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THE TRADE POLICY OF ARGENTINA, 1870-1913.
A STUDY THROUGH CUSTOMS LEGISLATION

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The Trade Policy of Argentina, 1870-1913. A Study through Customs Legislation *

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ABSTRACT

The literature dedicated to the study of Argentine commercial policy during the period 1870-1913 has alternately established it as liberal, protectionist or fiscalist. In this research, we propose to study it mainly from the customs laws - although we also use other dispositions, resolutions and decrees related to the subject. Our hypothesis is that the Argentine trade policy cannot easily be categorized, because it showed both signs of liberalization and protectionism, and fiscal intentions. In effect, sectors with interests, sometimes similar and sometimes dissimilar, influenced the evolution of trade policy.

This paper has been divided into four parts. It begins by presenting which the tax-free exports and imports were. It then goes on to observe which products paid export and import duties, what was the weight of customs duties on state revenues, what the average tariff levels were, and what the difference between nominal protection and implicit protection was. In the next section, we present what elements should be studied in order to reach a complete analysis of the commercial policy, which includes the reconstruction of the effective tariffs of the period, both for exports and for imports. Finally, we make a balance (still provisional) based on the main findings of this research.

INTRODUCTION

Between the last three decades of the nineteenth century and the eve of the World War I, Argentina was one of the countries that grew the most in the world (Bolt, Inklaar, de Jong, & van Zanden, 2018). A good part of its growth was due to the expansion of the export sector and the arrival of imports, some of which partially provided to the diversification of the national economy. During this period, with fluctuations, foreign trade contributed approximately half of the GDP (Gerchunoff & Llach, 2007, p. 487).

Argentine trade policy in the course of the period - alternatively named as “outward-looking growth”, “the First Export Era” or “export-led growth model” - has been controversial in the specialized literature. In general, one could say that it has been described as liberal, protectionist or fiscalist. Simplified, we could point out that those who subscribe to the image of a liberal trade policy mainly emphasized that the manufacturing sector was subordinated to the agrarian sector that, interested in expanding exports, was in favour of opening the Argentine market in order to strengthen economic relations with the most developed countries of the Northern hemisphere. Those who followed the staple theory or the neoclassical theory stressed the multiplying effects of the export performance and, therefore, they found signs of protectionism in the country's trade policy. Finally, in particular from a comparative perspective, studies that revealed high tariff barriers for fiscal reasons have prospered in recent years.¹

Our research consists in making a first approach to the Argentine commercial policy between 1870 and 1913. The customs duties were the basic instrument of the Argentine

¹ For an exhaustive historiographic review, we suggest Hora (2009).

commercial policy, complemented with norms that regulated the mercantile interchange. The complementary rules, expressed in the customs laws themselves, in special laws, in decrees, and reports or resolutions, specified the characteristics of the customs procedures, the attributions of the customs officers, and the penalties and punishments for individuals and companies for non-compliance, among other issues. There was no element of prohibition during the studied period. No quotas nor non-tariff barriers were imposed on the entry or exit of merchandises.

How were customs duties applied in Argentina? All products, both for export or for import, were valued at a tariff. If an item, which entered or left through the Argentine customs, had to pay taxes, the latter were linked to the valuation that the Customs Laws gave to them (if the product were not listed, it paid according to the declaration of value). The official values were known as *valores de aforo* (ad-forum meant “in the market”). Consequently, to analyse the Argentine customs laws it is not enough to observe the taxes imposed (*ad valorem* or specific duties) but also the valuations of each good or group of goods. It was assumed that the official or nominal value of a good must correspond to the “real value”, that is, the market price. In fact, it was easier for the authorities to control the *valores de aforo* (appraisal rates) than to modify the scales of customs duties. Therefore, when the government wanted to increase or decrease the tariffs on certain items, the official values changed.

The problem for those who study this issue is that those changes in official values did not necessarily reflect changes in market values. Thus, the effective tariff - combination of customs tariffs with official values - could be above or below the nominal tariff (Cortés Conde, 2003, p. 387). In addition, in the Argentine case it is relevant to note how the exchange rate affected the trade, given that, between the last quarter of the nineteenth century and the beginning of the next century, the currency was generally inconvertible and depreciated. In summary, a review of effective customs protection would cross several variables: the nominal taxes, the exchange rate, the prices of imports and the domestic prices of the products manufactured in the country (Hora, 2009).

In this first approach, we propose to study the Argentine commercial policy based on the customs laws in nominal terms. That is, we will limit our analysis to the evolution of tariffs as they were proposed to know which imported or exported products were of taxes, which were taxed, what were the average tariff levels and what kind of goods were below or above of the average. Although we use the customs laws for several years, as well as complementary regulations (decrees, resolutions, special laws, etc.), we will focus on certain years. We have chosen four years (1870, 1878, 1895 and 1906) to represent the evolution of customs duties according to the laws. The election of the first of the years (1870) was completely arbitrary as to know how the issue was at the beginning of the period. The year 1878 is representative of the following customs laws, and a year there was a break in the customs laws given that since then 25% *ad valorem* was established as a general level of customs duties for imports. The customs law for 1895 collected many of the suggestions issued by the Review Commission created for that purpose. Finally, we consider that the law sanctioned in 1906 is doubly important, since it left the export completely free and its nominal levels for imports remained unchanged for the rest of the period studied. The customs laws were outlined in the Appendix. In section A are the data on export tariffs and in section B the information corresponding to import tariffs.

Our hypothesis is that a liberal, protectionist or fiscalist position in Argentine trade policy did not prevail. There was interest in liberalizing exports and some imports (at the convenience of production and consumption), but efforts were made to protect nascent industries and, of course, there were fiscal intentions behind certain tariffs given the customs taxes - albeit decreasingly - were the main revenues of the Argentine state.

This paper has been divided into four parts. It begins by presenting which the tax-free exports and imports were. It then goes on to observe which products paid export and import duties, what was the weight of customs duties on state revenues, what the average tariff levels were, and what the difference between nominal protection and implicit protection was. In the next section, we present what elements should be studied in order to reach a complete analysis of the commercial policy, which includes the reconstruction of the effective tariffs of the period, both for exports and for imports. Finally, we make a balance (still provisional) based on the main findings of this research.

FREE-TAX EXPORTS AND IMPORTS: THE PROCESS OF LIBERALIZATION

Observing which products were free of customs duties illustrates, albeit partially, the orientation of a country's trade policy. In this section, we will study what kind of goods were exempt from taxes and we will try to answer what goals the government had when letting them enter or leaving free, since, after all, it renounced part of the customs income.

The complete list of duty-free exports and imports according to the customs laws of 1870, 1878, 1895 and 1906 is in the Appendix. The way of presenting the export products free of customs duties was opposite to the one that prevailed in the import side. The former included only those goods listed in the different tariffs, while the latter expressed punctually which goods were exempt from paying taxes. In both cases, customs laws tended to free more and more products.

Undoubtedly, Argentine trade policy during the years under study was more liberal in exports than in imports. This is not surprising if we consider that exports were one of the main drivers for the economy. In fact, exports represented, with some fluctuations, approximately a quarter of GDP in the whole period (Winograd & Véganzones, 1997). In a recent study (Kuntz-Ficker & Rayes, 2017) we have calculated, with different parameters, the contribution of the export sector to the national economy. We have proven that Argentina took advantage of the opportunity opened with the process of globalization between the last quarter of the nineteenth century and the Great Depression. The export sector, concentrated especially in primary activities such as agriculture and livestock, not only fed back but, as warned by the staple theory, it had linkages – mostly forward – with the rest of the economy (Gallo, 1970; Geller, 1975). Consequently, it is likely that the Argentine government sought to encourage the arrival of raw materials and food to international markets and, one way to do so, was to free them from taxes.

From the 1870s, all exports were free, except some originated in livestock.² As we will see later, only leathers and hides (from cattle, sheep or horses), salty and jerky meat, salty tongues, horsehairs, tallow, wool, claws, bones, antlers and ostrich feathers paid taxes. Between 1880 and 1883,³ the corned-meat paid duties, but then it also remained exempt. Since the 1890s old iron and steel paid specific duties. If from 1896 the jerky-meat was free of duties,⁴ all exported products were tax-free a decade later, less old iron and steel.⁵ Agricultural exports - and others that had little impact on the total export value, such as forestry - did not pay taxes during these years, even in times of fiscal constraint.

As we noted above, the customs laws explicitly listed which the free imports were. The list gradually expanded in relation to the development of the Argentine economy. Thus, in the 1870s, scarce metals, such as gold and silver, were exempted from the payment of tariffs. There were also exempted some articles to foster the export sector, such as materials for packaging products (for instance, meats), animals to refine existent livestock, medicinal oils to cure scabies, and plants. With the aim of promoting the free circulation of ideas, books, paper for printing and lithographic presses were exempt from the payment of import taxes. During these years, the Congress authorized the Executive Power to allow the free import of seeds to promote agriculture in the country. It could also facilitated the free entry of objects for religious cults, instruments to benefit science, and materials to install new industries or develop mining. As the attraction of immigration was a state policy, the government was empowered to admit the free entry of furniture and tools brought by immigrants.⁶

By the mid-1870s,⁷ there were two relevant changes. On the one hand, to avoid confusions and nonsense orders, the customs rules were more specific about which products favoured the agricultural sector and, as a result, could be tax-free (e.g. wire for fences, reapers, threshers, choppers, etc.). On the other hand, the inputs and capital goods necessary for the expansion of the railway lines were included in the list of free products. Since the 1880s, some products related to private construction and infrastructure development (public services) were added to the exemptions, for example, quicksilver, iron, woods (heather and chestnut), wire for telegraphs, bricks, iron (expressly for the building of schools), sand and soil.⁸

From the 1890s, the government allowed the free entry of some products to boost nascent industries or consolidate existing ones. Thus, the following articles were included as free import: corks and hops (to favour the brewing industry), cotton and machines to work with (to encourage the textile industry), machines for cold-storages, vegetable fibre or pulp to manufacture paper, machines to refine sugar, drawers for export dairy products, machines to extract tannin, and bags to export wheat flour.⁹ There were mentioned products that contributed to industry in general (impure sulphur, glycerine, soda nitrate, etc.).¹⁰

² Buenos Aires, 23rd. September 1869. Customs Law.

³ Buenos Aires, 1st. September 1883. Law of Liberalization of Corned-Beef.

⁴ Buenos Aires, 16th. January 1897. Customs Law.

⁵ Buenos Aires, 20 th. December 1906. Customs Law.

⁶ Buenos Aires, 7th. October 1871. Customs Law.

⁷ Buenos Aires, 14th. October 1875. Customs Law.

⁸ Buenos Aires, 11st. October 1899. Customs Law.

⁹ Buenos Aires, 20th. December 1905. Customs Law.

¹⁰ Buenos Aires, 18th. October 1890. Customs Law.

As we will see in the next section, when the main economic activities were consolidated (for example, agriculture), goods that had been tax-free began to pay customs duties, but these were generally low in nominal terms. Free importation was reserved more for the promotion of economic activities than for mass consumption. Consumer goods in general were not exempt from paying taxes, with some exceptions (fresh fruits, fresh fish, and legumes). During certain years, some consumer goods were free (sugar cane, dried fruits, corn flour, wheat flour). Nevertheless, the punctual shortage of these products explain that situation.

The General Directorate of Revenue, under the Ministry of Finance, received claims and requests from individuals or companies seeking exemption from the payment of export or import duties. Some of these appeals were resolved within the Directorate itself, others were raised to the Ministry and, finally, there were some in which the presidency had to take part.

On the export side, there were petitions for tax exoneration, arguing that the items involved had a higher level of processing than those that were commonly exported. For example, Augusto Puech (from an industrial establishment in Tigre-Buenos Aires province) asked that the wool he exported be left free of charge, since it was “clean wool, free of thistles and other extern bodies, carded with perfection before being separated from the skin”. He defended that the process of his establishment was similar to the production of manufactures. Even when industrial and commercial centres presented counterclaims, the government decided that the other establishments only produced washed wool and signed a decreed allowing the free export of Mr. Puech's wool.¹¹ On the contrary, the government did not place the request for the Olivier house, which had submitted a report demonstrating the productive process in its factory, so that its tallow would be exempt from the payment of export duties.¹²

In addition, the export sector fought for the exemption in the payment of tariffs for raw materials, inputs or capital goods that, directly or indirectly, benefited its sales abroad. During the earlies 1870s, the Ministry of Finance signed a resolution, which admit the free entry of fencing wire to prevent the loss of livestock, at the proposal of Gillmour and Company.¹³ The house W. Paats and Company requested to import without charge bags in order to export corn to Europe in 1879.¹⁴ It was probably approved, such as the exoneration for seeders in the early 1880s,¹⁵ because Argentine agricultural exports were just beginning to take off. Towards the last decade of the nineteenth century, when the export of wheat, corn and linseed were consolidated, this kind of products began to pay tariffs. The same happened to the application done by the meatpacking factories or cold storages establishments. They asked for the free entry of cans and boilers,¹⁶ containers,¹⁷ crates and tin plates.¹⁸ In general, the government agreed to these requests because in the 1880s the export of processed meats was hardly experimental (2015a). According to the sources, the requests for total exoneration in imports for the export sector tended to decrease over time. This can be explained for two reasons. First, many of the products that exporters needed paid relatively low tariffs. Second, exports themselves became progressively tax-free. As expected, there were some exceptions. For

¹¹ Buenos Aires, 6th. September 1883. Decreed signed by Julio Argentino Roca and Victorino de la Plaza.

¹² Buenos Aires, 23rd. April 1881. Resolution signed by Julio Argentino Roca and Victorino de la Plaza.

¹³ Buenos Aires, 28th. February 1873. Resolution signed by Domingo F. Sarmiento and Luis L. Dominguez.

¹⁴ Buenos Aires, September 1879. Resolution signed by Nicolas Avellaneda and Victorino de la Plaza.

¹⁵ Buenos Aires, no exact data. Decreed signed by Julio A. Roca and Romero.

¹⁶ Buenos Aires, 26th. August 1884. Resolution signed by Victorino de la Plaza.

¹⁷ Buenos Aires, 26th. June 1884. Resolution signed by Victorino de la Plaza.

¹⁸ Buenos Aires, 22nd. January 1886. Resolution signed by Julio A. Roca and Pacheco.

example, Eduardo Risso and Company demanded the tax exemption of foreign salt to salt their skins, given the lack of quality of domestic salt.¹⁹

On the import side, there were exemptions regulated occasionally from the Executive Power or by special laws. Some of them were linked to the expansion of public services (for instance, materials for the western railroad of the province of Santa Fe²⁰, colonies²¹ and the *Ferrocarril Rural Argentino*,²² tools for public lighting gas plants in different Argentine cities,²³ supplies for current water projected in the province of Cordoba and Buenos Aires province,²⁴ devices for different health services,²⁵ and electric lighting in the provinces of San Juan and Salta),²⁶ and others were related to the promotion of sciences and education (for example, books for public libraries²⁷ or schools)²⁸.

It is important to note that existed decrees or resolutions to free imports from taxes that promoted activities outside the export sector. There were particular petitions to encourage the production of agricultural goods for the domestic market (for example, rice²⁹ and potatoes³⁰). The Executive Power could approve the exoneration of those imports as long as they were articles intended to support production and not direct consumption. The government also used customs rules, with several conditions, to encourage relatively less developed activities in the country. Thus, in 1897 the Congress sanctioned a law declaring free of taxes for ten years the machinery, tools and materials for the installation and exploitation of mining and metallurgical establishments.³¹ In the same year, the importation of machinery, tools and materials for establishment and exploitation for a paper mill in Cordoba, installed by Blas Gazzo, was free. Items similar to those that were produced in Argentina or that were manufactured under the same conditions were excluded.³² In 1902, a law granted Mr. Benjamin Wolff and Company the exemption of import duties on accessories, materials and machinery to install a factory of cotton fabrics and yarns in the north of Argentina. For ten years, the firm would have the freedom to import materials for bleaching, dyeing, stamping and yarn spinning and weaving, if the total import value did not exceed 70,000 *pesos oro*. The company could not freely import

¹⁹ Buenos Aires, 30th. Abril 1901. Decreed signed by Julio A. Roca and E. Berduc.

²⁰ Buenos Aires, 5th. November 1883. Resolution signed by Plaza.

²¹ Buenos Aires, 27th. November 1886. Resolution signed by Pacheco.

²² Buenos Aires, 30th. September 1897. Law number 3.608 signed by J. A. Roca and A. Labougle (Senate) and M. Avellaneda and A. Sorondo (Deputies).

²³ Buenos Aires, 22nd. September 1873. Law signed by Adolfo Alsina and Carlos M. Saravia (Senate) and Octavio Garrigos and Bernardo Solveira (Deputies).

²⁴ Buenos Aires, 2nd. July 1901. Law number 3.991 signed by Quirno Costa and Ocampo (Senate) and M. Avellaneda and A. Sorondo (Deputies).

²⁵ Buenos Aires, 15th May 1899. Decree signed by Julia A. Roca and Civit.

²⁶ Buenos Aires, 28th. September 1897. Law number 3.545 signed by J. Roca and A. Labougle (Senate) and M. Avellaneda and A. Sorondo (Deputies).

²⁷ Buenos Aires, 24th. January 1884. Resolution signed by Victorino de la Plaza.

²⁸ Buenos Aires, 14th. April 1886. Resolution signed by Pacheco.

²⁹ Buenos Aires, 6th. March 1884. Resolution signed by Victorino de la Plaza.

³⁰ Buenos Aires, 12nd. October 1900. Decreed signed by Julio A. Roca and E. Berduc.

³¹ Buenos Aires, 15th. September 1897. Law number 3.501 signed by Jose Galvez and A. Labougle (Senate) and M. Avellaneda and A. M. Tallaferrero (Deputies).

³² Buenos Aires, 10th. September 1897. Law number 3,497 signed by J. Roca and A. Labougle (Senate) and M. Avellaneda and A. Sorondo (Deputies).

oils or materials that were made in the country. The exoneration will be suspended if, after three years of installation, the factory did not exclusively use cotton produced in Argentina.³³

The government took different measures to avoid abuses. Therefore, at the end of the 1870s, a decree prohibited any exoneration of import taxes not expressed by law.³⁴ During the 1890s, the Executive Power was legally incapable of granting franchises not considered in the customs laws or in special laws.³⁵ In addition, the Ministry of Finance took resolutions in order to prevent misinterpretations in the exemptions. In 1877, the government approved a decree by which each railroad company, whose imports entered free, had to keep a detailed account of the imported materials, which should be available to customs agents.³⁶ The Treasury Attorney's Office emphasized that the free importation of immigrant supplies should be temporarily limited, that is, immigrants could not import agricultural machinery freely, once settled.³⁷ The same governmental entity had to clarify that the exoneration of material for the installation of colonies in the Chaco did not imply the free entry of imports for commercial purposes (for example, twine and fabrics).³⁸ From the Directorate, officials warned about several controversial cases. For example, the provinces could not demand the free entry of any product, since the exemption was limited to materials for the installation of public services (lighting and gas).³⁹ Nor associations with altruistic purposes, such as charities⁴⁰ or medical clubs,⁴¹ could demand the free entry of items (clothing, books, furniture, etc.). To deny the aforementioned requests, the government said it had to respect two premises: the administrative principle (the purpose of collecting) and the principle of good governance (the Executive Power could not circumvent the laws dictated by Congress).

Beyond listing what items were tax free throughout the period, we consider to know their weight in total trade. Thus, we have calculated how much of the export and import total value was composed by tax-free products for three benchmarks (1877, 1895 and 1913). The results are shown in the following table:

Table 1. Share of free-tax imports and exports in Argentina (1877, 1895 and 1913)

Year	% of free-tax imports of total import value	% of free-tax exports of total export value
1877	0.8	11.1
1895	9.5	52
1913	30.3	99.9

Note: to calculate the percentage of free-tax exports and imports, we completely review the list of exported and imported items in each selected year.

Own elaboration. Sources: Argentine Foreign Trade Statistics Yearbooks (1877, 1895 and 1913).

³³ Buenos Aires, 23rd. January 1902. Law number 4,068 signed by Quirno Costa and Labougle (Senate) and Benito Villanueva and A. M. Tallafarro (Deputies).

³⁴ Buenos Aires, 18th. August 1879. Decree signed by Nicolas Avellaneda and Victorino de la Plaza.

³⁵ Buenos Aires, 9th. January 1896. Customs Law.

³⁶ Buenos Aires, 25th. June 1877. Decree signed by Nicolas Avellaneda and Victorino de la Plaza.

³⁷ Buenos Aires, 13rd. November 1875. Report signed by Victorino de la Plaza.

³⁸ Buenos Aires, 10th. April 1885. Report signed by Pacheco.

³⁹ Buenos Aires, 29th. July 1885. Report signed by Pacheco.

⁴⁰ Buenos Aires, 20th. October 1885. Report signed by Pacheco.

⁴¹ Buenos Aires, 31st. March 1885. Report signed by Pacheco.

The statistical results coincide with the already drawn analysis of the customs laws, the especial laws, decrees and resolutions of free entrance and departure of goods. From them, we conclude that the Argentine governments tended to free the foreign trade. However, the process of liberalization was different in export side. The previous table reveals that in the 1870s, almost all exports paid duties, in the mid-1890s only half of exports were taxed, and at the end of the period practically all were tax-free. Our hypothesis is that, the liberalization in exports was due to the great growth they experienced, both in volume and in value (Rayes, 2015b). Freeing them from tariffs was a way of encouraging activities that spilled over the rest of the economy, so that the state could raise with other sources. It seems that customs duties were considered as obstacles to exports. For this reason, since the 1870s the taxes only affected consolidated products (or in the process of) - such as hides, skins, wool, tallow and jerky meat - and were not imposed on newer items - such as grains and flax, frozen meats or forest goods. By 1913, with the exception of old iron and steel and burlap sacks (inputs highly demanded by industry and agriculture), no export paid tariffs. This indicates that the government not only did not want to alter the upward path of cereals and frozen and chilled meats, but also it sought to encourage declining (in relative terms) traditional livestock exports.

In terms of imports, the liberalization usually tended to supply individuals and companies with goods not produced in the country or produced at high costs. In 1877, when the free imports represented less than 1% of the total import value, the exemptions were granted to consumer goods (e.g. skins, corn, wheat, gold, silver, fruits, copper) and some raw materials, inputs and capital goods for the agricultural sector (e.g. animals, ploughs, fence wire, seeds), and for the urbanization process (e.g. coal, materials for telegraphs and machines for industries). According to Rosiello (2011, p. 59), in the mid-1880s, exempt imports were close to 20% of the total value imported and represented 35% at the beginning of the 1890s. In 1895 – the benchmark that we have chosen to reflect the changes made to customs laws -, the free-tax imports were less than 10% and the main exemptions were the followings: fuels, in particular coal (60%), products to cure scabies (12%), agricultural machines (8%), and animals (7%). The rest of the exemptions (13%) were food substances, wood, building materials, plants and objects of worship. In 1913, when the free imports accounted for about one-third of the total import value, 80% of free-tax imports were composed by: stones (23%), transport (21%), textiles (12%), oils (10%), iron (10%), and building materials (5%). The main free-tax products were coal, materials for railways and tramways, unrefined gasoline, burlap, and steel and iron in plates. The free imports of railway materials were mostly concessions that the Argentine governments granted to the railway and tram companies to improve the transport network. Nonetheless, the Argentine case was far from resembling the concessions that in Central American and Caribbean countries made to foreign companies that exported bananas, which could enter among the free imports consumer goods unrelated to the production process (Bulmer-Thomas, 2010, p. 134).

According to the changes in the percentages of free imports and the type of imports that were exempt from taxes, we can draw two conclusions. First, as Diaz Alejandro (2002, pp. 281-282) pointed out in a study of Argentine tariffs for the period 1906-1940, there were probably imports that damaged some industrial sectors, preventing or delaying their development. However, the list of free-tax does not seem to have conspired against industrial interests. Second, the weight of the exempted products in the total import value depended on

the fiscal situation. Thus, both in the 1870s - when the national state experienced large deficits and it did not seem so clear that exports would grow as they did later - as in the first half of the 1890s - during the Baring crisis for which Argentina went into default on its debt - the share of tax-free imports tended to decrease. At the beginning of the twentieth century, once the growth of the economy was consolidated thanks to the export sector and the expansion of the internal market, the government was able to grant exemptions more easily. In fact, as reported by Cortés Conde (1997, p. 169), between 1900 and 1910 the revenues doubled, relieving the payment of the debt, which represented 35% of the government's revenues and amounted to just 10.5%, respectively.

CUSTOMS DUTIES: BETWEEN COLLECTION, PROTECTION, CONSUME AND PRODUCTION

Customs duties have several purposes. Based on the sources used in this study, customs duties were not limited to fiscal or protectionist purposes. Naturally, in both exports and imports, taxes have been a way for the state to improve its revenues. Certainly, on the import side, taxes are used as a way to protect the local industry from the arrival of similar foreign goods. In addition, customs taxes affect consumption, since they can raise prices in the domestic market as well as alter the variety of items of the same type. They can also influence production, since they can discourage or promote it according to the expectations that are generated about their possibilities of being placed in local or international markets (in the case of exports).

At the end of the nineteenth century, in countries like Argentina - with an abundance of land and a shortage of population -, fiscal reasons may be behind customs tariffs, given that other forms of income were not viable (Irwin, 2002). During the 1840s, customs taxes and port duties constituted approximately 90% of total revenues in the province of Buenos Aires (Burgin, 1975, p. 255). When, in the 1860s, Buenos Aires joined the rest of the provinces and began the period of national organization, tax problems were among the most relevant. In the first two decades, the Argentine state not only had to take charge of the provinces debts prior to the unification but it also had extraordinary expenses to quell internal conflicts and face external wars. Even when the Argentine governments went into debt to repay the previous debts and to clean up the current finances, the expenses were greater than the revenues (Cortés Conde, 1997, pp. 101-111).

How could Argentine governments face the deficit? As in other Latin American countries, the post-Independence tax reform had eliminated many taxes inherited from colonial times, concentrating public revenues on foreign trade taxes (Bulmer-Thomas, 2010, p. 134). According to official statistics, registered by the National Accounting Office, foreign trade duties represented 94% of the national income in 1870 and 77% in 1891. The proportion began to fall since then because new sources appeared (for example, internal taxes on consumer goods), although it remained at levels above half of the income at the beginning of the twentieth

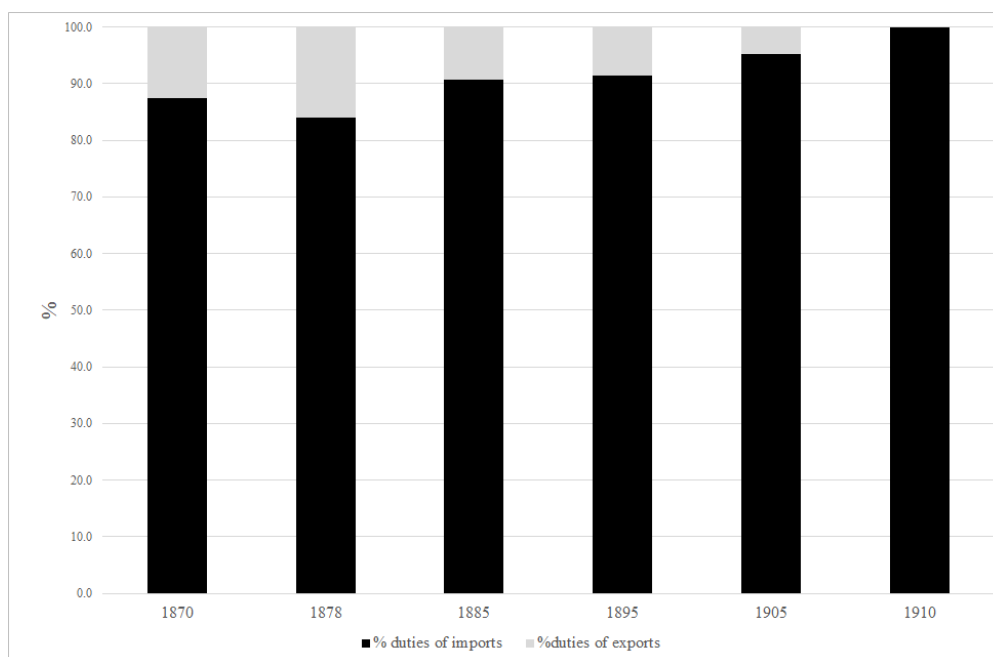
century (56% in 1900).⁴² Francisco Latzina (1914, p. 74), the head of the General Directorate of Statistics, reported on the fiscal situation. By 1912, indirect taxes accounted for 80% of national income. Three quarters of these taxes were linked to foreign trade, since they were composed of import duties, health port visits, consular fees and taxes on statistics and stamps. In addition, imports directly or indirectly influenced the payment of other accounting items: administrative services (duties for storage and slinging, winch service and traction service in ports) and yields of national properties (taxes of ports, docks and dams, and tariffs of lighthouses and markers).

This brief *racconto* indicates the high dependence of successive Argentine governments on foreign trade revenues. In fact, it would coincide with the story told by Coatsworth and Williamson (2004, p. 212), who had explained that Latin American average tariff level were higher before Great Depression not because of protection, but rather because of state revenue needs, strategic responses to trading partner tariffs and a need to compensate globalization's losers. Even though we would have to study it in detail, we believe that the Argentine case would not exactly fit into this explanation because, at least from the analysis of customs laws, it seems that certain protectionist intentions existed, beyond the interest to collect. We consider that, *a priori*, not all the commercial policy of the period could be labeled as fiscalist. Next, we will study the tariff levels, both for exports and for imports, and we will see that, although there were intentions to collect over the years, not all customs duties might be explained by that objective.

As we showed in the previous section, exports tended to be liberated. The tariff situation of Argentine exports did not differ from that of most Latin American countries, since in almost all cases the weight of tariffs fell on imports rather than on exports. The exception to this was mineral exports. A paradigmatic case was the nitrates in Chile that, between 1890 and 1914, reported half of the country's public revenues (Bulmer-Thomas, 2010, p. 133). Figure 1 shows what percentages of duties collected in Customs corresponded to imports and exports respectively:

⁴² Own calculations based on the data of customs duties and national income (*Argentine General Statistics Yearbook corresponding to 1910*, Vol. 2, Buenos Aires, Compañía de Billetes Sudamericana, 1912, pp. 309 and 319).

Figure 1. Share of Argentine import and export duties, several years



Own elaboration. Source: *Argentine General Statistics Yearbook corresponding to 1910*, Vol. 2, Buenos Aires, Compañía de Billetes Sudamericana, 1912, pp. 309-310.

According to the records of the National Accounting Office, customs duties quintupled between 1870 and 1910, measured in US dollars.⁴³ More than four-fifths of customs duties came from imports, a trend that intensified in the 1880s. Finally, from the customs law for 1906, which governed for the rest of the period we studied, the total customs revenue originated exclusively in imports.

The exports (see Appendix A) that were not free of duty, paid 6% *ad valorem* in the 1870s (in 1870 only the wool and the hides of rams were taxed with 2% *ad valorem*). The taxes affected livestock products in which the River Plate region was specialized since the 1820s (Amaral, 1998; Rosal & Schmit, 1999; Salvatore & Newland, 2003). Towards 1895 the nominal general level fell, given that the taxed products paid 4% *ad valorem*, except the jerky, recharged with 2% *ad valorem*. There were no specific duties, except for the one planned for old iron and steel. Starting from the customs law of 1906, all exports taxed *ad valorem* were free.

By 1870 (see Appendix B), there were no specific taxes and the general level of protection in imports was 20% *ad valorem*. Items that were below this level paid 10% *ad valorem*. In general, these were key inputs for the activities that were being developed (e.g., salt to salt hides or fencing wires for farmers), raw materials that were not available in the country or that were obtained at high costs (e.g. coal, wood or iron) and goods of luxury (e.g. silk manufactures or ornaments of gold and silver). Contemporaries explained the latter as a

⁴³ We have converted the data, presented in *pesos oro*, to US dollars, following Federico and Tena-Junguito (2016).

discouragement for smuggling. Above the general level, 25% *ad valorem* were a few goods for mass consumption, some of which were produced (or attempted to be produced) in the country (e.g. sugar and alcoholic beverages) and others not (e.g. coffee and cocoa). The tariffs of the early 1870s were much less sophisticated than those that would come later and, in nominal terms, were the lowest. At first sight, it seems that the protection responded more to the economic needs of a newly integrated national market and to the scarce diversification of the economy than to the planned protection of industries. Indeed, the levels were low in relation to other Latin American economies, such as the Mexican one, in which the tariff barrier height ranged between 60% *ad valorem* and 70% *ad valorem* at the beginning of the 1870s (Kuntz-Ficker, 2007, p. 200).

The international crisis of 1873 rekindled the problems that in the previous decade had both wool production (high dependence on external demand and rapid fluctuations in the prices of raw materials) and foreign trade. This situation prompted some protectionist voices within the National Congress, although most of those who clamoured for higher tariffs justified their requests in the tax collection rather than fostering new industries (Chiaramonte, 2012, pp. 190-194). In 1876, the nominal levels of protection in consumer products - such as footwear, clothing, furniture, tobacco, spirits and liquors, beer and noodles - doubled, as tariffs raised from 20% *ad valorem* to 40% *ad valorem*. In the case of common wines, the level went from 20% *ad valorem* to 30% *ad valorem*. When a year later, the customs law unified the levels for these items in 35% *ad valorem*, several voices rose to restore the previous protection. Thus, in 1878 (see Appendix B) the rates of articles that Argentina could produce hovered between 35% and 40% *ad valorem*. All those items were above the general nominal tariff level, set since 1877 at 25% *ad valorem*. What was below this level were inputs or capital goods to encourage various economic activities (e.g. agricultural machines, steam engines, wood, coal, salt, etc.), improve communication (e.g. cables for telegraphs) and promote the circulation of ideas and information (e.g. material and machines for printing).

The tariff scheme seems to have had some effect on the import basket judging by its relative transformation. An analysis conducted by Francisco Latzina, who was interested in knowing how much of the imports was destined to “unproductive consumption” and how much was dedicated to “reproductive consumption”, revealed that between the mid-1870s and the mid-1880s there was a change in the composition of imports. If in 1875 80% of the total import value was composed by consumer goods, in 1884 this kind of goods accounted for only 35% of the total import value, since the remaining 65% corresponded to articles for industries, highlighting the raw materials more than the instruments and fuels. A more detailed look at the import numbers for the mentioned period shows that, although difficult to specify, if there was some substitution of imports, it tended to occur more easily in food and beverage industries than in the textile sector.⁴⁴

Latzina's concern about the kind of imports was not isolated. On the contrary, the taxes were increasingly seen not only as fiscal instruments, but also as protectors and promoters of new items. As we saw in the previous section, inputs or capital goods for the productive sector were free of taxes or paid low tariffs. At the beginning of the agricultural expansion, the importation of agricultural machinery had to be regulated by the Executive Power, since the

⁴⁴ *Foreign Trade and Navigating Statistics Yearbook corresponding to 1885*, Buenos Aires, Stiller and Laass, 1886, pp. XXIV-XXVIII.

customs laws were not necessarily clear on the items. Thus, the Department of the Treasury resolved in the early 1880s that customs charge 5% *ad valorem* to spare parts for agricultural machinery because they reduced rural work, accelerating the collection of crops.⁴⁵ A decree imposing 5% *ad valorem* was also sanctioned for the decoy thread (used by reapers)⁴⁶ and a resolution was issued establishing that the Customs of Rosario limited to 5% *ad valorem* the tax on wheat cleaning machine, introduced by a particular company, since it was similar to planters, threshers and mowers, taxed with that duty.⁴⁷ The same happened to corn huskers,⁴⁸ corn dryers⁴⁹ and a wheat cleaning and grinding machine.⁵⁰

As well as the specific machinery that was not produced in the country (e.g. agrarian, for construction or to add value in industries), raw materials, inputs and / or intermediate goods favourable to local economic activities were benefited, in nominal terms, by taxes. In Table 2 we present a list of this class of goods and their tariffs in 1878, 1895 and 1906:

⁴⁵ Buenos Aires, 15th. March 1882. Decree signed by Roca and Romero.

⁴⁶ Buenos Aires, 28th. March 1882. Decree signed by Roca and Romero.

⁴⁷ Buenos Aires, 2nd. February 1883. Resolution signed by Plaza.

⁴⁸ Buenos Aires, 11st. February 1884. Resolution signed by Plaza.

⁴⁹ Buenos Aires, 24th. January 1884. Resolution signed by Plaza.

⁵⁰ Buenos Aires, 24th. September 1884. Resolution signed by Plaza.

Table 2. Taxes for Argentina imports of raw materials, intermediate goods and supplies (1878, 1895 and 1906)

Raw materials, intermediate goods and supplies for the agricultural sector and industries	1878	1895	1906
Cotton	n/d	2.50%	5%
Silk	10%	40%	40%
Spun wool	n/d	5%	5%
Copper	25%	25%	25%
Silver	free-tax	free-tax	free-tax
Gold	free-tax	free-tax	free-tax
Tin	25%	10%	10%
Lead	25%	10%	10%
Quicksilver	5%	5%	5%
Iron	15%	5%	5%
Steel	n/d	25%	20%
Tinplate	25%	5%	5%
Impure aluminum sulfate	n/d	5%	5%
Coal	10%	free-tax	free-tax
Tobacco	40%	\$1.00-0.40-0.30/kilogram (Havana, other origins, Paraguayan, respectively)	\$ 0.70-0.22-0.12/kilogram (Havana, other origins, Paraguayan, respectively)
Salt	15%	\$0.20/hectoliter	\$0.20/hectoliter
Burlap	15%	5%	\$0.01/kilogram
Wax	25%	25%	25%
Hop	n/d	2.50%	5%
Stearin	n/d	\$0.08/kilogram	\$0.08/kilogram
Cork	n/d	free-tax	5%
Cocoa	25%	10%	10%
Wire for fences	5%	5%	5%
Tanned leathers and skins	free-tax	40%	40%
Needles for sewing machines	n/d	5%	5%
Spinning for matches	n/d	2.50%	5%
Pulp or fiber to produce paper	n/d	2.50%	5%
Tannin extract	n/d	n/d	5%
Gelatins for producing canned meat	n/d	25%	5%
Pines	15%	15%	15%
Ceramics	n/d	25%	25%
Glasses	25%	25%	25%
Refractory earth/soil	25%	25%	5%

Own elaboration. Sources: Customs Law for 1878, Buenos Aires, 13rd. October 1877. Signed by Mariano Acosta and Carlos M. Saravia (Senate) and Félix Frías and J. Alejo Ledesma (Deputies); Customs Law for 1895, Buenos Aires, 2nd. January 1895. Signed by José Uriburu and Aldolfo Labougle (Senate) and Francisco Alcobendas and Alejandro Sorondo (Deputies); Customs Law for 1906, Buenos Aires, 20th. December 1905. Signed by J. Figueroa Alcorta and Aldolfo Labougle (Senate) and Angel Sastre and Alejandro Sorondo (Deputies).

Raw materials, inputs and intermediate goods destined to boost primary and industrial activities generally had taxes below the nominal tariff level or were free. The exceptional examples of the list are explained either because they were locally produced articles with more

or less success (e.g. tanned hides and skins, and tobacco, respectively) or because they were used to elaborate luxury goods (silk).

The opposite occurred with taxes on imports of finished goods, as shown in Table 3:

Table 3. Taxes for Argentina imports of finished products (1878, 1895 and 1906)

Finished products	1878	1895	1906
Beer	40%	\$0.09/liters (in bulk)- \$0.12/liter(in bottles)	\$0.07/liter (in bulk)- \$0.10/liter(in bottles)
Wines	40%	\$0.25/liter	\$0.25/liter
Canned food	35%	\$0.15-0.20/kilogram	\$0.12-0.20/kilogram
Noodles	25%	\$0.07/kilogram	\$0.04/kilogram
Cookies	25%	\$0.02/kilogram	\$0.02/kilogram
Butter	35%	\$0.10/kilogram	\$0.10/kilogram
Ham	35%	\$0.25/kilogram	\$0.25/kilogram
Cheese	35%	\$0.10-0.20/kilogram	\$0.20/kilogram
Chocolate	25%	\$0.30/kilogram	\$0.30-0.35/kilogram
Wheat and corn flour	\$1.60/100 kilograms	free-tax	free-tax
Cigarettes	40%	\$1.00/kilogram	\$1.00/kilogram
Wax matches	35%	\$1.60/kilogram	\$1.60/kilogram
White paper	5%	\$0.03/kilogram	\$0.30-0.35/kilogram
Soap	25%	25%	25%
Stearin candle	25%	25%	25%
Hats	25%	50%-\$0.40/each (wool hats)	40%-\$0.35/each (wool hats)
Clothing	40%	50%	40%
Footwear	40%	50%	40%
Knitwear	n/d	40%	35%
Silk manufactures	25%	40%	40%
Wool manufactures	25%		30%
Socks	n/d	40%	35%
Burlap bags	n/d	40%	0.015/kilogram
Furniture	25%	50%	40%
Harnesses	40%	50%	50%
Perfumery	25%	50%	50%
Sewing machines	n/d	5%	5%

Own elaboration. Source: idem Table 2.

Almost all the products on this list experienced taxes above the nominal tariff level. The exceptions were items not produced in the country (sewing machines) or produced at high cost or inefficiently (printing paper, chocolate, stearin candles). Furthermore, we can say that there was a certain coherence in nominal tariffs, since there were several examples in which raw materials paid less taxes than finished goods (cotton vs. textiles, cork vs. wine, hops vs. beer, pines vs. furniture, burlap vs. burlap bags). That is to say that there existed a cascading tariff system and there not existed a “protectionism in reverse” (which means that inputs and raw materials for industries are more expensive than finished products), a proven trend in the study that Rosiello (2011) did on forty-five industries, with the exception of the shipping

industry. Of course, our sample is not enough to conclude on whether Argentine trade policy was protectionist or not for two reasons. On the one hand, it is about nominal tariffs - to know the effective protection in the future we should cross other data (exchange rate and internal and international prices in relation to the *aforos* used to apply the taxes). On the other, an in-depth study of different industries is required to know how protection really affected their performance.

The protection of industries, fiscal resources, production for the domestic market, the agro-export sector, the prices of consumer goods and international relations were some of the considerations that Argentine governments had in mind when designing the commercial policy. As the economy grew and diversified, the competing interests increased. In addition, at the beginning of the 1890s Argentina was in a delicate financial situation that led it to suspend the payment of its debt (Regalsky, 2012, pp. 183-184).

The concerns to satisfy the diverse political, social and economic interests, led the Executive Power to designate an *ad hoc* commission to review the current customs law in 1894. It was the first time that a national government instructed an administrative summary of these characteristics. The objectives of the commission were to know the opinions of the different sectors on tariffs, to reduce taxes on consumer goods, and to understand how the customs law affected trade, industry, consumption, international relations and income. In the end, the government wanted to avoid smuggling, stop the fall of immigration to Argentina, prevent the rise in price of mass consumption items (especially because of the depreciation of currency), and avert reprisals by trade partners. In short, the Commission had to reconcile the demands of the national industry with the cheapening of consumption and the needs of the Treasury.⁵¹

In order to prevent the Review Commission from adopting extremely protectionist, fiscal or free-market positions, its composition was varied. Industrialists, merchants, statisticians, former government officials and journalists participated. The Review Commission was proof of the government's interest in addressing specific issues, strengthening official positions, maintaining ongoing negotiations with organized interests and coordinating different social agents (González Bollo, 2014, p. 109).

In this study, we will not delve into the debates of the Review Commission that originated the customs law of 1895. However, it is important to note that, to establish the taxes and *valores de aforo* in each of the major items, there were intense discussions about real prices of articles, as well as considerations over the quality and potential of the national industry to supply the internal demand. Some of the products that provoked more controversies were the followings: sugar, wines, harnesses, soles, collars, socks, burlap, wool hats and tobacco.⁵²

Two factors probably influenced the need to adjust protection in Argentina in the 1890s. On the one hand, the fall in transport costs and, on the other, the international context. However, both deserve to be carefully analysed in the future. Nineteenth century transport revolution clearly there must have been plenty of incentive for manufacturing interests in the periphery for lobby for protection as the natural barriers by transport cost melted away. Nevertheless, the

⁵¹ Buenos Aires, 10th. February 1894. Letter from the Review Commission to commercial and industrial entities, signed by Lorenzo Anadón (President of the Review Commission).

⁵² The minutes of the Review Commission are in *Tarifas de Aduana. Estudios y antecedentes para su discusión legislativa por la Comisión Revisora nombrada por el Poder Ejecutivo*, Buenos Aires, Compañía Sudamericana de Billetes de Banco, 1894.

revolution in transports were much positive for heavy baskets like the Argentinean one (Gerchunoff & Llach, 2008). In addition, overseas freight costs were much smaller share of the CIF price of traded manufacturers than commodities and the lobby for protection was heavier when railroads integrated Latin American markets (Coatsworth & Williamson, 2004, p. 228).

Clemens and Williamson (2004) discovered that the general trade environment is crucial in determining the appropriate response of trading partners in setting their own tariff policy. Since 1860 Europe moved swiftly towards free trade treaties and most-favoured-nation clause. The turning point in the 1870s and 1880s happened when cheap New World and Russian grains flooded Europe. Consequently, protection was in the first instance agricultural, although industrial protection followed in several countries (O'Rourke & Williamson, 1999). Argentina experienced an ambiguous situation. During the so-called *belle époque* existed a commitment of key partners to the cause of free trade (the maximum exponents for the Argentinean commercial exchange were the United Kingdom and Belgium). Nevertheless, tariffs raised particularly in Germany, France and Italy (Rodríguez & Rodrik, 2001), also relevant partners.

Finally, the customs law for 1895 (see Appendix B), that included almost all the suggestions of the Reviewer Commission - which considered both transport costs and international trade relations -, continued with the general tariff level of 25% *ad valorem*. Above this average, there were items that competed with local production (clothing, footwear, knitwear, tanned leather and skins), products for the richest population (furniture and perfumery) or products whose abusive use could generate social problems (weapons and ammunitions). Below the average level we find raw materials for the industry (e.g. metals, cotton, hops, fibre or pulp to make paper), railway material, construction materials (e.g. sand, bricks, tar, iron parts for bridges and sewers), inputs or equipment goods for the agricultural sector (e.g. ploughs, wire for reapers, agricultural machinery, sacking), and small boats. In addition, this law expanded specific taxes. They affected more than 110 food products (e.g. vegetable oils, dried fruits, fresh fruits, fish and seafood, rice, sugar, meats, vegetables, sausages, flour and *yerba*), more than 30 beverages (e.g. bitter, cider, beer, gin and wines), more than 10 articles of tobacco (e.g. cigarettes, snuff) and more than 20 various items (e.g. paper, kerosene, hats, matches, felts).

The application of specific taxes was the subject of debate in the customs regulations of the time. *Ad valorem* rates are more common today, so that equivalent tariffs rates are less affected by inflation and deflation. Specific duties seems to be much more common in low-income nations. The answer might be that weak governments in poor countries have more difficulty controlling customs officers. Honest and competent customs inspectors are needed to implement *ad valorem* tariff where import valuation is so crucial. The other answer might be that primary exporting economies, and the prices of such commodities, exhibit greater instability over world booms and busts than do industrial products (Coatsworth & Williamson, 2004, pp. 227-228).

In Argentina, although specific taxes were highly recommended, they only appeared in 1876, circumscribed to wheat, corn, and wheat and corn flours. As a great knowledgeable of commercial statistics, Francisco Latzina considered that, although the *ad valorem* duties were more reasonable, given that they respected the principle of proportionality of the tax in relation to the value of the article, the specific duties were convenient and practical because the latter avoided liquidation errors. In the mid-1880s, he proved, with concrete examples drawn from

customs, that the liquidation of *ad valorem* duties involved five arithmetical operations: 1) multiply the *aforo* of the product by the quantity imported; 2) calculate the *ad valorem* duty on the value of 1); 3) calculate the additional right (if it corresponded, it was 1%) on the value of 1); 4) calculate the taxes of stamps and statistics (1 ‰) on the value of 1), and 5) add each operation. Given this number of steps and the lack of human resources in the customs (with the exception of Buenos Aires),⁵³ Latzina remarked that it was highly probable that many of the customs operations were poorly calculated.⁵⁴ Despite the efforts of many of the officials who worked in areas related to trade to achieve specific taxes, they expanded very slowly and *ad valorem* taxes prevailed in most of the products. In fact, by 1891 less than 30 products were charged with specific taxes.⁵⁵ As we showed previously, just with the customs law of 1895 the specific taxes were extended to more products.

The customs law for 1906 (see Appendix B) was not very different from that of 1895 in relation to imports, with some exceptions. First, it doubled the number of items that were free. Second, among the items that paid 5% *ad valorem*, construction goods (e.g. poles for lighting, machines to provide public services, machinery for road development, etc.) and goods for industries (e.g. gelatine for meat, tannin extract) were added. Third, the law encompassed cars and metals in the list of items that paid 10% *ad valorem*. Fourth, above the average tariff level (25% *ad valorem*) cotton fabrics and printing goods were included. Fifth, more than 220 products paid specific duties.

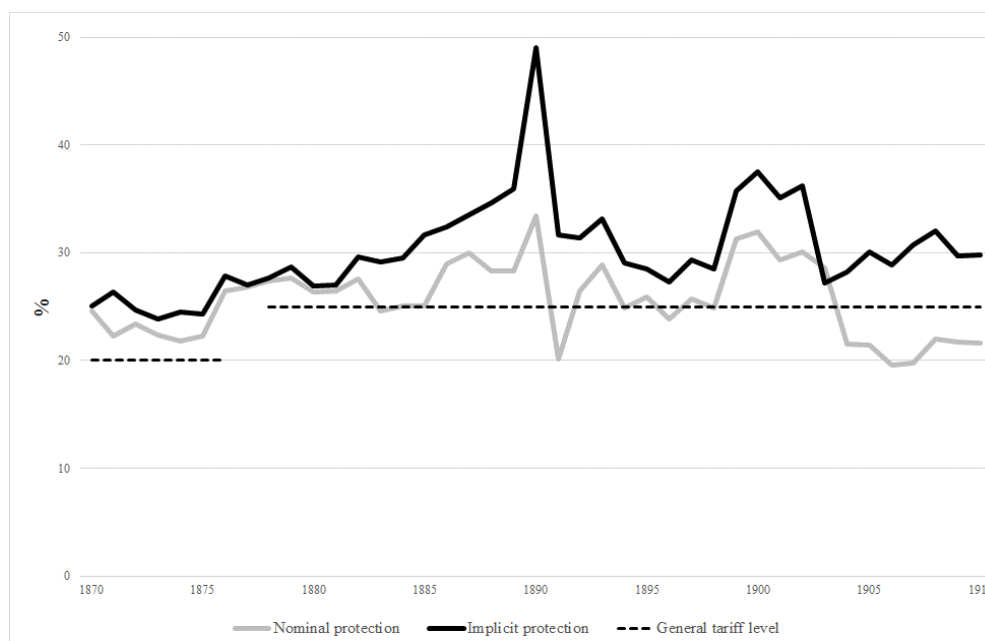
To conclude this first approach to discuss protection in the Argentina trade policy, we have calculated the nominal protection (measured as the percentage of duties on the total value of imports) and the implicit protection (measured as the percentage of duties on taxed imports) between 1870 and 1910. The results are in the following figure:

⁵³ Direct lines of steamers that transported passengers and cargo communicated Argentine ports with Europe, the United States and Latin American countries, such as Brazil. The main Argentine customs were located on the coast of the River Plate and the Atlantic Ocean, but there were also income receivers in other parts of the country. In 1912, the tonnage entered and left by the Customs of Buenos Aires grew thirty times compared to 1880. At the end of the period studied, that office supervised 80% of imports and 45% of exports (Latzina, 1914, p. 58).

⁵⁴ Latzina, Francisco, *Proyecto de Reforma de la Tarifa de Avalúos vigente y conversión de los actuales derechos ad valorem en específicos sobre la base de la equivalencia de unos y otros*, Buenos Aires, Stiller y Laass, 1886.

⁵⁵ Buenos Aires, 18th. October 1890. Customs Law for 1891, signed by M. Derqui and Adolfo Labougle (Senate) and F. A. Malbran and U.S. Frías (Deputies).

Figure 2. Nominal protection, implicit protection and general tariff level in Argentine imports, 1870-1910



Own elaboration. Source: *Argentine General Statistics Yearbook corresponding to 1910*, Vol. 2, Buenos Aires, Compañía de Billetes Sudamericana, 1912, pp. 309-310.

The figure 2 sheds light on two issues. First, the implicit protection was, naturally, higher than the nominal given the existence of free imports. However, the gap tended to widen. If, on average, it was no more than 1.5% in the 1870s, it represented almost 8% during the first decade of the 20th century. This corresponds to the increase in the share of tax-free imports shown in Table 1. Second, the implicit protection was always above the general tariff level (20% *ad valorem* until 1876 and 25% *ad valorem* afterwards). This suggests that, when applicable, the specific duties were above the general level (measured *ad valorem*) and / or that there grew imports whose tariffs were above the average.

As stated by Clemens and Williamson (2011, pp. 24-25), Argentine nominal protection was barely below the Latin American average (27% between 1870 and 1913) and it was similar to the United States, which remained below 30% (Rodríguez & Rodrik, 2001, p. 310). In this sense, it was only surpassed by Brazil, Colombia, Uruguay and Peru (the latter until the end of the nineteenth century). In contrast, Chile, Mexico and Cuba (the latter until 1899) had lower rates. According to the comparisons made by both authors for the period, the eight Latin American cases studied were above the Asian average (7.04%) and that of East Asia (6.7%). These interesting findings should be compared with effective tariffs, once the nominal tariff is contrasted with price and exchange rate data.

VALUES, PRICES AND EXCHANGE RATE: THE MISSING PIECES OF THE PUZZLE

If there are gaps in the literature that has studied Argentine customs duties between the end of the nineteenth century and the World War I, the reconstruction of the *tarifa de avalúos* (the official price lists that taxed exports and imports) is even more incomplete. In a recent publication, we analysed the difference between values and prices in imports (Raya, 2018). As the literature asserted, the trade statistics are based on “official values” or on “declared values”. The latter was adopted in the United Kingdom during the nineteenth century, and it was progressively accepted in the rest of Europe after the World War I (Federico & Tena-Junguito, 1991, p. 261). The former was widely used by Latin American countries and Argentina sustained it until 1941. We found that both systems are questionable. According to Platt (1971, p. 124), while official prices are not constantly updated, and they assume certain uniformity among different goods assembled under the same name, declared values depend on the diligence and knowledge of the shippers’ clerk.

In Argentina, although the Congress was in charge of customs laws, the Executive Power was involved in periodically formulating the official price lists. Each year, the Ministry of Finance or the General Revenue Office appointed a commission whose goal was to review the *tarifa de avalúos*. In these commissions worked high-ranking officials of the customs, members of the National Procurator and customs agents. The commissions looked for prices in the local market and abroad, particularly in European markets, in order to know their evolution. In addition, the commissions, sometimes integrated by agricultural producers, and representatives of commercial and industrial houses, listened to the complaints, demands and opinions of the different sectors of the economy. The main objective of the sessions for which, afterwards, the new price list was approved, was “to reconcile fiscal interests with commercial interests”.⁵⁶ In turn, the commissions should seek other operational goals: facilitate the practice of commercial exchange, avoid unnecessary obstacles and eliminate superfluous dispositions or regulations.⁵⁷

The commissions that reviewed the *tarifa de avalúos* took into account, on the one hand, the movements of the market prices and, on the other, the fluctuations of the local currency. In 1880, the commission proposed the reduction of the official prices of imports similar to those produced locally, because they no longer required protection and to encourage competition, favourable to the interests of consumers. Instead, it requested the increase of the valuation of exportable products, given that they were very low in relation to external market prices. Two years later, the Directorate General of Revenue decided to increase the valuation of imported goods, because as the taxes were paid in *pesos moneda nacional* and not in *pesos fuertes*, when passing from one to another, effective prices fell.⁵⁸

As trade increased and diversified, more and more controversial cases arose. The most common problems were the categories, the valuation and the taxation of different items. Generally, these problems were observed both in consumer items (for example, in alcoholic beverages) and in inputs and capital goods for agriculture and industry (for example, machines

⁵⁶ Buenos Aires, 18th. November 1879. Report signed by Cristóbal Aguirre and Luis S. Bordo (secretary). Approved by Executive Power in Buenos Aires, 3rd. December 1879.

⁵⁷ Buenos Aires, 13rd. November 1883. Report signed by Firmado por Madero and Victorino de la Plaza.

⁵⁸ Buenos Aires, 15th. November 1882. Report signed by David Saravia and L. S. Rodo (secretary).

for crops or for manufacturing establishments), since the customs agents did not know some goods or their practical utility. The tariff system was described by experts as “abusive, irregular and increasingly complicated given the subdivisions and classifications in categories”. To improve it, the members of commissions recommended bettering the system of weights and measures as well as converting *ad valorem* duties to specific duties.⁵⁹

In the mid-1880s, there were no major changes in official prices, with some exceptions, such as wool and ovine hides as well as fine items, whose values had been low in relation to market values.⁶⁰ The most important modifications were the indications designed to simplify the work of the customs agents (for example, bottle size, luxury packaging, numbering of the wires, ages to consider children's articles, musical instrument parts, declaration of value of extra-fine goods).⁶¹ In addition, the commissions encompassed the items (the list had 5,597 products and thereafter counted 3,358 goods).⁶²

As the domestic market strengthened, the government had to find a balance between the requirement of workers-consumers, who appealed to lower *aforos*, and industrial-producers, who clamoured for the increase of *aforos* of those items that competed with theirs.⁶³ However, it is important to recognize that the interests of the producers were multiple, since they themselves asked for a reduction in the *aforos* of products that they needed for their economic activities. The conciliation of conflicting interests was complicated in times of fiscal stringency. Thus, in the early 1890s, the government successively recalled that commissions should facilitate customs clearance and balance the requests of individuals and companies without affecting national income.⁶⁴

The aforementioned Customs Law Reviewer Commission studied in 1894 the *valores de aforo* of 3,861 items to establish the real value of the goods (that is, the price at the point of departure plus freight, insurance, commissions, etc., to the port of Buenos Aires). As a result, the official values were raised and lowered taking into account the information provided by customs officials, merchants, manufacturers, the press, diplomatic reports, etc. The main Reviewer Commissions that followed that of 1894 took place in 1899 and in 1907. Both made explicit the difficulty of reviewing the totality of the values due to the complexity of the task to be carried out in a few months. Both suggested that the problem was not to find the true prices but to reach an equitable medium term, given the different qualities in several articles. As before, the commissions suggested the reduction of cases of declaration of value since there were abuses and delays in the customs clearance.⁶⁵

During the first years of the twentieth century, several warnings were made in relation to the appraisals (presence of at least two customs agents if a product entered by declaration of value, weight, losses, volume measurements, etc.). A commission, appointed by decree in 1901, studied specifically the current *Tarifa de Avalúos* to advise the Executive Power of

⁵⁹ Buenos Aires, 27th. November 1883. Report signed by Madero and de la Plaza.

⁶⁰ Buenos Aires, 23rd. November 1885. Report signed by Saravia and Boado.

⁶¹ Buenos Aires, 27th. November 1883. Report signed by Saravia and Boado.

⁶² Buenos Aires, 18th. November 1884. Report signed by Saravia and Boado.

⁶³ Buenos Aires, 2nd. December 1887. Report signed by Saravia and Boado.

⁶⁴ Buenos Aires, 15th. November 1889. Report signed by Saravia and Boado.

⁶⁵ Buenos Aires, 15th. January 1900. Letter from the Review Commission of 1899 to the Finance Minister, signed by Lorenzo Anadón and José Varas; Buenos Aires, 26th. June 1907. Letter from the Review Commission of 1907 to the National Congress, signed by Emilio Frers and José Varas.

certain amendments in items with excessive disparity between the assigned *aforo* and the real value. It did not sentence in all cases, given the lack of information, and recommended - as the Reviewer Commission of 1894 had already done - the creation of an agency charged with reviewing prices. Thus, the Executive Power asked the Administrator of the Customs of Buenos Aires to plan the organization of an office to collect and file consular reports, current prices, catalogues, authentic copies of invoices, samples of merchandise and any documentation favourable to know the exact value of the goods.⁶⁶

In summary, there was some obscurity regarding the valuation of the exported, and mainly imported, goods over the years studied. Thus, a complete research of trade policy should compare the changes in official prices with the movements of international prices and observe the extent to which the *valores de aforo* reflected prices in the domestic market. The *aforos*, like duties, not only aimed at fiscal or protectionist / industrialist goals, but, as we presented very briefly, they took into account aspects such as production in general and consumption / types of consumers.

In addition, a thorough study of trade policy should not omit fluctuations in the exchange rate given that, as we have already pointed out, Argentina experienced long periods of depreciation of its currency (Alvarez, 1929; Della Paolera & Taylor, 2003; Ford, 1966). Literature has supposed that gold standard countries tended to have higher tariffs because currency depreciation increased protection (Coatsworth & Williamson, 2004, p. 229). Was it the case of Argentina? For example, the Reviewer Commission of 1984 found that since 1885 until 1890 the nominal duties were lower than the effective duties because the taxes were charged in *pesos moneda nacional*, which were depreciated in relation to gold. Rocchi (2006, p. 206) also demonstrated that the implicit protection was greater if it was contrasted with the exchange rate. In the next approximations to the subject, it will be necessary to consider the fluctuations of the exchange rate and the currency in which the taxes were collected to evaluate what real effects had being within the gold standard or leaving it.

A PROVISIONAL BALANCE AND A RESEARCH AGENDA

The Argentine commercial policy did not escape the standard situation in Latin America. Exports were less taxed than imports, which accounted for more than half of public revenues during this period. As it was demonstrated, the duties levied on exports were generally *ad valorem*, except specific duties applied to standing animals or old iron. The duties levied on imports were mostly *ad valorem* but the specific duties tended to proliferate, in particular for consumer goods.

If we look at exports and imports free of taxes, we will observe a liberalizing trend in Argentine trade policy. As the main key to economic growth, exports tended to be completely free of duties. In contrast, imports that were free-tax were aimed at facilitating immigration, encouraging underdeveloped industries or economic sectors, boosting exports and improving transport and communication. In general, the government did not allow the free entry of consumer goods and the special exonerations sought a balance between promoting scarcely

⁶⁶ Buenos Aires, 2nd. April 1902. Report signed by Roca and Marco Avellaneda.

developed activities and not harming national production. Therefore, we do not detect *a priori* any tendency to conspire against national industries. However, this vision, even schematic, should be reviewed and illustrated with specific cases.

Customs taxes responded not only to fiscal objectives, but also to other variables, such as protection, consumption and production. The export sector, which claimed for the free import of goods that benefited it, agreed to pay tariffs - low in relation to the average nominal tariff - since it became free of taxes. The tariff scheme for imports got more complex over time. Actually, not only did the general tariff level increase, but also specific duties were extended. From the decade of 1880, the protectionist voices intensified and consumption were considered in the tariff scheme.

However, what did mean protection in Argentina in the late nineteenth century? The economic agents of the time, except for a few, did not have in mind an industrializing project like the one that was born during the post-Great Depression. The lack of iron, coal, capital and technology, among other elements, as well as the resounding success of agricultural production possibly limited expectations to the development of, what is now known as, manufactures of agricultural origin. Thus, the protection during these years, as we saw, fell particularly on consumer goods (food, drink, tobacco) that the country could produce at more or less acceptable costs given its proportion of factors of production. Some of the cases most revisited by the literature have been the wine (produced in the Cuyo region) and the sugar (produced in North-western region), but protection was requested by other economic actors (industrial entrepreneurs, merchants and agricultural producers) for a wider range of goods. A future study should distinguish the different types of protectionism - very well raised from the political historiography, for example, by Hora (2009), or from an economic perspective like the one developed by Rocchi (2006)-, as there were different positions from the regions of the interior of the country in relation to those that prevailed in the city-port of Buenos Aires or in the most booming region, the Pampas.

In recent years, the literature on the subject has been oriented especially to two issues. On the one hand, to compare the tariff barriers between countries. It asserted that the average tariffs rate is by far the most homogeneous protection measure and the easiest to collect across countries and over time (Coatsworth & Williamson, 2004, p. 207). On the other hand, there has been concern in estimating the relationship between growth and protection. As O'Rourke (2000, p. 456) stated, economic theory is ambiguous as regards as the link between trade policy growth. The new empirical growth literature has produced a consensus that free trade is positively associated with growth, based on evidence from the late twentieth century (Rodríguez & Rodrik, 2001), at least for world's rich countries (DeJong & Ripoll, 2006). Nonetheless, O'Rourke (2000) calculated that there is a correlation between high tariffs and economic growth in the late nineteenth century for at least ten countries, a result shared by Jacks (2006). On this point, Irwin (2001, p. 15) insisted that correlation is not causation and Tena-Junguito (2009, p. 133) warned that the association between protection and growth depends on what was protected. Open debates on both topics, the degree of protection and its connection to growth, are far from being closed. Our purpose in the future is to contribute to these discussions with evidence on effective protection. We understand that this would be useful to conclude more fully on the trade policy of the country, which, for us, cannot easily be labelled as liberal, protectionist or fiscalist.

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APPENDIX

A. Customs Laws for Exports

Customs Laws for 1870, 1878, 1895 and 1906 - EXPORTS			
1870	A VALOREM	6%	cowhides
			horse hides
			jerky
			salty languages
			ostrich feathers
			bones
			ashes of bones
			antlers
			sow
			animal oil
		tallow	
		2%	ram leathers
dirty and washed wool			
1878	AD VALOREM	6%	animal oil
			antlers
			Jerky
			bones
			ashes of bones
			Sow
			claws
			tallow
			dirty wool
			skins
			ostrich feathers
1895	AD VALOREM	2%	Jerky
		4%	animal oil
			antlers
			bones
			ashes of bones
			sow
			claws
			tallow
			wool
			ostrich feathers
	hoof		
1906	SPECIFIC TAXES		old iron and steel
	SPECIFIC TAXES		old iron and steel

Own elaboration. Sources: Custom Law for 1870, Buenos Aires, 23rd. September 1869. Signed by Adolfo Alsina and Carlos M. Saravia (Senate) and Manuel Quintana and R. B. Muñiz (Deputies); Custom Law for 1878, Buenos Aires, 13rd. October 1877. Signed by Mariano Acosta and Carlos M. Saravia (Senate) and Félix Frías and J. Alejo Ledesma (Deputies); Custom Law for 1895, Buenos Aires, 2nd. January 1895. Signed by José Uriburu and Adolfo Labougle (Senate) and Francisco Alcobendas and Alejandro Sorondo (Deputies); Custom Law for 1906, Buenos Aires, 20th. December 1905. Signed by J. Figueroa Alcorta and Adolfo Labougle (Senate) and Angel Sastre and Alejandro Sorondo (Deputies).

B. Customs Laws for Imports

Customs Law for 1870 – IMPORTS			
FREE TAX		gold and silver (stamped and in paste)	
		printed books	
		paper for printing	
		Plants	
		fresh fruits	
		Ice	
		Firewood	
		Charcoal	
		hogshead stave and bottles for packaging	
		cattle for breeding	
		corn and corn flour (entered by land)	
		remedies to cure ovine scabies	
		seeds for agriculture	
		cult objects	
		machines for ships	
		tools for sciences	
		material of immigrants	
	AD VALOREM	10%	Salt
			Coal
Wood			
Iron			
wire for fences			
Ploughs			
silk manufactures			
Gemstones			
wrought gold and silver			
ornament with gold or silver			
20%		GENERAL	
25%		Wines	
		Moonshines	
		Liquors	
		Vinegar	
		Beer	
		Sugar	
		<i>Yerba</i>	
		Tobacco	
Tea			
	Coffee		

Own elaboration, Source: Custom Law for 1870, Buenos Aires, 23rd. September 1869. Signed by Adolfo Alsina and Carlos M. Saravia (Senate) and Manuel Quintana and R. B. Muñiz (Deputies).

Customs Law for 1878 - IMPORTS			
FREE TAX		Animals	
		fresh fruits	
		corn and corn flour	
		machines for ships	
		machines for new industries	
		materials of immigrants	
		cult object	
		stamped gold and iron	
		Plants	
		materials for railroads and tramways	
		seeds for agriculture	
	AD VALOREM	3%	Gemstones
		5%	Ploughs
threshers and reapers			
steam engine of more than 10 horsepower			
wire for fences and telegraphs			
Quicksilver			
hogshead stave and bottles for packaging			
materials for mining			
printed books			
machines and tools for printing			
white paper for printing			
presses for lithography			
10%		Coal	
		Jewel	
		wrought gold and iron	
		Silk	
		ornaments with gold or silver	
		Burlap	
		non galvanized iron	
		steam engine	
		white or spruce pine	
		Salt	
25%		GENERAL	
35%		Starch	
		Trunks	
		Masks	
		Rockets	
		wax matches	
		cookies and noodles	
		printed materials	
		Hams	
		Butter	
		Furniture	
		art objects	
		Perfumery	
		Gunpowder	
		<i>Yerba</i>	
40%		alcohols in general	
		Beer	
		Liquors	
	playing cards		
	clothing and dressmaking		
	Harnesses		
	Carriages		
	Perfumery		
	Tobacco		
	Cigarretes		
	Wines		
50%	weapons and amunitions		
SPECIFIC DUTIES		wheat and corn	
		wheat and corn flour	

Own elaboration, Source: Custom Law for 1878, Buenos Aires, 13rd. October 1877. Signed by Mariano Acosta and Carlos M. Saravia (Senate) and Félix Frías and J. Alejo Ledesma (Deputies).

Customs Law for 1895 – IMPORTS			
FREE-TAX		Cork	Corn
		animals	reaper, thresher or gleaner
		ships	materials for immigrants
		sugarcane	metal coins
		charcoal and coal	Benzene
		hogshead stave and bottles for packaging	cult objects
		coke	Gold
		packaging for meats	filters for water
		specific to cure scabies	fresh fish
		fresh fruits	Silver
		corn and wheat flours	Plants
		firewood	Wheats
AD VALOREM	2.50%	locomotives	materials for schools
		cotton	fiber or paste for paper
		impure sulfur for industries	Hop
		gemstones	rabbit hear
		Zinc cut for packaging	<i>quillay</i> bark
		spinning for matches	
	5%	jewel	Ploughs
		wire for reapers	Saffron
		wire up to number 14	Quicksilver
		wire for fences	Gum
		needles for sewing machine	pita or jute without carding
		white sand	machines for agriculture
		thread for mowers or reapers	spare parts for agricultural machinery
		iron for melting, galvanized or old iron	impure aluminum sulfata
		tinplate	Kaolin
		bricks	spun wool
		refractory clay	Books
		Zinc in bars	ploughshares and rakes
	10%	sewing machines	Seeds
		burlap	Carbonate
		white lead	thread for candles
		antimony	carded pita or jute
		pulverized barite	Lead
		tar	lime sulfata
		pitch	pieces of iron for bridges or culverts
		cocoa	Coconuts
	15%	materials for railroads and tramways	Malt
		small boats	machines over \$100
		tin	machine parts
		Fats	
	20%	pinos	silk fabrics for sieves
	25%	cotton fabrics	
	GENERAL		
40%	textile bags	trimmings and cords	
	iron boxes	silk fabrics	
	boxes for matches	Knitwear	
	tanned leather and skins	wool blankets	
	fine laces		
45%	Socks		
50%	weapons	Rackets	
	harnesses	Furniture	
	dressmaking	Ammunition	
	canes with sword	Perfumery	
	suitcases and trunks	Gunpowder	
	footwear	Clothing	
	carriages	Mosaics	
cartridges for weapons	Hats		
SPECIFIC DUTIES	food	Tobacco	
	beverages	Various	

Own elaboration, Source: Custom Law for 1895, Buenos Aires, 2nd. January 1895. Signed by José Uruburu and Adolfo Labougle (Senate) and Francisco Alcobendas and Alejandro Sorondo (Deputies).

Customs Law for 1906 - IMPORTS			
FREE-TAX	Cork	corn seeds	
	Animals	reaper, thresher or gleaner	
	Ships	materials for immigrants	
	Sugarcane	metal coins	
	charcoal and coal	Benzene	
	hogshead stave and bottles for packaging	cult objects	
	coke	Gold	
	packaging for meats	filters for water	
	remedies to cure scabies	fresh fish	
	fresh fruits	silver	
	corn and wheat flours	plants	
	firewood	wheat seeds	
	locomotives	materials for schools	
	oils for gas companies	devices and tools for universities	
	boilers for ships	dynamite and gunpowder for mines	
	boats for regatta clubs	disinfection heaters	
	old iron and steel	legumes and dried fruits, except grapes	
	printed books	tannin extraction machines	
	sugar refining machines	machines for ships	
	butter machines	machines for manufacturing cotton and wool yarns	
mining machines	machines for public works		
machines for war	medicines and drugs for hospitals		
ammunition for war rifle	oranges		
medicines to cure diseases infections	potatoes seeds		
AD VALOREM	5%	cotton	fiber or paste for paper
		impure sulfur for industries	hop
		steel wire	rabbit hear
		Zinc	quillay bark
		spinning for matches	oils for industry
		Jewel	ploughs
		copper wire	saffron
		wire up to number 14	quicksilver
		Cork	gum
		needles for sewing machine	pita or jute without carding
		equipment for hail	machines for agriculture
		thread for mowers or reapers	spare parts for agricultural machinery
		iron for melting, galvanized or old iron	impure aluminum sulfate
		tinplate	Kaolin
		cables for electricity	spun wool
		refractory clay	Sand
		Zinc	ploughshares and rakes
		sewing machines	Asphalt
		impure sodium bisulfite	Carbonate
		cocoa husk	stones from Guayaquil
	Rubber	tannin extract	
	gelatin for meats	spun linen	
	machines in general	machines for writing and counting	
	Champion type machines, for vaulting roads	machines and pipes master for lighting gas, electricity, running water and sewage	
	loose engines, tractors and tricycles	crude potassium nitrate	
	white paper to make paper matches	Lead	
	presses for baling grass	fence posts	
	watches	pieces of iron for bridges or culverts	
		ornaments with gold and silver	
	10%	white lead	thread for candles
		tartaric and citric acids	carded pita or jute
		pulverized barite	metallic ammonia
		tar	lime sulfate
		pitch	sand and stones as ballast for boats
		cocoa	Coconuts
		cars	Malt
		small boats	grains containers
		tin	white matches
		Fats	copper sulphate
		fabric for bindings	

(Cont.) Customs Law for 1906 - IMPORTS			
AD VALOREM	15%	oak, cedar, pine	silk fabrics for sieves
	20%	Steel	cotton fabrics
	25%	GENERAL	
	30%	cotton clothing	
	35%	coals for lamps	jewelry boxes
		wool blankets	knitwear
		screws, bolts and nuts	
	40%	textile and leather bags	trimmings and cords
		iron and steel boxes	wineskins
		boxes for matches	borax
		tanned leather and skins	commercial printing
		fine laces	labels
		Socks	buckle for harnesses
		sand paper	furniture
		Dressmaking	furniture
		suitcases and trunks	mosaics
	50%	Footwear	hats
		Weapons	harnesses
		canes with sword	carriages
		Cartridges	rackets
Ammunition		perfumery	
gunpowder			

Own elaboration, Source: Custom Law for 1906, Buenos Aires, 20th. December 1905. Signed by J. Figueroa Alcorta and Aldofo Labougle (Senate) and Angel Sastre and Alejandro Sorondo (Deputies).