

and tend to increased profitable production, to increased national wealth, and the greater comfort of the masses.

What steps does the State now take by means of legislation to encourage industry, to create sources of employment and factors of production. It frees from Real Estate Tax and internal revenue for a long term of years such enterprises as lay out capital and skill upon certain desired industries.

In like manner there are a thousand reasons why we should encourage building construction: economic reasons (cost of living), hygienic reasons (greater space and comfort available), reasons of city beautification. . . . For a multitude of reasons it may be said it is a bounden duty to give protection to those who spend their capital and devote their labour to the task of city improvement in all these aspects. We should do here as is done to encourage industrial enterprise—free from taxation the value expended on improvements upon land.

To compensate the decreased product of the Real Estate Tax, the quota laid upon the "land" should have an increase of  $3\frac{1}{2}$  per mille. This sum will only amount to a sensible increase in the case of unproductive properties. This increase on idle lands will disappear when the owner takes steps to utilise and improve his property, making it productive.

#### EXISTING EXEMPTION OF IMPROVEMENTS IN URUGUAY

It would not be the first case in which our Legislature has taken steps to promote agriculture or stock-raising by means of remission of taxation. Parliament has passed laws such as the canalisation of the Rio Negro, and as that of State Railways by which a special tax is laid upon land owners adjacent to the river or to the railway lines. Such a tax is redeemable in freights which such proprietors pay on their produce at the end of each year. But it is clear that for him who holds his land idle or makes a definitely inadequate use of it there is no such allowance and he feels the burden of the special tax as a chastisement of his indifference or incapacity.

It is logical, further, to apply the new basis to the Real Estate Tax in the Department of Montevideo when it is remembered that almost all the rural districts (*campo*) of the Republic, which is the vast majority of the territory, is already under such a system of taxation; land value only pays, exemption being given to houses, fences, cattle—in a word, all those values which have to be created by capital laid out in the industrialisation which makes land productive. The present value of land is the result of the fullest production from at least some land, and this is the result of high capacity in the directors of rural industry to-day as compared with other epochs. Introduction of improved breeds of live-stock; greater care in their control; installation of new industries based on stock-raising and agriculture: all this joined to the economic action of the State itself in inducing by means of guarantees the construction of railways which already have cost the public treasury £3,480,000, or by formation of cart roads and bridges which have cost millions of dollars, have been factors of land value and have assured that the land which has benefited most will bear with greatest ease the burden of a tax.

But it has never been contemplated even in moments of highest financial imaginings to set up a tax or duty on rural enterprise such as falls upon urban industries. It is rather the case that our legislature has respected the statistical principle generally accepted as an economic law, that after a certain point a further outlay of capital entails a lessened return. From this it is deduced that to tax it equally (as would appear), that is to say in proportion to its amount or volume, would to that extent operate as a direct check on the perfecting of rural industries. The tax in consequence has always been confined to the site

value of the land, and if the tax is *proportioned* thereto it follows the course of "economic rent," that is to say, it is in relation to the social value of land, the result of the collective forces of all the people of the country, either by their own personal and private acts or by the State through legislation or administration. . . .

#### COST OF HOUSING

It may happen to a society that anything may rise greatly in cost, but there is a defence by means of restriction of the use or consumption of an article. But to this land is a decided exception, because its amount is always limited; because without it no one can exist, and over it society holds an eminent domain; its exceptional position being so clearly marked that even the least advanced thinkers on economic and financial subjects agree that a tax on land is far more a social rent for its use, far more an "emphyteusis" charge than a tax properly so called. . . .

As I have said there is no protection against rent as there is against other outlays, because economy in the space necessary for existence is not conceivable. Thus every Act of which the Legislature is capable to decrease the cost of building, making this cheapening descend to rentals, is fully justified. The imposition of the Real Estate Tax exclusively upon the land solves the greater part of the problem. I do not suggest to your honourable House that this reform will entail an increased return from the tax. A separate valuation of land and improvements already made gives the following results:—

Properties.	Land.	Improvements.
Occupied .. ..	£37,309,000	£25,640,000
Unoccupied .. ..	9,575,000	1,425,000
	£46,884,000	£27,065,000
Deducting Exemptions ..	2,140,000	3,000,000
	£44,744,000	£24,065,000
		44,744,000
		£68,809,000

The value now taxable at  $6\frac{1}{2}$  per mille produces £447,258.

The land taxed at 10 per mille would produce £447,440, which is thus shown as the equivalent tax to the  $6\frac{1}{2}$  per mille now paid by landowners. If this proposal should meet the approval of your honourable House only the rural centres and villages would remain subject to the house tax, but the President would at once set about the task of preparing the necessary Bill for submission, to effect the same solution as in Montevideo and so leave the whole of the Republic under the system of land value taxation.

Salutations, &c.,

(Sd.) JOSE ORDONEZ Y BATLLE.

#### THE LAND QUESTION IN MEXICO

Reviewing in THE PUBLIC (Chicago, May 29th) THE MEXICAN PEOPLE, a history of Mexico recently published by Doubleday, Page & Co., Louis F. Post says:—

Beginning with the revolution of 1810 under the patriotic priest, Hidalgo, and closing with the military progress of the Constitutionalists in 1913, this history lays bare the terrible experiences of the Mexican masses in their patient efforts to recover land and liberty under law—under better laws in many ways than we boastful "Saxons" can truly claim our own to be. . . .

Meantime, however, the Constitution of 1857—perhaps the most advanced democratic constitution in history—was adopted. It declared that the right to landed property depends upon occupation, and that this requisite cannot exist "unless the land be worked and made productive." Described by the authors of this history as "the exact expression of the Mexican people as distinguished from the church, army, and aristocracy," the

democratic Constitution of 1857 had been forty-seven years in the making. For fifty-seven years following, the Mexican peasantry have fought for it against treachery within and speculation from without. They are fighting for it yet.

But their long war approaches its end under circumstances that warrant confidence, both among Mexicans and among ourselves, in the determination of the United States and the "A B C powers" of South America to protect the Mexicans from outside machinations and thereby from inside treason to democracy. The democratic peace for which the masses of Mexico have fought so long and which they are recently beginning again to win may this time be secured by the great American powers against those financial conspiracies which have heretofore succeeded in producing reactions and establishing plutocratic dictatorships.

The Diaz policy was the immediate cause of a renewal of this hundred years' war, the modern echoes of which we have been recently hearing from Torreon, Tampico, Saltillo, San Luis Potosi, and even from the City of Mexico.

Its first great achievement in our day was the displacing of Diaz by Madero. With this democratic victory the war was apparently over. The constitution of 1857 had come again into friendly hands for execution, and the evicted peasants naturally expected the restoration of the working opportunities that had been confiscated under Diaz. But European and American despoilers of Mexico found another Diaz in Huerta.

In the past hundred years conspiracies such as these have set back the democracy of Mexico again and again. In the future, also, will they do it again and again unless the great powers of our hemisphere unite to stand by the Mexican people in their Constitutional policy of placing the democratic government in Mexico which it is now manifest must soon dislodge the Huerta dictatorship, upon the firm foundation of "the land for the people."

THE MEXICAN PEOPLE, this new and impressively true story of a people's war of a century for land and liberty against parasitical classes, is a book to stir the noblest impulses of our own citizens and to illuminate one of the splendid pages of our own history in its making. The land question is the core of this struggle by Mexican peasants for equal rights and by their adversaries for monopoly privileges. Until the land question in Mexico is settled, and settled right or in the right direction, the hundred years' war in Mexico, now well into its two hundredth year, will not end. There can be no permanent peace there until the land of Mexico has been democratized.

This view of the Mexican situation is generally taken by Americans.

The NEW YORK TIMES, speaking editorially on April 3rd, said:—

The chief trouble in Mexico is agrarian. Millions of acres of land which might be made arable are held by hacendados who do nothing whatever to cultivate them and pay little or nothing for the support of the Federal Government.

A just tax on lands would inevitably compel these hereditary lords of the soil to part with much of their holdings.

In spite of the Constitution of 1857 and the efforts of many liberators the masses have been living under a modified feudal system, shut off from the right to own farms and work them for their own profit.

A land tax is the first essential step toward peace and good feeling in Mexico.

The NEW YORK WORLD, also speaking editorially, says:—

There will be no permanent peace in Mexico until the Peon is on land that belongs to the Peon and is protected in his ownership.

The Mexican problem is an agrarian problem. The great mass of people are living under feudalism. They own nothing, a few men own everything. There are great states in which practically all the land is in the hands of a dozen proprietors, and the peasant population lives in semi-slavery.

Mexican dictators have been generous with foreign concessionaires. They have sold mines and oil rights

and franchises with little restraint. There are million-acre estates in Mexico for which American and other foreign proprietors paid less than ten cents an acre; but there is nothing for the Peon. He is systematically robbed of the fruits of his labour, and only his rags can he call his own.

What is going on in Mexico is a revolution of the common people against despotic privilege. When President Wilson refused to recognise Huerta he stood with the common people against their oppressors. In helping to bring about a mediation that will restore peace and establish a really representative government that will do justice to the Peon, the president is still standing with the common people. That is where the United States always belongs, and it will be a sorry day for this country when its Government deliberately takes the other side in such a quarrel.

## ARGENTINA

### THE "TERRITORIAL CONTRIBUTION" IN CÓRDOBA

(From LA RAZON, Buenos Aires, 17th April.)

For some months this paper has published much news of the proposals of the British Government in reference to the unused lands which exist in that country, and of the means proposed to bring them into fuller use by heavy taxation and by purchases when people desire to make such use. This project tends, as we have repeated at every opportunity, not merely to bring in larger sums to the Treasury now withheld through the indifference of rich landowners, but to combat the "latifundia."

The Government of the Province of Córdoba seems to have noted our arguments on the subject of the English proposals. By a decree just issued it has set up a single tax on land value, that is to say the valuation will be uniform on land only in regard to the "territorial contribution." This measure is certainly most opportune, and must be most beneficial to the Province, as it not only tends to bring into cultivation much land now unused, but also it will check aggregation of estates. The evil which the Government is combating with so effective a weapon is one common to all the country. To abolish it it is only necessary to follow the example of this Government yet further in spite of the protests and resistance, however strong, of those interested, which are inevitable when a Government sets public interests in the first place.

The Argentine Republic comprises thousands of leagues of waste land, which could give homes to hundreds of thousands of families and increase the wealth of the country. To leave them in this condition is, then, a crime. For this reason it is the duty of all our Governments to seek the well-doing of the nation and the people by taking steps to follow the example of the Government of Córdoba. The example is of an act not done in private, and is precisely that which should be copied in practice in every corner of our country.

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