

PUBLIC POLICIES AND TOBACCO ISSUE IN ARGENTINA

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ABSTRACT

This paper analyzes the relationship between the national public policies and the configuration of the tobacco issue in Argentina, considering the political, ideological, institutional, economic and social aspects. This relationship is addressed considering, for each specific historical context, changes with respect to five dimensions of analysis: accumulation regimes, political systems, power relations, ideologies, institutions and rules of operation of the tobacco economy.

KEY WORDS: Politics, Public Policy, Tobacco Issue.

INTRODUCTION

The tobacco industry in Argentina has a historical journey spanning almost five centuries. During this long journey, the tobacco issue took shape in the public space, combining social, ideologies, interests, goals and very different historical contexts. Public policy in different historical moments built around this issue are areas of intervention of diverse social actors in different political regimes and accumulation. There is no single way to define public policy as shown Subirats (1989). There is a historical construction of the concept, which includes contributions from several disciplines. In this paper, I address two central questions: a) how the tobacco issue was set historically in Argentina? b) What public policies had characteristics that were built around this issue? These two issues are analyzed considering, for each specific historical context, changes in accumulation regimes, in political regimes, in power relations, ideologies, institutions and rules of operation of the tobacco economy.

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I. The great moments of the tobacco industry in Argentina

In the historical development of the tobacco industry in Argentina, there are four major stages: the traditional tobacco culture, trade production and industrial importing, tobacco national agro-industrial and complex transnational tobacco.

Table N° 1. Path of the tobacco industry in Argentina

Time	Period	Designation	Highlights
I	1580-1890	Traditional Tobacco Culture	<ul style="list-style-type: none"> * Non business Domestic tobacco economy * Rudimentary tobacco natural crop * Home-made tobacco products * There is no development of varieties of tobacco * No commercial development
II	1890-1930	Commercial Production and Industry Importer	<ul style="list-style-type: none"> * Installing tobacco companies * Development tobacco market incipient * Traditional cultivation of tobacco in a precarious way * Import tobacco * Production for the domestic market * Local Tobacco poor quality and low commercial value * Tobacco tax Act (1895) * Promoting the cultivation of varieties of tobacco * Slow growth in the tobacco industry * Price Crisis and recurrent overproduction
III	1930-1966	Agroindustrial National Tobacco	<ul style="list-style-type: none"> * Development of the national tobacco industry * Interference industry in the production of tobacco * Extensive Expansion of the tobacco industry * Tobacco National Self-sufficiency * Development of the domestic market * Development of the activity in Northwest Argentina * Increased consumption of clear tobacco
IV	1966 onwards	Complex Agroindustrial Tabacalera Crime	<ul style="list-style-type: none"> * Transnational Tobacco Industry * Subordination of agriculture to the tobacco industry * Expansion of the intensive tobacco industry * Special Fund Act of Tobacco (1967) * Tobacco National Law (1972) * Creation and development of tobacco cooperatives * Production for the domestic and foreign markets * Growth of exports of tobacco * Decline black tobacco production * The rise of clear tobacco production * Conflict recurring income distribution

Source: Own Elaboration

The first is from the late sixteenth to the late nineteenth century, while the remaining three are given in the twentieth century. The factors that differentiate between whether each of these

moments are several: the production, the actors, social relations, markets and particularly public policy. In each of these moments the accumulation regime is analyzed, the political system, ideology, institutions, rules and the implications for the activity.

II. The traditional tobacco culture (1580-1890)

For the theory of regulation, the regime of accumulation is the scheme or pattern of growth of an economy in a given period. It is extensive economic surplus when it comes primarily from higher labor force and when it comes mostly from intensive mechanization and technological innovation (Aglietta, M., 1982). The political system refers to the institutional brokerage joint or the relationship between state and society (Carreton, M.A., 1995), which involves a set of rules and procedures governing permanent and stable organization and the exercise of political power and that structure relations between state and society (Medellin Tórres, P., 1997).

The regime of accumulation in this period is colonial in nature and is based on subsistence activities, regional crafts and exploitation of natural resources. This regime extends from 1580-1860. From 1860, the global economy began a period of rapid expansion and integration, led by England, France, Germany and the United States through three main channels: the international flow of capital outflows and the expansion of international trade. Argentina is integrated into the world economy as a country agro-food exporter from the expansion and utilization of the 60 million hectares of fertile land that make up the Pampas region. The remaining regions are stagnant, left to their fate and excluded from development pampas (Ferrer, A., 1962).

Between 1860 and 1930 Argentina governs the agro-export model of open economy dependent on foreign capital. The Gross Domestic Product (GDP) grows by 4.6% annually on average. Agricultural production is growing rapidly due to increased planted area, incorporating technology and European immigration. The minimal state intervention in the agricultural sector until 1923, in regulating the term of the lease commandments, authorizes the National Mortgage Bank to provide credit to settlers mortgaging up to 80% of the value of the land acquired and controls the foreign meat packing depot to slow down the price decline after the global livestock crisis of 1922 (Barsky, O., 1993).

The political regime between 1580 and 1810 is colonial dependent of Spain. After the revolution of May 1810, there are held various political experiences of local government in 1853 enacted on the national constitution. Then installed in power the landed oligarchy based on the Argentina pampas, which launches what Ferrer (1962) called agro-export model of open economy dependent on foreign capital. It begins a process of modernization, led by the Generation of the 80's, which for Saldías (1973) is a group of people who had the responsibility of being the first

class of liberalism triumphant in 1852. According to official data, between 1857 and 1939, 6,756,712 immigrants entering the country, of which 44% were Italian, 31% Spanish and 25% remaining French, Poles, Russians, Germans and others (Rapoport, M., 2000, p. 40). From the liberal ideology, the Generation of the 80's must fuse doctrinaire defense of individual liberties with the need to build a nation-state. The State should provide the basis of a new modern and liberal social order. The formation of the Argentine State extends from Mitre until Irigoyen and lasts 50 years. The State starring changes in economic and political areas. This is a strong state and controller, which interacts with a weak civil society and lack of autonomy and institutionalization.

According to some sources, for instance an official publication of the Government of the then National Territory of Misiones (1944), the cultivation of tobacco in Argentina began in the provinces of Tucuman and Catamarca, in 1580, and in 1600 in Misiones, prior to the arrival of the Jesuits. For other sources, for example Ullivarri Fernandez (1990), the tobacco is brought by the Spanish from Peru and its cultivation began in Chicoana, Salta, and then Jujuy. In the Argentine Northwest varieties of tobacco diffuse clear and the dark in the Northeast. Until the late nineteenth century, the culture is traditional and rudimentary. It takes advantage of favorable geographical conditions of northern Argentina, where plants can grow naturally without much care. The tobacco acreage has remained stable at around 3,000 hectares. The interference in the tobacco industry in this period is zero, for two reasons: because the cultivation of tobacco was a cultural practice that lacked economic significance and because the area of political or power struggle was limited to the humid pampa region of Argentina and the river Plate.

III. The import and industrial production trade (1890-1930)

In this historical period there starts strong transformation of the tobacco industry in Argentina. The focus of this change is the commodification of the activity; it ceases to be a mere ancestral cultural practice to become an economic activity. It is not only grown for home consumption, social or religious, but for sale as raw material for the fledgling tobacco industry which began to settle in the country, under the political and economic project of the Generation of 80's. This change leaves behind three centuries of tobacco culture, during which the tobacco is consumed in many different ways, for pleasure, due to custom, and even religious significance for its supposed medicinal virtues.

From 1890, the tobacco industry in Argentina enters a process of growth and expansion. In 1890 there were 3324 hectares in 1895 and increased to 15,595 hectares, in 1900 reached 19,000 hectares (Provasi, A., 1975). Most production occurs in the province of Corrientes. This expansion process due to several factors: the increase in the labor force by the arrival of European

immigrants, settlement schemes and delivery of public lands, population growth, increased consumption of tobacco, tobacco companies installing and increased commercial activity. The population of Misiones, for example, tripled in seven years between 1888 and 1895 with the arrival of immigrants (Sonzogni, C.M., 1983).

The National Tobacco Company and the Company Introducer Buenos Aires (IBC), which joins in 1913 Nobleza Tobacco Company subsidiary of the British American Tobacco Company, promoting the expansion of the tobacco industry. However, until the 1930's, cultivation of tobacco and tobacco industry operate in separate ways, each following its own dynamics. Tobacco agriculture continues precariously, without technology or more for sustained quality and customs, beliefs and traditions than that of economic and agronomic criteria. The tobacco industry, however, with expanding domestic market, imports most of tobacco used as raw material for the manufacture of cigarettes and tobacco acquires national low price only for mixing (Sonzogni, C.M., 1983).

This creates crises of overproduction and price crisis by speculation collectors and limited acceptance of tobacco in the domestic market. Between 1900 and 1930 the production fluctuates between growth and decline cycles alternating every three or four years. The 60% of tobacco industrialized in the country is imported. In 1926 there is passed the country's first cooperative law. This permits between 1926 and 1936 associate producers in agricultural cooperatives, diversifying production, strengthening their negotiating capacity and improving the processing and marketing of agricultural production. In the tobacco industry this did not happen. By contrast, the lack of planning causes overproduction crisis and price, as well as expansion and contraction cycles. The first tobacco cooperative is first installed in 1967 in Jujuy.

Thus, begins to take shape in Argentina the tobacco issue. The price problem is crucial in this matter. The oversupply of tobacco and concentrated demand is the main cause of the sharp depreciation of the tobacco. The price decreases rapidly in the last decades of the nineteenth century, down from \$ 15 per kilogram to \$ 2 in 1895 and \$ 0.17 in 1912 (Baldassarre, JF, 1913). One writer of the time described well the tobacco issue, of course without calling it this way:

The current Argentine products certainly do not represent tobacco efficiency of their regional environment conducive...For its inferior quality, not being susceptible of export has not ever interested traders, and all production is subject to the prices charged by a single buyer, which represents the largest tobacco factory in the Republic...for further care would be useless to achieve a better quality of tobacco, since prices, facts without any competition from other buyers, will be constantly the same, both for bad and for good products [Gelodi, A., 1926, p. 63]⁽¹⁾

What is the mode of intervention in this matter? At the beginning of the installation process tobacco industry in the country, the need for raw material imports mobilizes both tobaccos as

domestic production of the same. This implies the emergence of the tobacco market and various agents operate around it. It also involves the mobilization of resources and the emergence of an economic sector that did not exist in the country. In this period, there remains intact the accumulation regime started in 1860, reaching its peak. In 1895 the first law approves the national domestic tax on tobacco. It was a state tax intervention and collecting, which only sought to appropriate a part of the economic surplus that the tobacco industry began to generate. This intervention was consistent with free-market ideology held by the Class of 80's and the state management model that only benefited the Pampas oligarchy.

Regarding the political regime, there is a substantial change with the passage of the Sáenz Peña law of universal suffrage, secret and binding, 1912, that while electoral fraud ended with the previously installed, as a political practice in the country, only recognized political rights to men and left women out, a situation that is corrected only in 1947 with the enactment of women's suffrage law promoted by Maria Eva Duarte. The political regime started in 1860 is essentially unchanged from 1916 with the coming to power of Hipólito Irigoyen, which opens republican democracy as a political regime in Argentina. However, it was a limited democracy, patriarchal and elitist, male vote based on the middle and upper classes. Only in 1946 the working class votes in 1948 for the first time women, becoming a broad-based social popular democracy. The change of political regime and ideology, however, did not modify the configuration of the tobacco issue.

IV. The national tobacco agribusiness (1930-1966)

This differs from the previous period due to the change of the regime of accumulation, by the recurrence of coups that disrupt democratic political regimes and military dictatorships installed by ideological confrontation, the new form of economic organization of the tobacco sector for growth activity, by changing tastes and preferences of consumers of tobacco and expansion and business concentration. The global economic depression that befell the 1929 crisis involves a paradigm shift in the global economy. The state intervenes in the economy picking up and distributing resources, producing and consuming goods and services, regulating, promoting, redistributing income, among other functions. Developed countries modify the prices of commodities and restrict imports. With this move it affects undeveloped countries.

In Argentina, there was inaugurated in 1930 military dictatorships, which are characterized by the defense of foreign economic interests, appended to the national interest. Indeed, the decade 1930-1940 the story goes by the name of infamous decade. Argentine GDP decrease by 10%. It launches the regime of import substitution industrialization, perhaps more than in other Latin American countries, Argentina was in its earliest expression, profound and paradigmatic (Teubal,

M., 1994). The state intervenes in the economy, making loans to producers and adopting laws to regulate the meat, grain, cotton, sugar, yerba mate, milk and wine.

During the 1940's and until 1955, the State protects tenants, increases land border with colonization law No. 12,636, fixed minimum prices for agricultural products and promotes the commercialization and the creation of agricultural cooperatives. Agricultural production falls by the Second World War and the boycott of the U.S. and its allies for the neutrality of our country, which is excluded from the Marshall Plan and international markets for agricultural products. Worldwide, there is the second agricultural revolution: pesticides, fungicides, herbicides, chemical fertilizers, irrigation techniques, crop varieties with high yield, mass mechanization, improved of soil management and crops (Barsky, O., 1993).

State regulatory policy was not with tobacco, as had happened with other products mentioned above. State intervention and tobacco companies aims to promote varieties of dark tobacco and softer light tobacco, to meet the growing demand of the domestic market and the new trend towards this type of tobacco, in line with the increase of global American type blond tobacco. This trend has continued in Argentina at this stage, with the strong growth in the Northwest Argentine blond tobacco production of Salteño Criollo, Virginia and Burley. In Misiones and Corrientes changes were slow, gradual evolution of consumer tastes, by the lack of skilled labor and culture teaching of unknown varieties, by traditional cultural patterns of producers and commercial and manufacturing industry pressure (Sonzogni, C.M., 1983).

Tobacco companies are concerned with ensuring the supply of raw materials of domestic origin. For this purpose, tobacco was promoted in certain crops in several provinces, guiding, directing, assisting and controlling the activity of primary producers. Thus arises the need for modernization of agriculture, incorporation of technology, quality improvement, and modification of tobacco cultivation practices. Tobacco farming is integrated with the tobacco industry, conforming a new socioeconomic agribusiness unit, defined as socio-economic space formed by the group of units or economic agents involved, as well as the relationships established around each transformation (Bertoni, D. and Grass, C., 1994). Agribusiness arises from tobacco market demands, technological necessity and modernization of agriculture, by the intervention of the State and social processes.

In this period, in addition to the strong growth in the production of tobacco in the country, going from 10 to 62 million kilograms between 1930 and 1966, there is a phase of expansion of the tobacco market, with increasing number of industrial companies and then the concentration phase. While increasing the number of companies generally involves greater competition in the market and limiting the power of individual enterprise, the concentration occurs otherwise. The domestic

market becomes an oligopoly operating corporately tobacco companies, increasing their economic power and political bargaining power with the state and its agencies. This industry oligopoly becomes a powerful oligopoly, concentrating the power to purchase tobacco, setting market rules and imposing conditions on thousands of small tobacco farmers scattered, fragmented and poor, without any bargaining power or resistance to such condition. This is the new configuration of the tobacco issue in this period.

In 1940 there were 20 cigarette companies of domestic capital and foreign capital 1, installed in 1913, Nobleza Tobacco Company, a subsidiary of British American Tobacco Co. In 1946 there was imported 60% of tobacco consumed in the country, while in 1955 it reached self-sufficiency (Fernandez de Ullivarri, D., 1990). With the military dictatorship that overthrew and replaces Juan Domingo Peron, begins the process of concentration of tobacco companies. By the late 1950's and early 1960's, there are only four domestic companies: Piccardo and Company, Massalin and Celasco, Manufactura de Tabacos Imparciales and Manufactura de Tabacos Imparciales. Nobleza Tobacco Company continues its activity. This process of concentration of domestic firms constitutes a preliminary step or prelude of another much deeper process, which occurs after 1966 and will involve a new phase of expansion and concentration, but in the context of globalization and denationalization processes.

V. The complex transnational tobacco (from 1966 onwards)

From 1966, there begins a new stage in the Argentine tobacco industry, with features that differentiate it completely from above. Developmentalism is installed in power with the constitutional government of Arturo Frondizi (1958-1962), opening the economy to foreign capital and there starts a process of denationalization, which continues and deepens with military dictatorships installed for almost 15 years in Argentina, 1966 to 1973 and from 1976 to 1983. Developmentalism and military dictatorships openly apply economic policies aimed at defending the interests of large transnational corporations, international financial capital and economic groups associated with them operating in the country. These policies not only do not change with democracy recovered on December 10, 1983, but are deepened in the 1990's.

V.1. Denationalization (1966-1976)

With the military dictatorship installed in 1966, there begins a process of industrial denationalization, leaving in the hands of foreign companies the cigarette market, with all that this means for the economy. Economic boundaries rupture is not only with the cigarette business, but also extends to the production of tobacco. The State plays a decisive role in the formation of

tobacco agro-industrial complex in Argentina. Involved in the conflicts generated by asymmetries between producers and industrial companies, in the course of technical change and market orientation. It provides citizenship and institutionalization producer organizations and promotes the creation and development of tobacco cooperatives as alternative forms of articulation (Bertoni, D. and Grass, C., 1994).

In 1966, under the new political regime Onganía and new public policies favoring foreign capital, the 4 national capital tobacco companies operating in the country are acquired by foreign companies. The American Liggett & Mayers acquires control of Piccardo & Cia.; another American, Philip Morris, purchase Massalin and Celasco Massalín and the German Reemtsma Cigaretten Fabriken acquires Tabacos Imparciales and Manufactura de Tabacos Particulares, also, Compania Nobleza, continues operation as an Argentine subsidiary of the English British American Tobacco Co. In this way, the tobacco industry is comprised of 5 companies of foreign capital, thus completing the process of denationalization.

Each of these foreign companies is to capture as part of a growing tobacco business. They pressure producers by requiring them to increase productivity, in order to reduce manufacturing costs of enterprises, enhance its strategic positioning and accelerate the process of appropriation and accumulation of economic surplus. They provide technology, seeds, inputs, credit and advice. Above all, they supervise, direct and control all the primary production process, to ensure regular supply of quality raw material and low cost.

What is the intervention in this process? In February 1967, there is sanctioned the law 17,175 which creates the Tobacco Technology Fund, financed by a tax of \$ 5 for every cigarette pack sold in the country. It had the following objectives: a) compensate the producer for the higher operating costs, b) promote the use of technology, c) marketing order d) to promote socially tobacco producers. It was in fact a subsidy to production costs from tobacco companies, which becomes part of the income of producers and as such is consistently, defended them and the governments of the tobacco producing provinces, as a legal effective in ensuring a minimum income to the sector. Companies, however, rejected any intervention in the tobacco industry, holding as argument price freedom as the guiding principle of the market and the inconvenience of subsidizing exports tobacco, not supplying the domestic market and incurring in unnecessary public spending. Foreign companies were interested actually in the tobacco domestic market rather than exports, because it was a captive market where they could impose conditions and were assured complete discretion and obtaining economic surplus without having to be exposed to external competition.

Krieger Vasena, who took over as Onganía's finance minister on January 3, 1967, attempts

to justify nearly 25 years later that state intervention in favor of big business: "I invented the TSF. I did not know what I was signing. I thought it was something insignificant and it ended up being a monster "[newspaper Clarin, 11/02/91, p. 23]⁽²⁾. Actually, the minister knew what he was signing, because the objectives of economic policy were "... overcome the causes of stagnation... inflation, aggravated by an insatiable statism... establish the conditions for a great economic expansion and a real and sustained development... to an open, competitive, modern "[Krieger Vasena, A., 1998, p. 67]⁽³⁾.

Ideologically, the discourse of modernization, effectiveness and efficiency, considered this archaic and justified in this way replace what was nationally archaic to modern transnational. To do this, the peso depreciates 40% against the dollar, from \$ 250 to \$ 350, freezes wages, public spending shrinks dramatically, import tariffs are significantly reduced, interest rates are above the level of inflation and runs an ambitious program of major investment in basic infrastructure and public works (Vercesi, A., 2001). It was in fact a continuation of the tenets of developmentalism.

As law 17,175 created a temporary fund, to be ratified to continue in force. The fight for the continuation of the Fund was established then as the most important thing for producers of tobacco. With the support of the provincial governments, they confront the industrial ones and as they failed to extend the Fund changed its name to Tobacco Special Fund (in spanish means Fondo Especial del Tabaco) (TSF) and expanding their goals. The TSF was renewable annually until 1972.

On 1 January 1973, there enters into force Law No. 19,800, called National tobacco Law insistently claimed by producers and governments of the producing provinces. Regulates the production, processing and marketing of tobacco in Argentina, permanently establishing the TSF and sets a mandatory reporting regime which developed the tobacco industry in the country. The 80% TSF funds goes to pay the price to producers and the remaining 20% to productive restructuring plans, equipment, training and organization of producers, creation and development of tobacco cooperatives, promotion of exports, incorporating technology, expansion of productive capacity, provision of inputs and credit to farmers, among others.

Between 1966 and 1976 there is a new expansion of the tobacco industry in Argentina, but not only to the domestic market but also to foreign markets. The annual production of 62 to tobacco about 93 million kilograms. Sales to external markets go from 10.6 to 27 million kilograms. Most of these foreign sales are made by tobacco cooperatives created with TSF resources. In 1967 they created the Cooperativa Tabacalera de Jujuy and in 1973 the Cooperativa Tabacalera de Salta. The creation of these cooperatives is promoted by producing chambers and provincial governments, as a way to counter the power of tobacco companies and increase the bargaining

power of producers, as well as its legal capacity to operate in the tobacco market.

One of the goals of the TSF was to cover the higher operating costs of producers, i.e. become an additional payment above the price that had been receiving the same, in order to cover their higher costs. Really, producers not only did not improve their income except the three years 1973/1976, but did not even keep them and, conversely, did not receive the revenues which were transferred to the tobacco companies. This causes the demand of producers, both Northwest (NW) and Northeast of Argentina (NE). The levels of participation in the 1970's increase in all areas of social life. This same participation is about the tobacco issue, especially with respect to organizations of small and medium producers. They lay claim to a better distribution of wealth and greater social justice, as also to the need for participation of rural families.

In the NW, the producers claims from Salta and Jujuy become claims for all tobacco producers in the country. These producers had more resources than the rest: economic, education, community involvement and access to social media. They Integrated Producers Chambers. In the NE there arise the Agrarian Leagues, two of which are developed in tobacco areas: Agricultural Misiones Movement, created in 1971 and the Corrientes Agrarian Leagues, created in 1972. Small and medium producers of Misiones and Corrientes demand prices and credit, change in ownership and land use, activity which is controlled by the state, participation in decision making and improvement of living standards in regard to education, housing and transportation.

In 1973 democracy was restored as a political regime in the country. Public policies aimed at a fairer distribution of income, with greater state intervention to achieve it. There is projected full employment and income redistribution through growth of regional economies. This implied an adaptation of technology policy to regional issues and a certain change in the composition of the regional supply. In the tobacco issue it emphasizes regional problems in the relationship between production and commercialization, export promotion and import substitution. In the ideological points to the political sovereignty, economic independence and social justice. It prioritizes what is national and popular.

Despite the change of political regime and ideology, this fails to reverse between 1973 and 1976 the process of denationalization of the country's tobacco industry. However, the State encourages the establishment of producer cooperatives and involving them in the market. Control mechanisms for TSF are created and tobacco production reached a record of 97.7 million kilograms in the 1973/1974. In these three short years, the policy change makes producers receive higher prices of tobacco in the country's history. However, a military coup totally changes the situation, beginning not only a new political system but a new regime of accumulation, which will leave deep marks on the economy, culture and society in Argentina.

V.2. Trans nationalization (1976-1989)

From the mid-1970's in Argentina there starts a change of the regime of accumulation. The Keynesian model of state intervention in the economy and import substitution industrialization is replaced by the monetarist neoliberal structural adjustment model, based on openness, deregulation and liberalization of the economy and privatization of companies, utilities and essential functions coming state compliance. The regime of accumulation based on the salary in generating consumer demand and changes to one based on selective consumption of goods and services for high income sectors (Teubal, M., 1994). Towards the end of 1983 in Argentina there starts a new democratic period, which would not be interrupted by coups and military dictatorships. However, the change of political regime and ideology involved the accumulation regime change. It continued with what was started in the mid-1970's.

With the dictatorship installed from 1976 there begins a transnational agribusiness concentration phase, which ends in 1979 with the merger of Nobleza Tobacco Company and Piccardo & Cia., Forming the British American Tobacco Company, controlled by British American Tobacco Co. Meanwhile, Celasco Massalin merges with Manufactura de Tabaco Particulares, conforming the enterprise, controlled by American Philip Morris. Argentina is set well in a strong concentration of tobacco demand and supply of cigarettes, by two transnational corporations, as an extension of the process of globalization and concentration of the tobacco industry worldwide.

The TSF is the hub of the tobacco issue and in the net of relations of Argentine tobacco agro industrial complex. There is a strong bid for the distribution of TSF resources between the national government, Provincial Governments and Producer Cooperatives. This action refers to the distribution of 20% of the TSF which by law 19,800 is not intended to direct payment of money to producers. A study by Reises (1989) shows that in 10 years, between 1979 and 1988, the funds transferred to the producing provinces was distributed as follows: 61% to tobacco cooperatives, 25% to the provincial governments and 14% to producers. The 63% went to the NW and 37% to the NE. In each of these two regions, the funds are not distributed in the same way. Tobacco cooperatives accounted for 67% in the Northwest and only 51% in the NEA. The provincial governments were left with 15% in the Northwest and 41% in the NE. Finally, the producers gave 18% in the Northwest and only 8% in the NE.

The TSF represents both for the nation and for the Provinces tobacco, an important source of tax revenue. During periods of military dictatorship, these resources were affected to cover the budget deficit. In periods of democracy, this involvement was much resisted and there were complaints, mainly from producers and provincial governments. These claims were not part of the

provincial governments when they were affecting the resources for other purposes. In 1981, the Nation affects 28% of the TSF to cover the budget deficit for the year. In 1982 it affects 21% and increases from 70% to 75% internal tax on cigarettes. In 1983, forgiven debts that producers and cooperatives had with the TSF and changes in the TSF distribution for tobacco mixture, which is no longer considered dark and take into account the proportion of blond and black tobacco in it. This benefits the provinces of NW and NE harms, generating another front of conflict around the tobacco issue.

The disputes between the state and society by the resources generated by the tobacco industry were not minors. Domestic taxes paid on the sale price of cigarette tax revenue generated in 1979 over 1,000 million. This value represented 7.8% of national taxes and 0.89% of GDP for that year. In 1984, tobacco companies decide not to collect, in protest over the price of cigarettes, only do cooperatives. In this situation, the nation reduced from 75% to 72% internal tax on cigarettes. In February 1985, it ends up increasing by 10% the price of cigarettes. In March it reduced from 31% to 15% the tax on tobacco and exports in May to 9%. This shows the power of tobacco companies to take advantage of the tobacco issue.

The expansion of the tobacco business in the world and oligopolistic market setting mobilizes other actors to join the Argentine tobacco agro industrial complex. Until 1976 it had created only two tobacco cooperatives, one in Jujuy and the other in Salta. Given the need to limit the growth of tobacco companies, responding to the demand of producers and provincial governments and the need to place in the international market excess production and the availability of resources of the TSF, it creates other tobacco cooperatives, in Tucuman, Corrientes, Misiones and Chaco. In the late 1980's, there are the dealers, middlemen who buy tobacco from international producers and cooperatives to place in the international market.

V.3. Globalization (from 1989 onwards)

From 1989 there deepens the application of neoliberal monetarist model of structural adjustment. This regime of accumulation begins to be applied in Argentina in the mid 1970's. The deepening of the model involves implementing policies of deregulation and economic liberalization, privatization of state enterprises and state reforms. This in turn implies a process of deregulation of the tobacco industry, a new phase of expansion and reconfiguration of the tobacco issue.

In 1991, decrees 2284 and 2488, fully deregulate the tobacco industry and the TSF is reversed. The excise tax on cigarettes is reduced from 72% to 64%. Cooperatives lose technical and financial capacity support to producers. The dealer cooperatives subordinate debt. The tobacco corporations increase their power and producers weaken and lose presence in the

tobacco agro-industrial complex. Exports constrict and reduce the price collection of tobacco. The crisis mobilizes producers with strong protests, tractor blockades and roadblocks. Then there is the pressure of the provincial governments. In this context, in late 1993 TSF is restored, but remains the deregulation of prices, volumes and the classification established by decree 2488.

The provinces specialize by producing variety of tobacco: Jujuy and Salta in Virginia; Misiones, Tucumán and Catamarca in Burley; Corrientes in Criollo Correntino and Chaco in Virginia and Criollo Correntino. For Misiones, there is a profound change, stop producing Misiones Criollo dark tobacco and happens to produce blond Burley and Virginia. Also for Salta, they stop producing tobacco Salteño blond Criollo and focus on Virginia, like to leave the Criollo Catamarca and Salta engage in Burley. These changes were not voluntary or spontaneous, but of deep crisis which befell restructuring, generated by the new configuration of transnational tobacco agro-industrial complex and the process of globalization.

The problem of price remains the axis of the tobacco issue. For tobacco companies, the price impact on production costs in the economic surplus and the capital accumulation process. For the state, has implication on fiscal resources. For producers, the income generated by the tobacco industry. The price paid or received is crucial as a mechanism of income redistribution. The price received by tobacco farmers in Argentina, from 1967 onwards, it integrated with two components: a) the price paid by collectors and b) the amount that comes from the TSF. The collection price is set for each campaign, before the gathering. It surges from negotiations, usually arduous and conflictive, which are held between organizations representing producers, cooperatives, businesses and the state, which in this issue plays a key role as an actor, because it has the resources others do not possess. The beginning of the collection of tobacco is the largest social tension in the tobacco agro-industrial complex, because the bid price and tobacco classification influences the distribution of the wealth generated by the sector. The amounts that come from the TSF are distributed in proportion to the volume of production. The mass of TSF funding depends on the price of cigarettes, whose production in the country depends on two large transnational corporations: Massalin Privados and Nobleza Piccardo.

The price collection and TSF, are the basic indicators to analyze the cost of the raw material companies, the subsidy paid by smokers and income received by producers The importance of TSF as a component of the income of producers is clear. In the second half of the 1980's the TSF paid to producers is 62% less than the amount that was paid in the first half of the 1970's. This decrease could be attributed to the hyperinflation of the late 1980's, but it could also be attributed to political and ideological differences between the two existing democratic governments in those periods. This also occurs with the price collection and the total price received by producers, whose

reduction is similar between the same periods.

Regarding the price of collection, the maximum paid to producers is not located in the first half of the 1970's, as with the TSF, but in the second half of the 1960's. What does this mean? Before the term of the TSF, the price that producers received only what they paid gatherers. The price collection was the total price each producer received by the tobacco delivered. With the TSF, the collectors see the opportunity to reduce the price paid for the purchase of tobacco. For Virginia and Burley tobaccos, this reduction was 66% in the second half of the 1970's and the second half of the 1980's.

This process can be better seen with some very simple numbers. If a company paid \$ 1 a kg of tobacco purchased from producers before TSF, when it is put into effect in 1967, it starts to pay \$ 0.60 and the remaining \$ 0.40 is paid by the State raising the TSF. Obviously, the producer does not improve his income, which remains the same. Who improve the costs is the company, because they pay less for the raw material. The TSF was actually a subsidy to foreign firms in 1966 monopolize the tobacco business in Argentina. But the process does not end here, but then the company decided to reduce by 66% which it pays producers and, therefore, paid \$ 0.204 per kg. The conclusion is: Transnational corporations paid to tobacco growers in the 1990 collection priced 80% lower than two decades ago. The efficiency which Krieger Vasena dreamt about becomes a reality.

CONCLUSION

We did a long historical settings analyzing tobacco issues in Argentina and the characteristics of public policies applied around it. We have seen different types of regimes scenes of accumulation, political regimes, ideologies, power relations, interests and resources at stake, of institutions and rules of operation. Throughout this long historical process, the state has left its mark, in the presence or absence of action or omission. It was a natural process or spontaneous meaningless or directionality. On the contrary, public policies were the institutional framework of the state's relationship with society.

No external situation of public policy in this process, but involvement in it. Already in the very beginning, the tobacco industry in Argentina is linked to the Spanish colonization, i.e. European expansionism in America, with all its political, ideological, economic and cultural intent. There was a European agenda of building a colonial order in America which is not that of some adventurous sailors that accidentally discovered these lands. There was a process in libertarian Argentina from which there installs a political project that decides to populate these lands with European

immigrants and replace the old colonial order a new modern and liberal order, in which the mutation is part of ancient cultural practices in tobacco resulting in economic activities in goods, subject to market, companies and state collector eye.

Public policies were a decisive factor in the formation and expansion of tobacco agribusiness in Argentina, first as a powerful national bourgeoisie and then as transnational agro industrial complex. These same policies promoted the creation and development of tobacco cooperatives and credit stimulated with various support measures and technological modernization of family units and, above all, of the companies related to the production of tobacco. They were also instrumental in the distribution of resources generated by the tobacco business, in the regulation and deregulation of the activity and the construction of the network of social relations that deepened social inequality. The tremendous growth and expansion of the tobacco business in Argentina would not have been possible without the participation of the State.

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BIOGRAPHICAL ABSTRACT

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