



Rural Tax Evasion in Argentina: An Analysis of Tax Evasion Mechanisms and Social Relationships in the Córdoba Grain Market

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Abstract

This paper uses a theoretical perspective based on the ideas of Foucault, critical criminology, and rural criminology, to examine how social relations influenced tax evasion mechanisms in agriculture in the province of Córdoba, Argentina. The paper's main contribution is to show how tax evasion mechanisms are deeply rooted in social relationships developed in the grain market. Through the analysis of thirty interviews, official statistics of tax evasion convictions, and administrative resolutions issued by the national tax agency, I argue that severe formal controls were unsuccessful in eradicating tax evasion because normative changes could not abruptly annul the social relations that made tax evasion in agriculture possible. On the contrary, tax evasion persisted, although some evasion mechanisms were left aside and new ones were created. Thus, it is necessary to stress the importance of a paper that studies economic crimes in geographic areas outside the global north, such as rural Argentina.

Keywords

Tax evasion; agriculture; rural criminology; social control; criminal justice system; national tax agency.

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Introduction

Tax evasion in agriculture involves the use of deceptive means to avoid paying taxes that levy each trading operation, in this case cereals and oilseeds. From a normative and legal perspective, transgressions have traditionally been addressed as crimes with negative and destructive consequences for the social order, conceived as a harmonious product of a social contract between equals. From another point of view, social sciences have considered normative transgressions to be social pathologies: for example, positivist criminologists have linked crime to psychological or biological pathologies and, on the other hand, in the Chicago School of Criminology, deviance was associated with social problems, including poverty and immigration, and social disorganization. In this paper, I set both of these paradigms aside and try to understand how social relations produce, reproduce, and legitimize normative transgressions by valuing what these transgressions “produce” in the Foucauldian sense (Foucault 1975).

My investigation of agricultural tax evasion during the Postconvertibility era in the province of Córdoba,¹ Argentina, during the Postconvertibility, focuses on social relationships developed in rural areas. Normative transgressions are produced by — at the same time they also reproduce — strong social bonds, which are further nurtured by mutual benefit, secrecy, debt or friendship (Dewey 2016; Pegoraro 2015; Van de Bunt 2014). With this in mind, I used a theoretical perspective based on the contributions of Foucault (1975), critical criminology, and rural criminology, to study how social relations enable the emergence and reproduction of agricultural tax evasion. To this end, I addressed the different types of formal control enforced in the grain market to punish tax evasion to better understand how formal controls influence and affect tax evasion mechanisms. I also explored the lack of punitive feelings and anxieties regarding tax evasion in agriculture and analyzed which sociocultural mechanisms socially immunize tax evasion.

In this paper, I present some results from my sociological research on agricultural tax evasion as a sociocultural phenomenon. The main contribution of this paper to social studies on crime and punishment is the analysis of the connection between the different strategies and mechanisms used to evade taxes in the province of Córdoba and the social relationships of the Argentinean rural landscape. Furthermore, the tax policies of control and sanctions aiming to suppress tax evasion in the grain market enforced during the Postconvertibility era did not eliminate tax illegalities, an outlook that ignores the social relationships that enabled tax evasion. Tax evasion in the grain market was not eradicated by the national tax agency’s various restrictions and controls, but through social bonds, agricultural actors simply found new forms of expression evident in the transformation and creation of new tax evasion mechanisms.

The Postconvertibility era emerged as a new pattern of accumulation following the December 2001 political and economic crisis in Argentina (Shorr and Wainer 2014). By 2003, the country had begun to experience significant economic recovery and progressive social inclusion, with improved unemployment and poverty, and external debt relief. Because of the devaluation experienced in 2002 and high international prices, along with an increasing demand for agricultural commodities — as in the unique case of soy — income from the export of grains and oilseeds was crucial for economic recovery and the political projects of Presidents, Nestor Kirchner (2003–2007) and Cristina Fernandez de Kirchner (2007–2015).²

Nevertheless, tax evasion is not the only normative transgression in agriculture. In rural areas, tax evasion coexists with other normative transgressions including unregistered and forced labor, gender violence, and environmental crimes. However, since the export and industrialization of grains and oilseeds became a principal generator of foreign exchange income for Argentina (Barsky and Gelman 2001), the transgression that has gained the most social and political visibility is tax evasion, for both value-added and income tax.

Nonetheless, in my research, I found that even when tax evasion was heavily regulated, it was considered a legitimate phenomenon in everyday rural life in the province of Córdoba. Evidence of this appeared during interviews with different agricultural actors. For example, when I asked an intermediary in trading operations of cereals and oilseeds, which was the most common offense in agriculture, without any hesitation, he asserted that it was unregistered grains and oilseeds commercial agricultural operations. In short, tax evasion, or, as our interviewees call it, to buy and sell agricultural goods in “black”:

Look, the most common thing around here is the sale of “black” soy, and also of cereals in general, not just soy.³ I mean, soy, corn, wheat, whatever... Obviously, I’m not saying everyone does it, okay? But here in a small town like ours, it exists. And I see it daily... But it is very common to sell “black”. Very common. Always, for any kind of producer, even the largest. It is a way of not declaring everything and ... of not having to pay income tax and other taxes.

A lawyer who specializes in taxes expressed the same idea:

Q: And which is the most common transgression in agriculture?

A: Well, “negrear”,⁴ obviously. It seems to me now that we have more tax pressure, it is not as easy as before, but everyone knows that the most obvious and common crime in agriculture is tax evasion.

Despite the implementation of formal controls and sanctions in the grain market, tax evasion was not eliminated; tax illegalities did not disappear because of more intensive and extensive tax control policies. On the contrary, while some tax evasion mechanisms were curtailed, new ones emerged. In this paper, I examine the dynamism of ruptures and continuities in tax evasion mechanisms in rural Argentina, including the social relations that enabled them.

A critical approach to the concept of formal control

In his paradigmatic work, *Visions of Social Control*, Cohen (1985) presented social control as a problematic concept because it proposes a set of patterns of control enforced by a variety of professions on actors, who are classified as criminals, outsiders, or deviants. Likewise, the concept of formal control is complex. Though widely used, there is no strict definition as to which agencies and techniques of control are encompassed. Formal control can be broadly defined as the institutional punishments designed and applied by state agencies and security forces, intended to control the “problem of crime.” In this study, I employed a critical definition of social control informed by ideas from Foucault (1975), the labeling approach, and critical criminology, to highlight how formal control — rather than the elimination of tax offenses — alters the social fabric, in which tax infractions are daily produced and reproduced. Therefore formal control should be understood as a variable that structures and influences the mechanisms used to evade taxes in Argentinean agriculture.

The labeling approach proposes a new way of considering social control, arguing that control generates deviance and not vice versa (Lemert 1967). Consequently, sociologists and criminologists who utilize the labeling approach highlight the political dimension of social control, affirming that the label “deviant” is applied to *certain* but not *all* normative transgressions. They emphasize how formal control is a productive force, through which lawmakers and law enforcement shape deviation. Following this point, notions about social control as merely reactive can be seriously considered.

Critical criminology continues along the path paved by the labeling approach, although within Marxist premises and with a clear sociological orientation (Carrington and Hogg 2002). Selectivity in punishment is understood as being embedded in the heart of an unequal social

order. Critical criminologists argue that the focus should be on the processes of criminalization rooted in historically contextualized and specific punishment systems, rather than on abstract law. As a result, formal control becomes a tool of domination intimately linked to the state, politics, and economy, which is used to preserve the interest of groups in power. Despite their differences, both theoretical traditions allow us to assemble a critical affirmation: the enforcement of formal control is selective and does not solve the problem of crime.

In *Discipline and Punish: The Birth of the Prison*, Foucault (1975) argues that formal control actually manages illegalities. Laws, the criminal justice system, and security agencies are not concerned with punishing *every* rule violation because they *manage* them. How? They punish some and tolerate others. In this way, formal control helps design an economy of illegalities, in which some are sanctioned and are seen as delinquent — transgressions typically related to low-income sectors — while others are tolerated — illegalities generally associated with higher-income sectors. If formal social control is not intended to solve the problem of crime, it should instead be seen as a productive force constantly affecting and structuring the universe of law-breaking actions, converting some illegalities into delinquency while leaving others untouched by the criminal justice system and out of the public eye.

In this paper, I focus on the use of formal control in the Argentinean grain market to try to eradicate tax evasion mechanisms, which are socially consolidated and strongly embedded in relationships developed through agricultural activity. The belief that formal controls and punishments are sufficient to extinguish agricultural tax evasion is akin to imagining that norms can override social relations, as if the law were to precede the social order. However, this does not imply that formal control is fruitless. On the contrary, formal control is productive — while it may curtail some evasion mechanisms, it also alters the social relations by which taxes are evaded on a daily basis and stimulates the creation of new mechanisms for tax evasion in agriculture.

Economic crimes in rural criminology

Multiple authors denounce unequal sanctions for different kinds of transgressions. For example, white collar crimes — “crimes of the powerful” (Ruggiero and Welch 2009) — usually remain unpunished by the criminal justice system and hidden from the public eye (Foucault 1975; Rusche and Kirchheimer 1984; Sutherland 1999; Veblen 2014). Although the study of these transgressions constitutes a topic of indisputable interest, economic crimes in rural areas remains an issue that requires further investigation. Over the past two decades, research on rural crime has flourished. Donnermeyer (2017) contends that rural criminology has emerged and established itself as a field of study within criminology. However, normative transgressions in rural areas have already been a topic of interest in mainstream or *northern* criminology (Carrington, Hogg and Sozzo 2015). Whether due to the common belief that the countryside is a place of order, safety, and low crime rates (Ceccato 2016; Donnermeyer 2016), or because of hegemonic criminology’s limited focus on the global north and almost exclusive concentration on metropolitan areas (Carrington et al. 2015), illegalities committed outside of urban spaces and in the global south have been underexamined.

Nevertheless, investigations on rural crime have multiplied over the past decades and have expanded beyond Western Europe and the United States. A review of the issues addressed by rural criminology reveals a wide variety of studies in topics such as gender violence (Carrington et al. 2013), environmental crimes (White 2011), and drug use by adolescents. There remains much to explore regarding economic crime in rural areas, including money laundering and tax evasion. Although there are several studies addressing the issue of crime in agriculture — , like the theft of machinery, supplies, and livestock (Donnermeyer, Barclay and Mears 2011); the production of marijuana or methamphetamine (Barclay and Donnermeyer 2011); robberies of agricultural establishments, vandalism, and property theft among farmers (Barclay 2016); slave labor on farms through debt bondage (Barrick 2016); and drug use and interpersonal violence

(Carrington et al. 2013) — the crimes of the powerful in agriculture remain to be considered. There are some studies that investigate the illegal activities of businesses in rural areas, but they are carried out according to management theory (McElwee, Smith and Somerville 2011), rather than from a sociological point of view, which I intend to do, here.

The aforementioned production is indispensable in rural criminology and criminology in general because it challenges the image of an idyllic countryside (Bell 2006) by revealing the voluminous existence of illegal activity in non-urban areas. By studying the crimes of agriculture's most powerful in rural Argentina, located outside of the global north, this paper can make a significant theoretical and political contribution.

Methodology

For this study, I employed mixed methods — a prevalently qualitative methodology utilizing data from both primary and secondary sources. Regarding the first source of information, I conducted thirty interviews with social actors involved in the grain market, including: grain producers; grain and cereal transporters; owners of “soybean pools”;⁵ agronomists; cereal store owners; grain brokers;⁶ rural middlemen — “dateros”;⁷ lawyers and accountants employed by the criminal justice system and/or the national tax agency; police officers; and independent lawyers and accountants. Participants were recruited using the snowball method based on direct sampling. The first interviewees were initially contacted through personal networks that later allowed me access to the rest of the sample. For interviewees within the criminal justice system, I established a relationship with the clerks of entrance desks, who referred me to other lawyers until the network snowballed, reaching prosecutors and judges. In the case of the national tax agency, I went to one of the various buildings of this organization, took the elevator to the top of a 14-story building, and descended floor by floor, asking different people if I could interview them. After many rejections, I found someone willing to do an interview, who later recommend another colleague, and so on.

The interviews were analyzed according to the guidelines of grounded theory (Glasser and Strauss 1967) and the coding process consisted of two parts. First, I identified approximately twenty common thematic axes that commonly appeared in the interviews. I created a double entry table, in which I would cut and paste fragments from the interviews into axes. There, I noticed how some axes could be merged or discarded, whereas others had acquired so much weight that they had to be subdivided. Second, I regrouped the data in thirteen thematic axes. The detailed recognition and analysis of these axes was fundamental to achieve concluding results based on qualitative material.

The second source was the analysis of two data sets. I considered official statistics regarding criminal convictions for tax evasion during 2003–2015. Several limitations must be taken into consideration when analyzing official data on economic crimes and the criminal justice system. First, official statistics are constitutively skewed as they tend to register offenses reported to the police or punished by the criminal justice system. Normative transgressions that typically go unpunished — cybercrimes, state crimes, and economic crimes, including tax evasion — are rarely accounted for in official records. There are also constraints on official statistics regarding the daily functioning of the criminal justice system in Argentina since they are published irregularly and rarely available to the public (Olaeta and Comba 2016). I also studied the administrative resolutions and sanctions issued by the national tax agency⁸ 2003–2015 intended to sanction agricultural tax evasion. To this end, I searched every norm issued during this period by the national tax agency regarding the control of the illegal grain market.

Findings

The criminal justice system, national tax agency, and the “punishment” of tax evasion in agriculture

Taking into consideration the wide array of problems regarding official records on economic crimes, there is still much to learn from official data. Following the ideas of Cicourel and Kitsuse (2012) in *A note on the use of official statistics*, if the selective functioning of the criminal justice system is later translated into official statistics, then official records can reveal with clarity which normative transgressions are prosecuted and punished by formal control agencies and, more importantly, those which are not. From this perspective, it is possible to recognize those transgressions that are tolerated (Foucault, 1975). With this in mind, I analyzed the official number of tax evasion convictions from 2003–2015 (see Table 1) in Argentina to determine whether this particular violation is a priority for the criminal justice system.

Table 1. Criminal convictions for tax evasion in Argentina (2003–2015)

Year	Number of convictions for tax evasion (2003–2015)
2003	22
2004	34
2005	34
2006	19
2007	34
2008	29
2009	12
2010	14
2011	10
2012	6
2013	1
2014	4
2015	4
Total	223

Elaboration based on data from the National Registry of Recidivism

Over 13 years, there were 223 convictions for the crime of tax evasion in Argentina — a country with a population of approximately 44 million, distributed among 23 provinces and an autonomous capital city. Considering these numbers from a strictly normative and legal perspective — that each crime must receive a rational and proportional punishment according to the principle of proportionality — it could be expected that rates of conviction reflect the actual rate of tax evasion. For example, according to these statistics, the single conviction for the whole country in 2013 seems to indicate a non-existence of tax evaders in comparison to 2004, 2005, and 2007. However, if one analyzes these numbers with a critical perspective on social control (Melossi and Pavarini 2010; Pegoraro 2015; Rusche and Kirchheimer 1984), the conclusion is to the contrary as penal sanctions are oriented toward the punishment of petty theft, violent crimes, and low-scale drug trading, whereas a blind eye is turned to other harmful and complex

transgressions like tax evasion. In Argentina, this is reflected in the surveillance and punishment of undereducated young men from low socioeconomic sectors living in peripheral areas of the city. Hence, the criminal justice system does not aim to punish all illegal actions and all criminals. Instead, it functions by punishing some transgressions while tolerating others (Foucault 1975). Considering the 223 from the aforementioned critical guidelines, we can conclude that the same applies to the case of tax evasion in Argentina. In other words, even though tax evasion is a crime it remains legally unpunished.

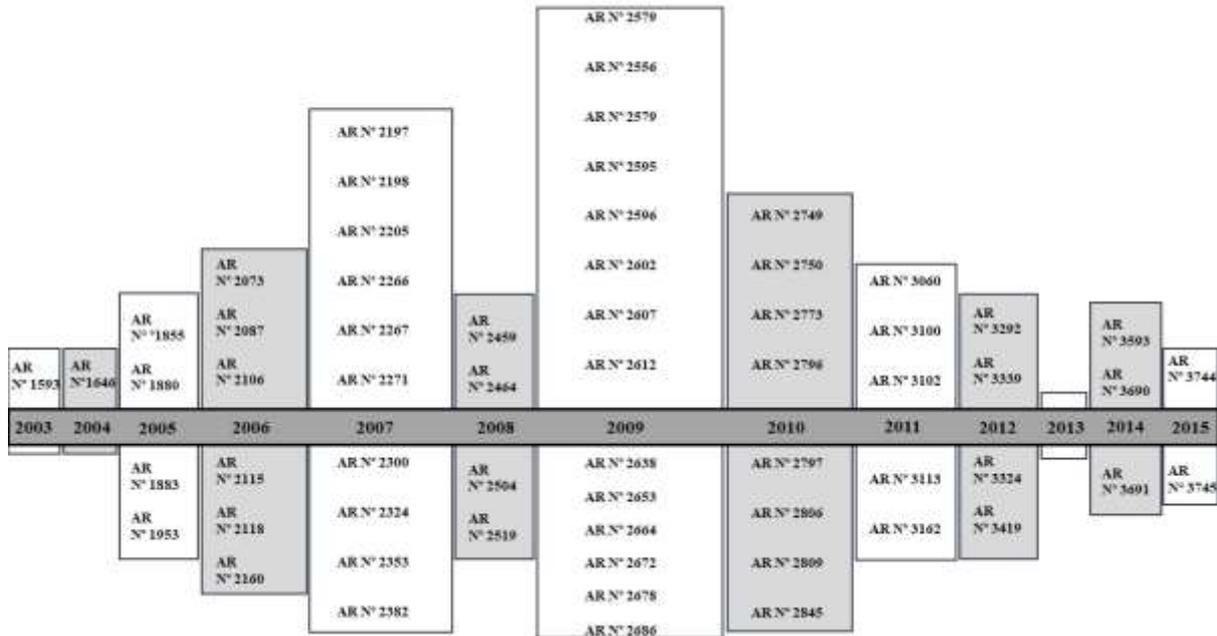
One of criminology's major legacies has been Sutherland's (1999) assertions regarding the selectivity of the criminal justice system and how certain transgressions like deceptive advertising, unfair competition, and fraud are usually settled according to civil rather than criminal procedures. If tax evasion in Argentina is rarely punished by criminal courts, agricultural tax offenses may be influenced by some other kind of formal regulations, shifting the research focus toward the national tax agency. During the Postconvertibility era, many of the major national newspapers published several articles with suggestive headlines about how the national tax agency was exercising an increasing and sometimes excessive control over the grain market. Nonetheless, the most forthright confirmation of a strong control policy from the national tax agency appeared in my interviews with social actors from the grain market. It became evident that the interviewees feared the administrative sanctions applied by the national tax agency more than criminal punishment. For example, a grain producer stated:

Look, 30% of Argentina's grain economy is illegal ...We grain producers are tax evaders; we keep information to ourselves. We do not tell the truth, and there is no punishment because the tax penalty never gets to you, so you never go to jail. So it is the same whether to be "black" (that is, informal), or "white" (that is, with all the income fully declared), or blue or green.

A grain broker similarly highlighted the widespread fear toward the national tax agency:

At the moment, the grain business is much more controlled. That is good. Years ago it was a mess... You found more "negreros" (people who buy grains illegally) than people buying "white" (or legally)...But now it is well controlled...There are still some "negreros," but much less...Now the national tax agency can withdraw you from the Registry, and if that happens, then it is the end for you. You have to be very, very careful.

Consequently, I began to track and systematize all administrative resolutions issued by the national tax agency that aimed to create, modify and enforce procedures and regulations to further control and punish tax evasion in the production, transport and commerce of grains and cereals. I found that the national tax agency had issued 62 administrative resolutions to regulate tax evasion in the commerce of cereals and oilseeds, as shown in Figure 1.



Elaboration based on data from the Electronic Library of the National Tax Agency

Figure 1. Administrative resolutions issued by the National Tax Agency in Argentina to control tax evasion in the grain market (2003–2015)

Figure 1 demonstrates that from 2003–2015 there were multiple resolutions issued by the national tax agency designed to control and eliminate tax evasion in the grain market. Although in some years’ legislation was more prolific — like in 2007, 2009, and 2010 — whereas others saw little to no production of administrative resolutions — such as 2013, throughout the Postconvertibility era — the grain market was severely regulated by formal tax controls. So, although there was a mild criminal control of tax evasion — as evidenced in Table 1 — there were other types of formal controls enforced on tax evasion in agriculture by the national tax agency.

However, the administrative resolutions issued by the national tax agency were exercised over socially and culturally established mechanisms of tax evasion. These mechanisms are deeply rooted in the social relationships developed in agriculture, as were observed in the province of Córdoba. Consequently, the agency wrongly assumed that formal controls such as penal sanctions and tax regulations could effectively suppress tax evasion because it did not account for the social relationships that facilitate normative transgressions of this type. Nevertheless, the regulatory policies applied to the grain market during the Postconvertibility era were not fruitless, which raised the question of which mechanisms of tax evasion were restricted and which were generated?

Transformations in agricultural tax evasion mechanisms in the province of Córdoba

In interviews with the social actors involved in the Córdoba grain market, every participant insisted that tax evasion in the grain market did not disappear despite intensive and extensive fiscal controls. Instead, grain producers, storage plants, and the companies that export and industrialize grains and oilseeds, continued to evade taxes through new tax evasion mechanisms. To reconstruct the continuities and discontinuities in tax evasion mechanisms during the Postconvertibility era, I operationalized these transformations along the agricultural value chain, separated into three periods: production, transport, and marketing of grains and cereals.

Production of grains and oilseeds

One of the main transformations in Argentinean rurality was the emergence of “soybean pools” a new economic and productive actor that altered the agrarian social structure (Murmis 1998; Giarraca 2001) by converting low- and middle-scale grain producers into rentiers (Gras and Hernández 2009). As Barsky and Gelman (2001) argued, soybean pools surfaced as a new mechanism for financing and organizing agricultural exploitation during the soy boom⁹ (Hernández 2007). Usually established under the legal figure of a financial trust for tax benefits, these pools had urban origins from city investors and financial speculation. This mechanism was novel, in that grain producers, contractors, and agronomists gathered around a pool and rented large extensions of land from several low-scale grain producers. Producers who once worked the land now rented their fields to larger financial agents, who then managed the production process.

These transformations influenced tax evasion mechanisms. According to our interviewees, within the boom of soybean pools, taxes were evaded via the declaration of undervalued lease contracts¹⁰ to the national tax agency. During the soybean boom, gains were so high that rent was paid by the soybean pools in cash (sometimes in US dollars), even prior to cultivation and harvest. Due to collusion between the landowner — formerly a grain producer — and the tenant — the soybean pool — official rental contracts declared lower rental values than amounts actually paid. As a result, a portion of rent income was never declared. Through this misdeclaration, grain producers avoided paying the correct amount of income tax. One of the national tax agency’s main objectives was to regulate the grain market by motivating and then compelling grain producers to declare all income gained through commercial transactions or lease contracts so they could collect the appropriate income tax. Although the national tax agency did managed to have more taxpayers present their lease income, the landowners declared their leases with undervalued prices. One interviewee who works as an intermediary in commercial operations of grains and oilseeds affirmed:

Yes, yes totally. It is not something concealed. In fact, for example, my father who is a rural “middleman”...tells me that all lease contracts of any given property have a “black” portion, which is requested by the landowner so that he does not have to declare it...And they actually tell you: “Give me the 60% of the rental price ‘white’ and the other 40% ‘black’”. That is the arrangement. So 40% comes in cash right there; they just put it right there on the table. That is the business. Then, you already have a 40% free of income tax.

This raises the question, how is this operation carried out on a daily basis? In the words of a lawyer whose family has a long tradition in farming activities:

So, what people do is they make an agreement. They agree on the payment of rent in cash equivalent to an amount of 6 quintals of soy per hectare, so they immediately say “okay, but let’s put it in writing that I will pay you 3 or 4 quintals of soy per hectare”...So, this other part is never declared. There is no receipt, there is nothing, and there is a sort of a “tacit” agreement that neither of them will break their word.

As simple as seems, there is still room for disagreement among the participants. The same interviewee recalled:

In the past, I also had situations in which two people started to discuss a lease contract and one of them... like pretends to declare everything and leave nothing “black”, and I saw how commercial operations were frustrated by this because the other part is not prepared or does not want to face the fact that when you declare everything, the cost is much higher and the profit is a bit scarcer...sometimes as a

lawyer they don't even tell you this, but you see the contract and see the price to be paid as rent, and you already know that there is a "black" part being paid. In other words, it is not that they come and say, "Hey, we are going to evade taxes, here," but you know that the value is rather low in regards to what is finally and actually being paid.

However, several interviewees claimed that the soybean pool "fever" had diminished in recent years following the drop in the exorbitant prices of agricultural commodities, including soy. As a result, these extraordinary rent fees also began to decline and this particular method of tax evasion through undeclared rental income became obsolete. There have been similar transformations in tax evasion mechanisms in other parts of the agricultural chain, such as in the transport of grains and oilseeds.

Transport of grains and oilseeds

The transportation of grains and oilseeds from the fields where they are cultivated and harvested to the buyers is a crucial stage in the informal grain market. Why? Because the illegal sale of grains and cereals requires that they be circulated off the national tax agency's records. Only through the informal transport of goods — outside of the scope of attention of the national tax agency — can subsequent illegal commercialization be secured. If the movement of grain is registered in any way, it becomes impossible to sell them as black. For this reason, the transport of agricultural goods became one of the national tax agency's main concerns.

Since most of the interviewees were located in southern Córdoba, the transport of grains and oilseeds to local storage plants or national ports could only be realized by land — road or rail. In this section, I describe the tax irregularities carried out via these means of transportation. In Argentina, only those with powerful networks and large volumes of production can use the railroads because they are a limited and highly monopolized service. Therefore, small and even medium grain producers are forced to utilize trucks.

In order to control transport by land, the national tax agency implemented the *Form for Transportation*. This form verified a variety of details, including whether the weight of grains declared to the national tax agency was the same as the amount transported.

Now, all of our interviewees remembered that prior to the introduction of more rigorous and intensive controls, circulation of cereals and oilseeds by land was done more freely. A local policeman recalled:

Because that was very normal. And it was very normal at a time when trucks circulated without any kind *Form for Transportation*, unimpeded. They would go 20, 30 kilometers, to a storage plant that was close by, and they didn't use anything... Do you understand me? It was easy like that, there isn't another story, it was simply like that.

As one truck driver remembered:

Years ago, I used to make "black" trips, which means that they did not exist anywhere...For example, out of a hundred trips in a year, it was common to make at least ten "black" trips. I must confess that back then, that caught my attention because I did not understand how it was done, how it was possible for us not to declare it... But that was back then. Later, you begin to figure it out.

A major concern shared by interviewees was that in the event of any sort of tax irregularity, the national tax agency would not issue them these forms. Without this document, the producer was

severely limited and even unable to operate in commerce because no product could be formally transported. During the Postconvertibility era, the *Form for Transportation* was modified eighteen times to better regulate the transport of grains and oilseeds. Despite these controls and adjustments, illegal transport was not eradicated, but continued via other means.

Following the implementation of this control, forgery of these forms became a new strategy of tax evasion and the avoidance of declaring the true amount of grains and cereals transported. In this way, tons of product “disappeared” from the formal registers of the national tax agency to later be illegally commercialized. A local policeman explained this process:

Look, a truck can carry around thirty thousand kilos of product, and the driver has a *Form for Transportation*, but only twenty-five thousand kilos are registered and the remaining five is left unregistered...But, hey, don't forget that there must be an arrangement between the driver and the person who is buying and selling “black” grains and cereals because the latter is the one giving him the illegal *Form for Transportation*. So, instead of carrying twenty-five thousand kilos the truck has thirty... and the other five do not appear anywhere.

The same modality was explained by a cereal broker:

Of course, the truck driver does it for a commission. Everyone is in on it, and everyone wins a little bit... what's more, I know that even the truck driver has insurance that, in case he gets caught by the police, he has free legal advice already guaranteed by the company buying those “black” grains and cereals. So, they say, “if you get caught, don't worry, rest assured that we will pay your lawyer.”

Taxpayers feigned compliance with the new regulations — they officially registered and duly applied for the forms, but then used them in deceptive ways. Finally, I analyze the evolution of tax evasion mechanisms during the commercialization stage.

Commercialization of grains and oilseeds

Once grains and oilseeds are produced, harvested, and transported, they must be effectively sold and delivered to the buyer. As with the two previous stages, there are a series of mechanisms to avoid payment of the corresponding income tax and value-added tax. Our interviewers referred to this as “negrear,” which in rural slang means the act of selling and buying grains and oilseeds illegally.

Before the implementation of more severe tax policies, participants recalled how the commerce of grains and cereals occur directly on the farm, in which grain producers received payments in cash without any kind of receipt or notification to the national tax agency. As a grain broker explained, this kind of operation was called “culata camión,” roughly translated as the act of buying and selling grains and cereals directly from the truck:

There are the “valijeros”¹¹, those who pay you in cash. There actually aren't many left because of all of the national tax agency controls, but they are the ones who will pay you in cash. People call this “culata camión.”

Q: I am sorry, what do they call it?

A: “Culata camión”...So, it's like this: they go to the farm, load the grains and oilseeds in the truck, weigh them, and just pay you right there in cash...That is “culata camión”...For that, they get a 14% discount, more or less the cost of buying “black” grains and cereals¹²...So, around ten days later, they pay you. But, sometimes they don't, and how can you make any sort of claim if you don't have a receipt or anything? Do you understand how this works?

This was typical before the Postconvertibility era. However, as has been demonstrated in the other stages, the multitude of regulations introduced by the national tax agency did not eliminate tax illegalities in the agricultural chain, but resulted in the creation of new tax evasion mechanisms. One such regulation required every natural or legal entity involved in the production, transport, export, and industrialization of grains and oilseeds, to register in the Tax Registry of Agents in the Grains and Dry Pulses Market,¹³ to legally buy or sell grains and oilseeds. To avoid paying taxes, agents created fake profiles in the Tax Registry. Big companies and major grain producers can could sell grains and cereals under the appearance of legality without arousing suspicions of foul play. In rural slang, this process is called “carpetas truchas” (fake profiles). According to a grain broker:

Let me explain how it works when you try to sell “black” grains and oilseeds...So, you are a grain producer, you have soy, and you want to sell it “black”. I am a buyer on the black market...in order to do so, I have a “carpeta trucha” (or fake profile), whether in the form of a company or individual producer. Through this fake profile, I buy soy from you...But, beware, to the national tax agency it always seems like a “white” operation. The “black” part is when you sell it to me. That is why I have the fake profile and that is why I am going to charge you around 10% or 12%, because that is what I have to pay later to launder it. This is why I have a “carpeta trucha”. So, tomorrow, I assemble the portfolio of a company called “Johnny cereals”. With that fake company, I will buy your “black” grains and cereals from you, a producer, in order to sell them later to an important exporting company as “white” because I am “Johnny cereals”, and I am registered with the Tax Registry. Everything is okay because I have the fake profile...because according to the national tax agency, I’m supposedly a legal tax payer. I am “Johnny cereals”, do you understand?

The “carpetas truchas” was a maneuver used both by agricultural producers to conceal their sales operations and by export companies that created shell companies or limited liability companies to fragment their marketing operations and pay less taxes. In exchange for money or promises of early retirement, people in vulnerable situations agreed to register in the Tax Registry as grain producers, brokers, or exporters, and these profiles were later turned into screens to conceal illegal commerce. As a result, the final beneficiaries of these operations remain hidden. One prosecutor explained:

There is a case of a well-known lawyer in our hometown who used extremely poor people and later created bank accounts for them...Basically, these third parties were used to create shell companies, and through these atomized companies, large companies would fragment large commerce operations, thus preventing a single producer or company from having to pay the right tax burden.

Even though the national tax agency succeeded in ensuring the registration of everyone participating in the grain market with the national tax agency, much of the paperwork presented was false — like balance sheets or rural property titles — and producers and export companies could conceal illegal commerce operations.

Concluding remarks

In this paper, I analyzed formal control and tax evasion in Argentinean agricultural activity during the Postconvertibility era from a sociological perspective and a critical vision of social control. The main purpose of this paper was to demonstrate how tax evasion is a complex sociocultural phenomenon and how different tax evasion mechanisms and modes are deeply rooted in the social relationships of the Argentinean rural landscape to contribute to research on economic

crimes in rural criminology. To this end, I reconstructed the transformations in tax evasion mechanisms in rural Córdoba. The purpose of studying the regulations and sanctions enforced by state agencies was not to evaluate their effectiveness in suppressing tax evasion, but to recognize how tax evasion mechanisms were affected. According to the contributions of critical criminology and Foucault, I analyzed what formal control *produces* can be observed — for example, in the creation of new tax evasion mechanisms.

First, I argued that tax evasion in agriculture is a complex social phenomenon that is structured by multiple relations among heterogeneous social actors of the grain market. Moreover, I analyzed how various social relationships that structure the production, transport, and commerce of grains and oilseeds are the ones that enable the different tax evasion mechanisms. However, the main contribution of this paper was to examine how formal social control implemented in the grain market — despite restricting some tax evasion mechanisms — stimulated the creation of new ones. Tax evasion is deeply rooted in social relationships and will not disappear because more controls and sanctions are issued. This was evidenced by the transformations in tax evasion in the moment of production —with the declaration of undervalued lease contracts — in the moment of transport of grains and cereals — using forged *Forms for Transport* — and in the moment of commercialization — via the creation of fake profiles in the Tax Registry of Agents in the Grains and Dry Pulses Market. This evidence suggests that controls and formal sanctions do not simply repress illegalities, but are a force that affects and restructures tax evasion in agriculture and its mechanisms. Finally, this paper demonstrated that there remains much to investigate and learn about agricultural economic crimes, which may serve to stimulate further research.

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¹ Córdoba is a province in the geographic center of Argentina. My investigation focuses on the southern area of the province known as the “soy corridor”. In this region, a massive agriculturalization process occurred in which the majority of the plantations were converted into soy.

² The political party that governed 2003–2015 was called the “Frente para la Victoria.”

³ The rural scenario in Córdoba was deeply affected by the logic of the agribusiness model, which consisted of large-scale production — in this case oriented by the monoculture of soy — the prevalence of large exploitation units, and export and industrialization companies. All of these factors radically altered the productive relationships that had historically developed in Córdoba, in which livestock production was gradually left aside for crop cultivation.

⁴ Spanish term commonly found in rural slang that refers to illegal commerce.

⁵ These pools function as a source of financing large-scale planting and harvesting enterprises by leasing of field extensions under the direction of college-educated professionals who utilize high-tech tools (Gras and Hernández 2009).

⁶ A grain broker is a person who connects those who want to sell or buy grains legally.

⁷ Spanish term used in rural slang to name locals in small towns who have information on who desires to sell or buy grains and cereals informally.

⁸ The national tax agency is an autonomous agency in charge of the application, collection, and control of national income and taxes.

⁹ This “boom” lasted from 2005 until 2014, when the price of some commodities, like soy, began to plummet. From then on, “soybean pools” began to disappear as they did not represent a profitable means for exploitation.

¹⁰ A rental contract transfers the exploitation of land to a third party, as in the case of a “soybean pool”. Lease contracts regulate the price of rent, among other things. The value of rent is established yearly according to the size of the property, per hectare — a unit of area that equals to a 10,000 square meters — and varies according to the productivity per exploited hectare.

¹¹ In rural slang “valijero” is used to refer to people who buy grains and cereals illegally. The name comes from how these buyers used to carry suitcases (or “valijas” in Spanish) filled with cash so they could pay grains producers directly on the farm.

¹² The 14 percent discount is what a “valijero” charges for buying “black” goods in order to cover costs incurred to later launder those grains and oilseeds, which requires the payment of bribes and other expenses.

¹³ This registry is a national tax database.

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