount to 20 per cent of the value of the land, while it is also most clearly set out that in striking the rate of tax on any property the value of the LAND ONLY must be taken into account.

Thus does distant Paraguay lead the world in the matter of making valuations and the levying of taxes for national purposes on Land Values only. This law will strike the death blow to land monopoly in Paraguay as we see it today. There we have estates of 2,000 leagues belonging to one man—18,000 square miles—a mere 11,520,000 acres and the owner has scarcely seen the fringe of his property. These lands,

and many others, were given in exchange for debts due by the nation, and for the purpose of settlement of accounts were calculated as being worth £5 per league. Today these same lands are worth and being sold at from £500 to £1,000 per league. The recipients of these lands until recently, paid no taxes on them. The tax-paying was left to those who put a little bit of elbow grease into the country and worked the timber or "Yerba Mate" (a sort of tea that is very extensively consumed all over South America). The man who made these lands yield anything was "fined" by taxation whenever he produced anything for export. Under such conditions no one can be surprised that the exports of Paraguayan products shrunk until the premium on gold reached about 1700.

At last it seems to have dawned on those ruling the destinies of the Paraguayans that there was some other and some better way of developing the country than that of protecting from taxation some 200 or 300 land owners, many of whom had never seen the country that yielded them such a rich harvest. The legislature now seems to be determined to protect those who live in Paraguay, whether Paraguayans or foreigners, and to compel those Paraguayans and shareholders in joint stock companies—mostly men who are, even if Paraguayans, "too superior" to live in Paraguay, but who own three-fourths of Paraguay—to pay their quota to the National and Municipal outlay.

In the Brazilian State of Rio Grande do Sul, the President, Dr. Borges de Medeiros, has openly and with very clear reasoning signaled his conversion to the Taxation of Land Values. For many years the State of Rio Grande has, through its government, been struggling with the question of colonizing the fertile rolling country of which this province contains such immense areas. The President holds office for six years. Dr. Borges de Medeiros is now in his second term of office. His first term was cast upon him through the death of that notable statesman, Julio de Castillo, the present President being then Vice.

The States in Brazil, as in Canada and the U. S. A., have the right to make their own laws dealing with taxation of a local nature. Dr. Borges de Medeiros has been instrumental in placing on the statute book of Rio Grande laws that will, spread over a term of five or six years, gradually transfer the forms of taxation for State purposes from INDIRECT to DIRECT taxation.

Unfortunately so far no attempt has been made to deal with the incidence of municipal taxes. This is to be regretted, because in that State the municipal taxation is based upon "perhaps the worst form ever devised by man."

Reform may, however, be looked for, for with a man who sees the great TRUTH as clearly as Dr. Borges de Medeiros has shown that he does everything is possible. If only that State were to adopt fair and just systems of taxation for Municipal, as it has done for State purposes, what developments we would see, for it is one of the richest cattle-grazing countries that exists in all South America; finely grassed, plentifully watered; while its soil yields most prolifically to any work put into it with the plow.

In Uruguay things are moving ahead steadily towards economic justice, thanks principally to that prolific and exceptionally sound writer, Dr. Manuel Herrera y Reissig. This gentleman has succeeded in building up a group of thorough-going Single Taxers, and aided by some of his converts the work of convincing leading members of the legislature has been undertaken most energetically with satisfactory results. Those who follow the trend of affairs in these Latin Republics are looking for very great developments in Uruguay during the current year. Already valuations have been made setting forth the value of the building and improvements in a great part of the republic. The Commission in charge of the work, including as it does such noted advocates of Land Values Taxation as Drs. Martinez, Villaverde and Cotello, are pushing forward rapidly the completion of the work.

Nowhere in the world is the cost of living so high as in Montevideo. Any change effected in striking taxation off the necessaries of life and in reducing the price of land would be welcomed by all but a select few, and as the President of the country, Dr. Battle y Ordonez, is a very thorough-going man once he is convinced, great things are looked for from the report of the Valuation Committee.

C. N. MACINTOSH.

INCIDENTAL SUGGESTIONS

FREEDOM OF UNIVERSITY TEACHING.

A remarkable pronouncement, having a direct relation to democratic freedom in our institutions of higher learning, has been recently made by the head of the Department of Sociology in the University of Chicago. "It is a more comfortable job," says Professor Albion W. Small, "to card-index the past or the present than to work on construction of the future. The bulk of American scholarship in the social sciences has gravitated in the line of least resistance." If this were said by a plain ungraduated, non-professional citizen, it would be either ignored or "refuted." But it comes from one who is on the inside, and who "knows the game." Taken in connection with the following from the same authority, its bearing upon academic teaching becomes luminous:

We know perfectly well that thousands of people are flourishing without earning anything at all, and other thousands earn various fractions of what they get. Of course, that means so much taken indirectly from the earnings of other people. We refuse to admit it, because we can't see how far the admission might carry us. Anyone who has his brains with him must sooner or later discover that such a position is a logical and moral stultification. Our capitalistic system is a siphon that sucks up men's rights by a law of accelerated motion. Simply give it time and let it alone and it would end before very long in having every cubic inch of land, sea and sky bonded to a clique of financiers, and then the terms under which the rest of the human race might be permitted to stay on the earth could be dictated in the licenses granted at their own price by the syndicate.

LOUIS WALLIS.



When warriors cease being honored, the world will be well on the way toward peace.—H. W. O.