

**World Governance Survey**  
**Preliminary Analysis: Argentina**

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Argentina is a federal constitutional democracy with an executive branch headed by an elected president, a bicameral legislature and a separate judiciary. Throughout the twentieth century, military coups, authoritarian governments, and political turmoil have convulsed Argentina's national life. Since 1983, however, it has enjoyed elected civilian government and relative political stability.

In spite of this, seventeen years of democratic stability do not fully account for variations in the development performance of our country. Thus, we agree with the proposed assumption that the *quality of governance* becomes a critical factor in explaining development.

For the purpose of this survey, we conducted thirty-eight interviews with leaders of the private and public sector. These well-informed individuals provided us with valuable data on subjective perceptions of governance in Argentina. Under the proposed functional approach to governance, the argentine data convalidates the hypothesis that critical process variables are often overlooked in favor of outcome measures. The examination of these variables concerning principles of participation, fairness, transparency, efficiency, decency and accountability in the political process, provide an important instrument to understand the challenges Argentina has to face in order to ensure and foster its own political development, to make its democracy more representative.

While conducting the survey we realized there is a general demand for transparency and better representation, which accounts for the low scores obtained in the managerial, regulatory and aggregating dimension. This demand to improve the quality of governance is placed on the executive branch of power, which is historically responsible for ensuring citizen's personal security and adequate standards of living. Socializing indicators are regarded as preconditions for democracy. This is the reason why governance rates are high in this dimension. Problems arise in the implementation stage, due to the lack of effectiveness of the public administration bureaucracy.

This paper discusses the following issues related to the survey process:

1. The data collection exercise
2. Differences in the rating between the six dimensions
3. Changes over time in perceptions of governance

4. Overall ratings of governance at the collective level
5. Suggestions regarding the survey process

## 1. **Data Collection**

The World Governance Survey formally started in Argentina on December 27<sup>th</sup> when the Special Service Agreement was signed.

By the end of December we had identified 106 experts in different spheres of society related to governance. In all cases we submitted a letter informing the expert about the aim of the WGS and asking for an appointment. We followed up with each expert and scheduled interviews.

In total, 38 interviews were carried out, 36 of which were conducted face to face and only 2 were answered by fax. It took us three weeks and a half to conduct the interviews and, in average, audiences lasted 40 minutes.

The distribution of interviews were as follows:

*Week One:* 3  
*Week Two:* 16  
*Week Three:* 10  
*Week Four:* 7

A rough equilibrium was kept between the different groups of people. We interviewed high-ranking civil servants; successful entrepreneurs; senior judges or lawyers; long standing parliamentarians; respected academics, consultants or policy advisors; heads of local NGO's; editors or senior reporters from the media. Table 1 illustrates the sample distribution.

**TABLE 1**

<i>Groups</i>	<i>Number of experts interviewed</i>
High-Ranking Civil Servants	6
Successful Entrepreneurs	4
Senior Judges or lawyers	6
Long-Parliamentarians or equivalent	5
Academics, consultant or policy advisors	5
Heads of Local NGO's	6
Editors or reporters from the Media	6
<b>Total</b>	<b>38</b>

On the other hand, Table 2 represents the percentage of individuals who responded to our request and volunteered for the survey.

**TABLE 2**

<i>Groups</i>	<i>Number of experts asked to participate in the project</i>	<i>Number of experts interviewed</i>	<i>Percentage of experts interviewed</i>
High Ranking Civil Servants	19	6	32 %
Successful Entrepreneurs	10	4	40 %
Senior judges or lawyers	10	6	60 %
Long-standing parliamentarians or Equivalent	32	5	16 %
Academics, Consultant or Policy Advisors	11	5	45 %
Heads of Local NGO's	11	6	55 %
Editors or reporters from the Media	13	6	46 %
<b>Total</b>	<b>106</b>	<b>38</b>	<b>36 %</b>

It is interesting to notice that despite parliamentarians was the biggest sample group, only 16% agreed to answer the survey. This number illustrates what most experts have said about the poor representation that exists in Argentina.<sup>1</sup>

## **2. Assessment of Governance Dimension Rates**

Regarding the functional dimensions of governance, the ratings obtained are: *Executive* (3.12), *Socializing* (3.04), *Regulatory* (2.65), *Adjudicatory* (2.58), *Aggregating* (2.48) and *Managerial* (2.17).

In first place, the **Executive dimension** refers to the government's stewardship of the system as a whole. There are different possible explanations for this high rate of

<sup>1</sup> It is also worth mentioning that in December, both legislators and lawyers had holidays. This can partly explain the difficult "access" to parliamentarians. Nevertheless, this does not hold true for the judicial officials.

governance. Questions 11, 12 and 15 refer to the government's *commitment* to ensure citizen's personal security, an adequate standard of living and a peaceful resolution of internal conflicts. Regarding these indicators, most experts answered that government's *commitments* were high, but with no real visible results. Therefore, a considerable distortion comes from the fact that most experts answered the questions considering government's moral obligations, which do not necessarily translate into effective outcomes. The mean 3.12 can thus be considered *artificially* high.

Second, the Executive dimension includes the question with the second highest governance score (4.22). This question refers to the extent to which the military accept its subordination to a civilian government. Historically, the Argentine military had played a prominent role in national affairs. Between 1976 and 1983, Argentina lived its most heart-rending period. The military dictatorships which succeeded each other during those years were the most violent and agonizing.<sup>2</sup> The systematic violation of human rights and the accumulation of a large foreign debt were the main legacies of the military governments. Thus, Argentines became aware of the high costs of allowing the military to intervene in government and finally agreed to resolve internal conflicts through democratic mechanisms. Since democratic restoration in 1983, the military had to accept its Subordination to the civilian government.

In conclusion, questions regarding government's commitment increased the value of the Executive dimension of governance. Paradoxically enough, comments made by the experts' stress the fact that this commitment does not translate itself into action and positive outputs. On the contrary, experts tended to be very critical on government's capacity to ensure freedom from fear and from want.

Consequently, the **Socializing dimension** becomes particularly relevant when analyzing the quality of governance in Argentina. Results of the WGS show that there is consensus about the high degree of freedom of expression and of assembly that citizens enjoy. During the 1970's, Argentine civil society went through terrorist activities, massive arrests, torture and imprisonment of people who were thought to be "subversive." The return of democracy in 1983 meant more respect for human rights, and this is reflected in the high perception rate of the Socializing dimension.

Nevertheless, a distinction has to be made between human rights and political rights. Experts believe there is a high quality of governance in the first two indicators, but this is not true for political rights. Regarding the latter, experts perceive citizens are being misrepresented, they are not being consulted in major shifts in policies, they are politically discriminated, and decision-making processes are not made clear. Therefore, although the Socializing score is high, there is still a demand to secure certain political rights.

The **Managerial dimension** obtained the lowest score with a mean of 2.17. This dimension refers to the function of policy implementation, and its low governance score illustrates the fact Argentina is a "new" democracy that has still a long way to go in the

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<sup>2</sup> In 1977 the Argentine Commission for Human Rights, in Geneva, blamed the regime for 2300 political murders, some 10,000 political arrests, and 20,000 to 30,000 disappearances.

process of consolidation of its institutions. The legitimacy of its rules does not result, at the moment, in effective policy outcomes. Bureaucracy in Argentina is negatively perceived, and people are inclined to blame civil servants' inefficiency for most of the country's problems.

Argentine history is characterized by powerful political leaders, who ruled the country through a charismatic legitimacy and clientelistic relationships. Economic and social crisis during the twentieth century reinforced this concentration of power in the executive branch, because quick decisions were required in order to have effective results. In this sense, Argentines (as well as most Latin American's citizens) are used to place most of their demands on the executive branch of power. Presidents in these countries adopt both legislative and judicial functions in order to cope with citizen's problems. This concentration of power and the lack of effective checks and balances explains the high Executive dimension rate of governance.

### **3. Changes Over Time in Perceptions of Governance**

Overall results show a relative improvement in the quality of governance in Argentina. This is illustrated in the total average score, which has increased from 2.62 to 2.73.

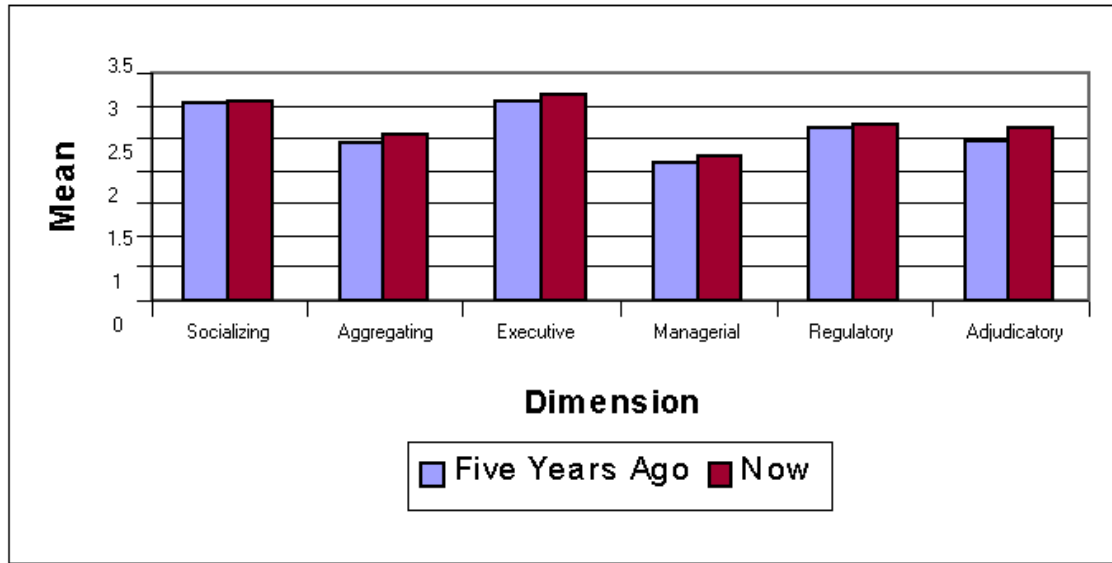
The increase in this governance score is partly explained by the fact that the high-ranking civil servants we interviewed were from the official party (Radical Party). In this sense, they tended to *politicize* their answers by stressing the goods aspects of their government and criticizing the opposition –who had been in government since 1989. The rate of governance over time, was influenced by the particular subjectivity of the high-ranking civil servants.

Table 3 compares dimension scores “now” and “five years ago” and show a weak tendency of improvement in the quality of governance.

The **Socializing dimension** is practically the same today as it was five years ago. This is due to the fact that, since 1983 when democracy was restored, Argentina enjoys a high level of freedom of expression and of peaceful assembly and association. Therefore, the highest governance advances –in this dimension- have been achieved during the transition from the authoritarian regime to democracy.

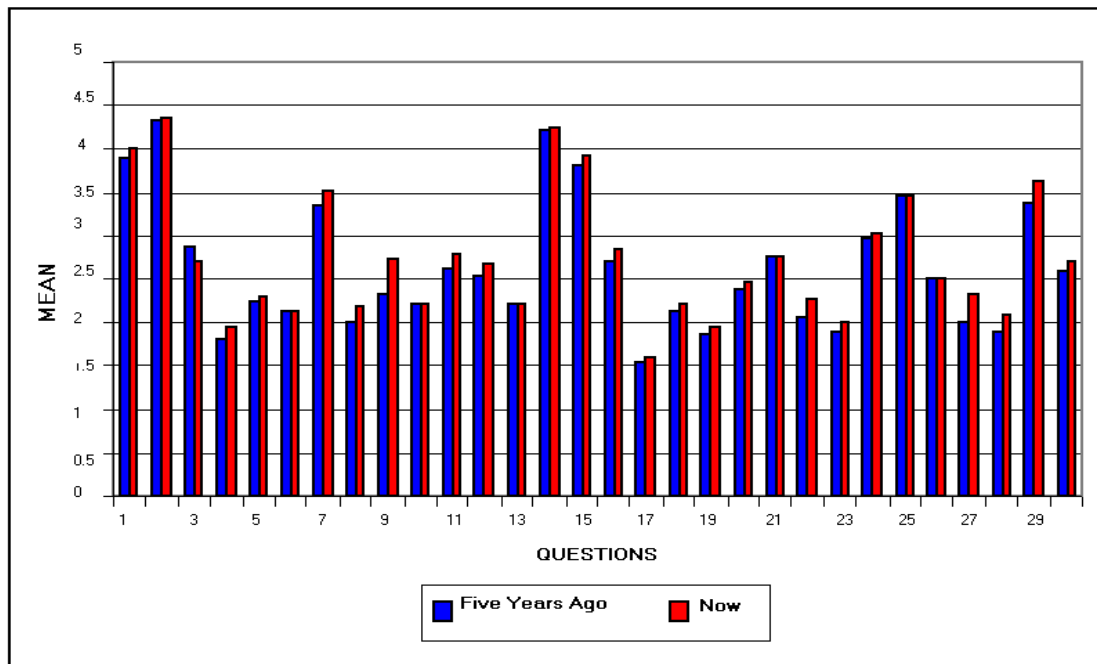
On the other hand, the **Adjudicatory dimension** had the biggest difference in perceptions of governance. Paradoxically enough, experts believe there has been an advance in the judicial system decision-making process. Nevertheless, they still argue that the judicial system's reform is one of the most urgent and important in Argentina. Although critical of the judicial changes and outputs (like the Council of the Magistracy), experts recognize government's determination to make the judicial system more effective and transparent.

**TABLE 3**



Regarding the changes for questions, [Table 4](#) shows a comparison of the governance rates over time.

**TABLE 4**



Question 9 represents the most important difference in perception of governance over time. This question regards the extent to which the legislative function affects policy content. The change in governance perception can be explained by Congress' composition. In 1995, the Partido Justicialista got control over both houses of Congress. In this sense, the Congress acted merely as a “rubber-stamp” of the executive. On the contrary, the actual government does not have a majority in Congress, which means that the legislative function has a stronger capacity to affect policy content. As one of the experts expressed it, in the present government –that is of coalition- there is an increase of discussion and negotiation between the president and the Congress.

Comparing the quality of governance now and five years ago, no changes have been observed in:

- Legislator's accountability (question 10)
- The extent to which leaders are encouraged to make tough decisions that are in the national interest (question 13)
- The promotion of respect of property rights (question 21)
- The incorporation of new rules of global trade, finance and technology flows when formulating policy (question 25)
- The equal access to justice (question 26).

#### **4. Overall Ratings of Governance at the Collective Level**

The overall mean of governance in Argentina is 2.67. This score illustrates the fact that most of the experts interviewed have a relatively poor (between low and moderate) perception of the quality of governance in our country. In general terms, the issues they believed were affecting governance realm and the priorities proposed for reform, were the following:

- **Socializing:** The WGS showed there is a general perception that in Argentina, citizens enjoy a high degree of freedom of expression, peaceful assembly and association. A significant number of experts considered there is a relatively high level of discrimination in politics, due to the existence of discrimination in the society itself. Most of the experts believed government does not facilitate public discussion on major shifts in policies. The low respect for the system of rule making was attributed to the lack of enforcement and excessive regulations. The data obtained reflects public disaffection with government which results in an increase in the number of social organizations and NGO's.
- **Aggregating:** In the Argentine case this is one of the poorest dimension of governance. Most experts argued that there is an important gap between citizens and representatives which causes that individual or institutional views outside the administration's agenda very rarely become inputs in the political process. They believe there is a representation crisis due to the lack of capacity of public officials -who defend party or personal interests- and the lack of accountability. Party candidate lists<sup>3</sup> (“listas sabanas”) makes representation

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<sup>3</sup> This is a mechanism in which people vote a list of candidates and the percentage of votes obtained determines the number of candidates who would be elected.

even more difficult because citizens do not know who they are voting for. As one of the experts observed, there is formal competition for political power but in reality, electoral mechanisms are not effective.

- **Executive:** At this point, experts stressed the fact that government's commitments to ensure citizen's personal security, standard of living and a peaceful resolution of internal conflicts, do not necessarily translate into action and positive outputs. One of the experts considered that government should not guarantee adequate standards of living, and that the only issues government should get involve with are security and justice. On the other hand, 83% of the experts interviewed, believed that the military accepted its subordination to the civilian government. Some argued that leadership is necessary to subvert the representation crisis.
- **Managerial:** In Argentina there is a negative perception of this dimension of governance. Most experts tended to be very critical on the quality of the bureaucracy and the policy implementation stage. They argued that there is no merit-based system for recruitment into the civil service. This means that family members and friends are recruited into the government. The term *bureaucracy* is associated with inefficiency and corruption, which reinforces the public disaffection with government. Suggestions for bureaucracy reform included the incorporation of public contests in order to increase the number of professionals in the civil service.
- **Regulatory:** This governance dimension looks at the rules that mediate between the state and the market. Regarding economic regulations, most experts believe there is no equal treatment in the application of these rules to firms in the economy. They argued that small enterprises are unfairly treated by government, because bigger firms have a stronger capacity to lobby and affect policy outcomes. Most experts associated obtaining a business license with corrupt transactions. Finally, some consider that Argentina incorporates the new rules of global trade, finance and technology flows when formulating policy, because of the place it occupies in the international system. An expert stated that Argentina should pay its foreign debt in order to recover part of its capacity to decide.
- **Adjudicatory:** This last dimension obtained the second lowest governance score and is treated as one of Argentina's priorities for political reform. This low quality of governance is attributed to the expensive and inefficient judicial processes, which are, at times, subject to political influence. Judicial officials' incompetence and lack of accountability reinforce this negative perception. All experts agreed that the judicial system should be changed, and that the Council of the Magistracy –established in December 1997- has not resulted in appointing competent judges.

### **Analytical Framework for the World Governance Survey**

To fully understand the quality of governance in Argentina, independent factors, which affect governance processes, should be considered. As stated in the analytical framework, external determinants can be classified into historical, political, social, economic and international context.

▪ **Historical and Social Context:** Since the military coup of 1930, institutional instability and the alternation of civil and military governments marked the political situation of the country. The crisis also affected the economy, and confrontations between the agricultural sectors and industrialists had a leading role in the disruption of stability. Under such conditions, in 1946 President Juan Domingo Perón took office, with the support of vast popular masses. The implementation of new economical and social policies characterized Perón's two first consecutive mandates. In 1955, however, a new coup d'état put an end to the Peronist government

After a series of military governments, Perón was allowed to return to power in 1973, but he died in 1974, leaving his second wife, Isabel, who had no political experience, as the first woman to head a national government in the western hemisphere. During her time in office, Marxist revolutionaries called *Montoneros*, engaged in a violent guerrilla campaign, which led the military to take power in 1976. Between 1976 and 1983, Argentina lived its most heart-rending period. The military initiated a systematic repression, in which “disappearances” became the most common practice.

At last, in 1983, the country recovered democracy. In this year democratic elections brought Raúl Alfonsín of the Radical Civic Union party to power. Under Alfonsín the economy deteriorated further, and in May 1989 he became the first leader in nearly half a century to be replaced via the ballot box, when the leader of the Partido Justicialista (the Peronist party); Carlos Saúl Menem was elected president.

Menem's first 18 months in office were difficult. Since 1991, aided by his finance minister, Domingo Cavallo, free-market policies were promoted and a radical liberalization program took place. An extensive privatization process has been completed at the federal level and is now under way in the provinces. While employment grew rapidly during the first years of the program, national unemployment rose to a record high of 12.2 percent in 1994, and the cost of living rose sharply. The high cost of living has most severely affected those with fixed incomes, although the entire country benefited from the end of hyperinflation. Menem was re-elected to the presidency in 1995 marking the third consecutive planned and peaceful election. In 1999, a new alternation of power occurred and Fernando De la Rúa was elected president.

▪ **Economical and International Context:** From late 19th century up to the beginnings of the present century, Argentine economy was based on farming exports. The 1920s came together with industrial development and the technological transformation of the countryside based on an economically liberal model, supported by the agricultural and livestock sectors. But the 1929 crisis seriously weakened the national economy.

By the 1930s, some urban sectors claimed that the state should foster industrial development. By 1950, the above model was starting to wear out. The economy was characterized by inflation and recession, and the foreign debt increased.

The 1976 military government wanted to do away with inflation through the opening up of the economy and free trade. With the return of democracy by 1983, the welfare of the Argentines had diminished dramatically. All failed to eradicate inflation, and

each ended in a more virulent inflation than the one preceding it. The main reason for these failures was the inability of the stabilization programs to redress rapidly and permanently the structural deficit of the public sector.

Menem took office in July 1989 during a traumatic hyperinflation—July inflation alone was 200 percent. He imposed an austerity program. This culminated a decade-long crisis in public finance. The administration undertook stabilization programs in 1989 and 1990. Neither succeeded, principally because of the intractability of the fiscal deficit. The first terminated in a new hyperinflation at the end of 1989 and early 1990. The second lasted from March to December 1990 and ended in a new inflationary outburst but, unlike the previous breakdowns, the economy did not spin into hyperinflation. Instead, a new fiscal package in February 1991 was sufficient to close the remaining fiscal gap. This was followed by the April 1, 1991. Law of Convertibility, guaranteeing 1 to 1 convertibility of the peso into dollars, and effectively proscribing money creation other than to buy net foreign reserves. The convertibility program, thus, disciplines monetary policy and limits the powers of the government to finance its deficit through inflation.

The government has embarked on several reforms, one of the most important was the privatization or partial divestiture of nearly all its enterprises to reduce the budgetary burden of the enterprises, make the firms more competitive, and increase the volume and efficiency of new investment. The program removed politics from price setting in the formerly vast segment of the economy covered by the state. The program improved public finances.

Following average economic growth rate of 7.7 percent over 1991-94, the Argentine economy contracted in 1995, with negative economic growth estimated at 4.4 percent—largely because of the Mexican economic crisis, which reverberated throughout Latin America. The sharp recession caused an increase in unemployment and strained the performance of the financial system. By the end of 1995 there were signs that Argentina was pulling out of its recession without serious damage.

On January 1st, 1995 Mercosur began to operate (a free trade area between Argentina, Brazil, Paraguay and Uruguay).

▪ **Political Context:** Constitutional Reform of 1994, has profound effects over the governance realm. Traditionally, the president and vice president were elected indirectly by an electoral college to a single six-year term. They were not allowed immediately to seek reelection. Constitutional reforms introduced in August 1994 reduced the presidential term to four years, avoided the electoral college in favor of direct elections, and allowed a sitting president to stand for reelection after his or her first term.

Provinces traditionally sent two senators, elected by provincial legislatures, to the upper house of Congress. Voters in the federal capital of Buenos Aires chose an electoral college which nominated the city's senators. The new constitution mandates a transition to direct election for all senators, and the addition of a third senator from each province and the capital. The third senator will represent the electoral district's largest minority party. The revised constitution reduces senatorial terms from nine to six years in office. One third of the Senate stands for reelection every three years. Members of the Chamber of Deputies

are directly elected to four-year terms. Voters elect half the members of the lower house every two years through a system of proportional representation.

The constitution establishes the Council of Magistracy as a separate and independent entity of government. The Council of Magistracy, is in charge of the selection of the judges and of the administration of the Judicial Power. It is periodically constituted so as to achieve the balance among the representation of the political bodies arising from popular election, of the judges of all instances, and of the lawyers with federal registration. It shall likewise be composed of such other scholars and scientists as indicated by law in number and form.

All these factors should be taken into consideration when analyzing Argentina's development over time.