By analyzing the process of decentralization of education in Argentina, this paper complements the existing literature on decentralization and federalism in two ways: (1) it studies the impact of federal institutions on the origins and evolution of decentralization; and (2) it analyzes a case of decentralization of education that, in a way not planned or desired by the national executive who pushed for the reform, led to the strengthening of the bargaining power of provincial executives in the design of educational reforms that followed the transfer of schools. Federalism helped to legitimize the transfer of schools and teachers, even though the resources to meet the new responsibilities were not transferred. Federalism also imprinted particular features on the bargaining process over the decentralization of education. On the one hand, governors had a more important role than the national legislature in negotiations over the transfer of schools, while on the other hand, federal institutions such as the Federal Council of Education fostered coordination and learning among provincial ministers and governors, putting them in a better position vis-à-vis the central government for the next rounds of negotiations on educational issues. The paper analyzed primary and secondary sources of data and in-depth interviews with national and subnational academics, public officials, and politicians. (Contains 45 references and 18 notes.) (Author/BT)
Federalism and Decentralization of Education in Argentina.

Unintended Consequences of Decentralization of Expenditures in a Federal Country

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Abstract

How do federal institutions affect the process of decentralization? By analyzing the process of decentralization of education in Argentina, this paper complements the existing literature on decentralization and federalism in two ways. First, it studies the impact of federal institutions on the origins and evolution of decentralization. Second, it analyzes a case of decentralization of education that, in a way that was not planned or desired by the national executive who pushed forward the reform, led to the strengthening of the bargaining power of provincial executives in the design of educational reforms that followed the transfer of schools.

The main argument is that federalism helped to legitimize the transfer of schools and teachers, even though the resources to meet the new responsibilities were not transferred. Furthermore, federalism imprinted particular features on the bargaining process over decentralization of education. On the one hand, governors had a more important role than the national legislature in negotiations over the transfer of schools. On the other hand, federal institutions such as the Federal Council of Education fostered coordination and learning among provincial ministers and governors, putting them in a better position vis-à-vis the central government for the next rounds of negotiations on educational issues.

The article is based on the analysis of primary and secondary sources of data and in-depth interviews with national and subnational academics, public officials, and politicians. The interviews were carried out in Buenos Aires, Argentina, between August of 2000 and February of 2001.
1. Introduction

Once administrative centralization has lasted for a while, the same power that founded it, were it later to want to destroy it, is always incapable of bringing about its ruin. (Alexis de Tocqueville, "Political Effects of Administrative Decentralization," in Schleifer 1980: 137)

If Alexis de Tocqueville came to life today and traveled south of Rio Grande, he would be surprised to find that not only administrative but also fiscal and political decentralization are taking place in Latin American countries after decades of centralized governments and states. As Willis, Garman, and Haggard say, “one of the most significant developments in Latin American politics and political economy in the last two decades has been the increasing decentralization of government” (Willis, Garman, and Haggard 1999: 7).

In the political realm, all South American countries now have elected local authorities, and two thirds of them elect the intermediate governments. With regard to fiscal resources, the share of revenues collected at the subnational level in seven Latin American countries has increased from an average of 14.2% of the total tax revenue in 1980, to 15.9% in 1990, and 17.6% in 1997. Likewise, the share of public expenditures by subnational governments increased from an average of 15.7% of the total public expenditure in 1980, to 19.4% in 1990, and 22.4% in 1997.¹ As for the delivery of social services, Argentina, Chile, Colombia, Mexico, and Venezuela, among other countries that until the 1970’s and 1980’s centrally administered their systems of public health, education, and social welfare have now transferred these responsibilities to their provinces, states, or municipalities. In other words, decentralization constitutes a multidimensional process that is taking place within a new type of state characteristic of open-market economies. Once free-market reforms were adopted,

¹ Data for Argentina, Bolivia, Brazil, Chile, Mexico, Paraguay, and Peru. Sources: World Bank (1999); and International Monetary Fund (1998; 1999).
and a large national state was no longer necessary (to regulate the economy, to direct large-scale developmental projects, or to lead national social programs), decentralization spread across the region as the set of reforms that transfer resources, responsibilities, or authority to subnational governments. Thus, decentralization policies take place in three areas: a) in the administration of social services, b) in the collection and distribution of fiscal resources, and c) in the political system.

With the increasing movement toward decentralization of government, scholars are paying more attention to its causes, consequences, and degrees. But while the decentralization literature is growing rapidly, the inadequate or absent conceptualization of intergovernmental relations in those studies is still striking. Political scientists have focused on the relationship between the executive and legislative branches of government as well as on the features of the political systems, neglecting the study of intergovernmental relations. This absence is even more alarming in analysis of federal countries, where relations between levels of government are of fundamental importance to decentralization. As Edmund Muskie said, in federal countries the relations between presidents, governors, and mayors constitute the "fourth branch" or "hidden branch of government" (in Wright 1978: 5).\(^2\) This fourth branch cannot be ignored without sacrificing a great deal of explanatory power on the causes, features, and consequences of decentralization.

In this article, I propose to move the focus of analysis from the horizontal relations between the executive and legislative branches of government to vertical intergovernmental relations between national and provincial executives. The main question is: how do federal institutions affect the process of decentralization? Analyzing decentralization of education in

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\(^2\) Edmund Muskie was U.S. senator and governor of Maine.
The main argument of the paper is that federalism had a double impact on the process of decentralization in Argentina. On the one hand, federalism helped to legitimize the decentralization reforms. This fact, which may seem obvious, is indeed what explains the acceptance by the provincial governments of the transfer of schools without the sufficient resources to maintain them and to afford the costs of demographic growth. On the other hand, federalism conferred special features to the process of decentralization. In the short term, the national legislature lost relevance vis-à-vis the governors in the negotiations upon decentralization. More importantly, federalism had a long-term consequence on decentralization: it provided the institutional setting that allowed for coordination and learning among provincial actors. Through these mechanisms, subnational governments gained increasing bargaining power along the path of educational reforms. This was an unintended consequence for those who at the central level had designed a decentralization of responsibilities without resources as a means to balance the national accounts.

2. Decentralization in Political Science. Is There a Place for Governors?

In general terms, we can identify three categories of work on decentralization in political science: (a) the larger body of work concerned with its consequences, and thereupon
deriving arguments either in favor or against decentralization, (b) a smaller number of works explaining its causes, and finally (c) a handful of works that from a comparative perspective account for different degrees of decentralization.

With regard to its consequences, decentralization has advocates and critics. In the context of democratic transitions, the advocates of decentralization—drawing from theories of local government and fiscal federalism—argue that decentralization increases political representation and fiscal efficiency. Alexis de Tocqueville had already stressed the advantages of local government, “where legislative and governmental action are closer to citizens” (de Tocqueville 1985: 46). Following this theoretical path, Latin American social scientists proposed a decentralization agenda that would strengthen municipal life (Borja et al. 1989; Cabrero Mendoza 1998; García del Castillo 1999). The advocates of decentralization also drew from the theory of fiscal federalism, and proposed the delegation of collection and spending capacities to subnational levels. As early as 1956, economist Charles Tiebout devised a formal model of the advantages of a tax system that, according to the “subsidiarity principle,” collects and spends at the lowest possible level. In this model, the improved knowledge of local preferences and tastes and the competition among jurisdictions leads to greater fiscal efficiency (Tiebout 1956). In the early 1990’s, international organizations supported this theory and advanced proposals for fiscal reforms that would lead to greater decentralization of Latin American fiscal systems (Bennet 1990; IADB 1994; Oates 1972; Oates 1977; Oates 1993; Shah 1994); and on fiscal federalism applied to Latin American economies see (FIEL 1993; Wiesner Durán 1992; Wiesner Durán 1995). Drawing from the ideas of local participation and fiscal efficiency, the social and political coalitions that initially supported the movement toward decentralization in Latin
America were broad. Nonetheless, various voices against decentralization also arose, especially coming from the national unions that saw in administrative and fiscal decentralization a threat to their levels of membership and power (Murillo 1999).

Among the critics, recent academic studies have stressed the negative impact that decentralization may produce whenever traditional elites and local bosses are dominant at the local level. In such contexts, decentralization may lead to clientelism and increases of subnational bureaucracies and deficits (Cornelius 1999; Fox and Aranda 1996; Kraemer 1997; Stein 1998).

With regard to the causes of decentralization, the political science literature has conceptualized decentralization as a function of either electoral incentives or the features of the political party systems. From a rational choice perspective, Kathleen O’Neill (1999) argues that political decentralization takes place whenever national governments pursue this route as the means to remain in power, based on the calculation that if elections are held at the state or municipal levels the chances of winning were higher than if elections are held at the national level. According to O’Neill, this was the reason behind political decentralization (the direct election of governors and mayors) in Bolivia, Ecuador, Perú, and Colombia. Similarly, Michael Penfold-Becerra (1999) claims that political decentralization in Venezuela and Colombia was the result of the institutional incentives of electoral systems. These two explanations work well when applied to the Andean countries and Venezuela; however, they do not hold in cases such as Mexico or Argentina. In these two countries, political reforms led to the direct election of the mayors of their capital cities; however, both in Buenos Aires and in Mexico City opposition parties won the municipal elections that followed political decentralization.
Merilee Grindle's (2000) account of the reasons for political decentralization in five Latin American countries combines strategic calculations with the importance of political crisis. It is intriguing, however, how little attention Grindle pays to the role of subnational political actors in her account of political decentralization. The emphasis on partisan competition and interests, however important, does not account for the role of politicians as representatives of the interests of their provinces, states, or municipalities.

Finally, we arrive at the works that explain the degree of decentralization as a function of divided or unified governments, or the features of the political party system. In 1964, William Riker argued that the degree of decentralization of a federal system was dependent on the level of centralization or decentralization of its party system (Riker 1964). In two recent articles, Willis, Garman and Haggard (Garman, Haggard, and Willis 2001) argue that the degree of fiscal decentralization depends on the relations of reciprocity and dependence between candidates within national parties. “The greater the political sensitivity of politicians at the central level to results at the subnational level, the higher is the likelihood that the [fiscal] system will be more decentralized” (Willis, Garman, and Haggard 1999: 9). The works of Willis, Garman and Haggard, as well as that of Kent Eaton (1998), who analyzes comprehensive tax reforms in Argentina and the Philippines, center around the relation of dependence, reciprocity, and loyalty between the national executive and the representatives of the provinces in the national legislature. They argue that since Argentine legislators depend on the national executive to stay in power (due to the closed-list proportional representation system in which nominations are decided at the political parties’ national offices), their preferences upon decentralization are closer to those of the president than to those of governors. Thus, according to these authors legislators are reluctant to
While political science literature that aims to account for the causes, features, and consequences of decentralization processes focuses on electoral systems or party politics, works on the impact of the constitutional form of government (federal or unitary) on decentralization remain virtually nonexistent. Furthermore, the political science literature on decentralization explains almost exclusively either the level of fiscal decentralization (measured as the percentage of taxes collected and spent at the subnational level) or the origins of political decentralization (the decisions to turn previously appointed subnational offices into elected positions), but there are no works that analyze decentralization of social services, such as education, health, or social welfare programs from a political perspective (despite their importance in the composition of social expenditures). This article aims to fill in those two gaps. It studies the role of intergovernmental relations and federal institutions in the origins and evolution of decentralization processes, and analyzes a peculiar case of administrative decentralization, that even without the corresponding transfer of resources still strengthened the power of subnational politicians to shape the process of educational reforms.

3. The Puzzle of Decentralization in Argentina. Decentralization of Expenditures and Centralization of Resources

In Latin America, the trajectories of decentralization varied widely from one country to another. In those countries where subnational authorities were already elected by popular
vote (as was the case in three of the four federations of the region: Argentina, Mexico and Brazil), the emphasis was on fiscal policies, particularly on decentralization of expenditures. By contrast, in those countries that did not have popular election of subnational authorities, decentralization started as a process of political reforms that later led to a gradual decentralization of administrative and fiscal functions (as happened in Colombia and Venezuela, for example).

In Argentina, a federal country where subnational authorities were elected by popular vote, the process of decentralization was mostly characterized by fiscal and administrative reforms. With regard to the transfer of social services, the most important law since 1983 was sanctioned in December of 1991 (Law 24,049). This law transferred educational services that were dependent on the national Ministry of Culture and Education to the provinces and the Municipality of Buenos Aires. This law also transferred hospitals, and food and youth programs to the provinces. The transfer of social services coincided with an important increase in the amount of taxes that were collected by the federation, of which more than fifty percent were transferred to the provinces. Thus, due to the increase in tax collection, the total amount of provincial resources almost doubled between 1990 and 1992. In this period, the national government was able to decentralize expenditure responsibilities without an additional transfer of resources. Unlike what happened in other countries such as Mexico or Colombia, national unions in Argentina rapidly lost their fight against decentralization of social services. Decentralization, however, required a long series of negotiations with

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5 The revenue-sharing law 23,548 of 1988 (or “coparticipation” law) established that 57.6% of nationally collected taxes had to be transferred to the provinces.

6 The total amount received by the provinces on revenue-sharing transfers ascended from 4,810 million in 1990 to 8,846 million in 1992 (Subsecretaría de Relaciones Fiscales y Económicas con las Provincias 1994: 15).
governors who, regardless of whether they belonged to the opposition or to the ruling party, acted as representatives of their territorial rather than partisan interests.

With regard to fiscal reforms, with the return to democracy in 1983 the provinces were successful in claiming financial compensation to match the responsibilities passed on to them by the military dictatorship (essentially the transfer of public primary schools in 1978). Between 1984 and 1988 the transfer of resources from the central government to the provinces increased significantly. Although these were discretionary transfers—between 1984 and 1988 there was not a law on fiscal relations between levels of government—the provinces as a whole received more resources in those four years than during the dictatorship (1976-1983). Figure 1 shows the evolution of the primary distribution (between the national government and the provinces) of federally collected taxes since the creation of the system of federal transfers in 1935 up to the present.

In January of 1988, a new law on revenue sharing (coparticipation law 23,548) was passed. It constituted an improvement in the process of fiscal decentralization because it institutionalized the high level of primary distribution of resources existing at the time. However, the fiscal reforms that followed the passing of this law tended to centralize, rather than decentralize, taxation powers and resources. The fiscal pact of 1992 cut by 15% the primary distribution of taxes, while the Pact for Employment, Production and Growth of 1993 sought to abolish provincial income taxes.
Paradoxically, at the beginning of the 1990's, the same economic juncture that allowed for the transfer of almost all social expenditure responsibilities to the provinces (since then, only a portion of the pension system and some of the universities have been under central government control, with the remaining public services administered and financed by the provinces) also allowed for fiscal reforms that centralized resources and that took away fiscal capacities from the provinces. Despite the fact that the redistributive effects of fiscal centralization were not felt immediately due to the increase in the absolute amount transferred to the provinces, it is puzzling that the governors would agree to this long-lasting arrangement. How did the national executive achieve consensus to decentralize expenditures

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and centralize income at the same time? In the following sections, I argue that the answer to this puzzle rests with the negotiations between the federal government and the governors and with the Argentine federal constitution. Furthermore, I argue that because of institutions that allow for coordination and learning among the provinces, governors were able to set constraints on the educational reforms that followed the transfer of schools.


A minimalist definition of federalism contends that its necessary feature is the constitutional guarantee of autonomy of subnational governments. A federal system has at least two levels of government with their respective rights and duties constitutionally guaranteed. In this “system certain matters are exclusive competence of local units—cantons, states, provinces—and are constitutionally beyond the authority of the national government, while other issues are constitutionally outside of the realm of authority of the subnational units.” ((Dahl 1986): 114). Federalism is a plurality of autonomous and coordinated centers.

Argentina’s federal constitution of 1853 rendered the provinces responsible for their systems of primary education, justice, and municipal codes. Article 5 of the constitution reads:

> Each province shall enact its own constitution under the republican, representative system, in accordance with the principles, declarations, and guarantees of the National Constitution, ensuring its administration of justice, municipal regime, and elementary education. Under these conditions, the Federal Government shall guarantee each province the full exercise of its institutions. (1994)

Why did the 1853 constitution establish that primary education was a responsibility of the provinces? This constitutional guarantee was the legal acknowledgment of the historical evolution of the schools. Since 1810 public education had been exclusively advanced by
local efforts in each province. This was the result of the lack of a national government and education program, rather than the expression of provincial initiatives and autonomy. In 1910, a report by the National Council of Education, referring to the second half of the 19th century, said:

The school was federal, that is to say local, not because there was a criterion of provincial autonomy in opposition to the actions of the national government. It was local by force of nature, tied to the soil in which existed under precarious conditions. Had the nation counted with sufficient resources, with laws protecting education, with a general criterion for learning, with men capable of enacting an ambitious educational ideal, no province would have opposed the national program with any type of political argument—federal or unitary—and the school would have received the necessary [national] impulse that could not be given until the period of 1870-1875. (Ramos 1910: 110, author's translation)

A national plan of education was not conceived and enacted until the liberal generation of 1863 came to power (with presidents such as Bartolomé Mitre, 1862-1868, and Domingo F. Sarmiento, 1868-1874) and Law 1,420 of universal, free and mandatory education was sanctioned in 1884. Before then, the provinces, with little resources of their own and increasing populations, needed federal funds to sustain their schools. Occasional transfers were made in 1857 and 1867, and in 1871 a subvention law was passed. According to this law, the resources transferred by the national government to the provinces had to be applied to the construction of schools, to the purchase of furniture, books and school materials, and to teachers' salaries. The subvention law was widely criticized. Some interpreted it as a federal intervention in the provinces, while others distrusted the use provinces made of those resources. In 1905, the law Lainez (Law 4,874) ended the controversy over subsidies.8 This law entitled the federal government to build national schools in the provinces that formally requested them. Despite the requisite of a formal

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8 It was called “Ley Lainez” after the name of the senator who wrote the proposal, Manuel Lainez.
provincial request, some people interpreted the Lainez law as the "failure of educational federalism." In the congressional debate of the bill, on September 29 of 1905, National Deputy Carbó argued:

...no single province that has its school system well established, that has respect, esteem and trust for its educational authorities, can delegate the precious capacity of managing primary education [to the national government] without consenting to the interference by foreign [that is, national] authorities. (In Rivarola and Danadi 1961: 60, author's translation)

Despite some initial resistance, the provinces accepted the Láinez law and from the beginning of the 20th century there was a programmatic financing and expansion of the school system at the hands of the federal government. A mixed system of provincial and national schools evolved from then on. The national schools, or—as they came to be known—the "Lainez schools," "had teachers with higher salaries and those salaries were paid more or less on time; therefore, teachers who lived in the provinces preferred to work for the national schools. Moreover, national schools were less exposed to the swings of politics." (Rivarola and Danadi 1961: 70, author's translation)

Between 1956 and 1976, there were several attempts by the national Ministry of Education to transfer the national primary schools to the provinces, but most of them failed or were only partially successful.10 The rationale for those attempts was that "the provinces would assume all the functions that legally correspond to them in educational matters." (Ministerio de Cultura y Educación 1980: Vol.1, 40). In 1978, aiming to cut expenditures on social services, the military dictatorship (1976-1983) appealed to Article 5 of the constitution to transfer all of the national primary schools to the provinces. The 1978 national budget

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9 This was for example the position of the specialist in education and member of the National Academy of Education, Alfredo Van Gelderen, interviewed in Buenos Aires, on January 31 2001.
10 By 1976 all national primary schools had been transferred in the provinces of Santa Cruz and La Rioja, and some of them had been transferred in Buenos Aires and Río Negro.
...a policy of transfer of services to the provinces has been implemented. The most important is the transfer of 6,564 primary schools, with 64,619 teaching and administrative appointments, 897,400 students and an approximate cost of $207 billion ... With these transfers, not only did we try to lighten national state expenditures, but we also wanted the provinces to be responsible for the administrative aspects that take place in their jurisdictions, as it corresponds to a truly federal country. (Ministerio de Cultura y Educación 1980: Vol. I, 85, author's translation)

The transfer of primary schools to the provinces had been discussed during the previous two years at the assemblies of the Federal Council of Education (Consejo Federal de Cultura y Educación, CFCE), where the national and provincial ministers of education met. At the 5th extraordinary assembly of the CFCE in November of 1977, Juan J. Catalán, national minister of education said:

To transfer schools means to take a further step in the improvement of education and it means to give back to the provinces a historical capacity conferred by the Constitution of 1853. (Ministerio de Cultura y Educación 1980: Vol. I, 62, author's translation)

In the context of an authoritarian regime, provincial representatives did not have much room to overtly oppose the transfer of primary schools from the central government. Whenever they expressed their views, it was on how the transfer had to take place, rather than opposing the idea of the transfer itself. Basically, they requested from the central government a gradual implementation of the reform and more resources to meet the new responsibilities. The military, however, passed the primary national schools in a single act and without resources.

In the context of a different regime, in the early 1990's the central government pushed forward decentralization of national high schools to the provinces. The same that at the primary level, at the secondary level of education a mixed system of national and
provincial schools had developed over time in Argentina.

As had happened in the 1970's, the national government appealed to the idea of federalism to justify the transfer. But unlike in the case of primary education, the constitution did not explicitly establish which level of government was responsible for high school education. Therefore, instead of appealing to a particular article in the constitution, the crafters of decentralization of secondary schools appealed to federalism in a broader sense:

...with the final goal of giving birth to the greatly desired federal system of education... a logical step is to decentralize the management of educational services allowing for their direct and immediate management by the provinces... Much is said about federalism, about its systematization, its benefits, but there is a lack of concrete acts that would help its effective articulation. (Bill proposal sent to Congress by the national executive on February 7 of 1990, author's translation)

Was the appeal to federalism enough for the provinces to agree on decentralization of national secondary schools in the context of a democratic regime? Certainly not. A particular fiscal juncture combined with the rhetoric of federalism, and both made the transfer of secondary schools a reality. In 1991 the tax amount collected by the federal government had increased significantly, and with it the automatic transfers to the provinces. At the same time, the national treasury had been negatively affected by the elimination of the “inflation tax”—a consequence of the Convertibility Law of 1991—and the reduction of export and import taxes. It was in this context of increasing resources in the provinces and decreasing resources at the center that the appeal to federalism found fertile soil for the decentralization of education.

5. Bargaining with Governors: the Bilateral Agreements

Unlike the transfer of primary schools that could be imposed from above by the
military, the transfer of secondary schools required political and social coalitions for its support. By using the federal system, the central government was able to negotiate with the governors before the bill went to the legislature. Once governors agreed to the decentralization of social services, the bill was briefly discussed and passed in Congress. Moreover, after the law was passed, the governors were still key players in defining all the details on how the transfer of schools would take place in each province.

In February of 1990, the national ministry of education put forward a proposal to decentralize secondary schools. But the proposal did not reach the floor of congress until almost two years later, when the 1992 national budget sent by the executive introduced a line with the amount corresponding to the transfer of secondary schools to the provinces. Legislators were puzzled by this unexpected addition to the federal budget proposal, especially because the decentralization of secondary schools had not been discussed in congress or with other organizations of civil society. Instead of trying to reach an agreement with the legislators, the federal government focused on getting the governors’ approval. Negotiations between the national ministers of economy, interior, and education and the governors took place in the last trimester of 1991. In those negotiations, governors soon accepted the idea that federal schools had to be transferred to the provinces. This was mainly due to two reasons. First, the provinces were already responsible for the management of primary education, and it seemed therefore appropriate that the provinces would also be responsible for high school education. Second, due to the decrease of federal funding for national schools some governors preferred to be responsible for all of the schools within their
territories. But governors wanted a guarantee that the federal government would also transfer the resources needed to maintain the schools and to pay teachers. The national ministers' position was instead that the provinces were able to afford the transfer of schools with their own resources since the absolute amount of taxes collected and therefore the automatic transfers to the provinces (coparticipation) had increased steadily in the last semester of 1991 and would continue to increase. Furthermore, data from the national ministry of economy showed that during 1991 the total public income was growing at a faster pace than expenditures. Figure 2 contains the information that the national ministers showed the governors during the negotiations for the transfer of secondary schools.

Based on these data, governors agreed to cover the costs of the transfer of schools with their share of co-participated taxes (that is to say, with their own resources) as long as the national government would guarantee to automatically match the monthly cost of the transferred services every time that the taxes collected in a given month were less than the monthly average during the period from April to December of 1991. Once this agreement was reached with the governors, the law to transfer secondary schools and other social services (Law 24,049) was briefly debated in congress and passed on December 6th, 1991. This law provided a general framework for the transfer of services, establishing that the specifics for each province would be discussed in bilateral agreements between the national

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12 Law 24,049, Articles 14 and 15. The total monthly cost of the transferred schools was calculated at 890 million pesos.
ministry of education and the governors.\textsuperscript{14} Hence, given the federal form of government, the law sanctioned in 1991 opened up this second round of negotiations with governors that lasted two years.

The transfer agreements established \textit{how} the transfer of teachers and schools would take place in each province. In each bilateral agreement, arrangements were made on issues such as teachers’ health insurance, pensions and wages, the restoration and maintenance of school buildings, the financing of private schools, the authority to grant degrees and certificates, etc. The first agreement was signed at the beginning of 1992 with the Governor of La Rioja (President Menem’s native province) and the last agreement took place two years later with the Province of Buenos Aires. Table 1 summarizes information on the bilateral

\textsuperscript{13} Source: Ministry of Economy, Argentine Republic.
\textsuperscript{14} Law 24,049, Article 2.
agreements for the transfer of schools: the dates when they were signed and when provinces assumed the responsibility of administering the schools, the governor or governor’s representative who signed the agreement, her political party, the number of public and private schools transferred to each province, and the side payments negotiated in six of the agreements.

Table 1. Bilateral Agreements for the Transfer of Secondary Schools, Argentina, 1992-1993

<table>
<thead>
<tr>
<th>Province</th>
<th>Signed on</th>
<th>Governor</th>
<th>P.Pol</th>
<th>Date Tran</th>
<th>Pub Sc</th>
<th>Priv Sc</th>
<th>Total</th>
<th>%</th>
<th>Side Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>La Rioja</td>
<td>16-Jan-92</td>
<td>Arnaudo</td>
<td>1</td>
<td>1-Mar-92</td>
<td>48</td>
<td>13</td>
<td>61</td>
<td>1.27</td>
<td></td>
</tr>
<tr>
<td>San Juan</td>
<td>15-Feb-92</td>
<td>Escobar</td>
<td>1</td>
<td>1-Mar-92</td>
<td>62</td>
<td>26</td>
<td>88</td>
<td>1.84</td>
<td></td>
</tr>
<tr>
<td>MCBA</td>
<td>19-Feb-92</td>
<td>Grosso</td>
<td>1</td>
<td>1-Jul-92</td>
<td>294</td>
<td>685</td>
<td>979</td>
<td>20.46</td>
<td></td>
</tr>
<tr>
<td>Mendoza</td>
<td>28-Feb-92</td>
<td>Gabrielli</td>
<td>1</td>
<td>1-Jul-92</td>
<td>122</td>
<td>70</td>
<td>192</td>
<td>4.01</td>
<td></td>
</tr>
<tr>
<td>San Luis</td>
<td>3-Mar-92</td>
<td>Rod. Saá</td>
<td>1</td>
<td>1-Apr-92</td>
<td>33</td>
<td>16</td>
<td>49</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>Neuquén</td>
<td>10-Jul-92</td>
<td>Sobisch</td>
<td>3</td>
<td>1-Aug-92</td>
<td>38</td>
<td>6</td>
<td>44</td>
<td>0.92</td>
<td></td>
</tr>
<tr>
<td>Misiones</td>
<td>21-Aug-92</td>
<td>Puerta</td>
<td>1</td>
<td>1-Jan-93</td>
<td>42</td>
<td>39</td>
<td>81</td>
<td>1.69</td>
<td></td>
</tr>
<tr>
<td>Chaco</td>
<td>3-Sep-92</td>
<td>Tauguinas</td>
<td>3</td>
<td>1-Jan-93</td>
<td>26</td>
<td>34</td>
<td>60</td>
<td>1.25</td>
<td></td>
</tr>
<tr>
<td>Jujuy</td>
<td>19-Oct-92</td>
<td>Domínguez</td>
<td>1</td>
<td>1-Jan-93</td>
<td>49</td>
<td>13</td>
<td>62</td>
<td>1.30</td>
<td></td>
</tr>
<tr>
<td>Río Negro</td>
<td>27-Oct-92</td>
<td>Massaccesi</td>
<td>2</td>
<td>1-Dec-92</td>
<td>25</td>
<td>26</td>
<td>51</td>
<td>1.07</td>
<td></td>
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<tr>
<td>Chubut</td>
<td>29-Oct-92</td>
<td>Maestro</td>
<td>2</td>
<td>1-Jan-93</td>
<td>46</td>
<td>12</td>
<td>58</td>
<td>1.21</td>
<td></td>
</tr>
<tr>
<td>La Pampa</td>
<td>29-Oct-92</td>
<td>Baladrón (V)</td>
<td>1</td>
<td>1-Jan-93</td>
<td>35</td>
<td>32</td>
<td>67</td>
<td>1.40</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Tucumán</td>
<td>12-Nov-92</td>
<td>Ortega</td>
<td>1</td>
<td>1-Dec-92</td>
<td>66</td>
<td>98</td>
<td>164</td>
<td>3.43</td>
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<td>Córdoba</td>
<td>1-Dec-92</td>
<td>Angeloz</td>
<td>2</td>
<td>1-Jan-93</td>
<td>187</td>
<td>271</td>
<td>458</td>
<td>9.57</td>
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<td>T. del Fuego</td>
<td>14-Dec-92</td>
<td>Estabillo</td>
<td>3</td>
<td>1-Jan-93</td>
<td>21</td>
<td>5</td>
<td>26</td>
<td>0.54</td>
<td></td>
</tr>
<tr>
<td>Santiago</td>
<td>16-Dec-92</td>
<td>Mujica</td>
<td>1</td>
<td>1-Jan-93</td>
<td>46</td>
<td>26</td>
<td>72</td>
<td>1.50</td>
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<tr>
<td>Entre Ríos</td>
<td>18-Dec-92</td>
<td>Moine</td>
<td>1</td>
<td>1-Jan-93</td>
<td>117</td>
<td>76</td>
<td>193</td>
<td>4.03</td>
<td></td>
</tr>
<tr>
<td>Catamarca</td>
<td>21-Dec-92</td>
<td>Castillo</td>
<td>2</td>
<td>1-Jan-93</td>
<td>38</td>
<td>11</td>
<td>49</td>
<td>1.02</td>
<td>5,200,000</td>
</tr>
<tr>
<td>Santa Fe</td>
<td>29-Dec-92</td>
<td>Reutemann</td>
<td>1</td>
<td>1-Feb-93</td>
<td>139</td>
<td>193</td>
<td>332</td>
<td>6.94</td>
<td>30,000,000</td>
</tr>
<tr>
<td>Corrientes</td>
<td>30-Dec-92</td>
<td>Bello (I)</td>
<td>1</td>
<td>1-Jan-93</td>
<td>66</td>
<td>25</td>
<td>91</td>
<td>1.90</td>
<td>9,500,000</td>
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<tr>
<td>Formosa</td>
<td>30-Dec-92</td>
<td>Insfran (V)</td>
<td>1</td>
<td>1-Jan-93</td>
<td>28</td>
<td>12</td>
<td>40</td>
<td>0.84</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Salta</td>
<td>25-Jan-93</td>
<td>Ulloa</td>
<td>3</td>
<td>1-Mar-93</td>
<td>61</td>
<td>37</td>
<td>98</td>
<td>2.05</td>
<td></td>
</tr>
<tr>
<td>Santa Cruz</td>
<td>16-Mar-93</td>
<td>Kirchner</td>
<td>1</td>
<td>1-May-93</td>
<td>18</td>
<td>7</td>
<td>25</td>
<td>0.52</td>
<td></td>
</tr>
<tr>
<td>Buenos Aires</td>
<td>30-Dec-92</td>
<td>Duhalde</td>
<td>1</td>
<td>1-Jan-94</td>
<td>584</td>
<td>861</td>
<td>1,445</td>
<td>30.20</td>
<td>90,900,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,191</td>
<td>2,594</td>
<td>4,785</td>
<td>100.00</td>
<td>141,600,000</td>
</tr>
</tbody>
</table>

As can be seen in the table, thirteen provinces signed their agreements within a year of the passing of the law. Among the governors of these provinces, nine were from the official party, two belonged to the opposition party UCR, and two were from provincial parties. Eight governors signed the agreements in December of 1992; three of them belonged to the opposition. The last three governors signed throughout 1993. The Province of Buenos Aires was the last to sign, more than nine months after the date of the penultimate agreement. The province’s resistance to sign was as much due to political conflicts between President Carlos Menem and Governor Eduardo Duhalde (both of whom wanted to be the Peronist candidate to the presidency in the 1995 elections) as to the large number of schools and teachers to be transferred (33% of the total transferred schools belonged to the Province of Buenos Aires). After negotiating an additional transfer of almost 91 million pesos, for the maintenance and restoration of schools, Governor Duhalde finally signed on.


The Federal Council for Culture and Education (Consejo Federal de Cultura y Educación, CFCE) is a federal institution presided over by the national minister of education and formed of all the provincial ministers of education. It was created in 1979, merging two pre-existing councils that had been created in 1972. The main purpose of the CFCE is to coordinate the actions of the federal government and the provinces on educational matters. As it was expressed in the law that created the council, its purpose is:

...to plan, coordinate, advise, and agree upon some aspects of educational and cultural policies required by the country and that entail the joint action of the national government and the provinces. (Ministerio de Cultura y Justicia 1988: Law 22,047,
Article 1)

The law that created the council was modified on two occasions (in 1983 and 1993), but in every amendment the council preserved its coordination function. Since its création until the end of the military dictatorship, however, the council was basically a rubber stamp for the policies proposed by the federal government (Slomiansky 1989). During the Radical Party presidency of 1983-1989 the council met very few times due to the opposition of provincial ministers (mostly from the Peronist Party) to the policies of the national government. But after the signing of the transfer agreements in 1992 and 1993, and particularly after the Federal Law of Education of 1993 (Law 24,195), the CFCE acquired great importance and vitality. From the early 1990’s the council became an institution for debate, negotiation, and consensus building between the national and subnational levels, and for horizontal coordination and learning among the representatives of the provinces.

Two indicators of the CFCE’s increasing activity are the number of meetings and resolutions produced per year. According to its statute, the council meets twice a year in ordinary assemblies, and extraordinary assemblies can be called at any moment by the national minister of education, the council’s executive committee, or one third of the council’s members. As shown in Table 2, the number of meetings increased from 6 during the 1991-1992 period to 11 in 1999-2000. The number of resolutions meanwhile increased from an average of 2.3 per meeting to almost 5 per meeting.

Second, all the agreements to transfer schools—with the exception of those of Córdoba and the city of Buenos Aires—had an article that gave the council the power to audit the transfer of funds from the national government to the provinces. This auditing function was new for the CFCE, historically regarded as a consultative institution only.
Table 2. Meetings and Resolutions by the Federal Council of Culture and Education, Argentina, 1990-2000

<table>
<thead>
<tr>
<th>Years</th>
<th>Meetings</th>
<th>Resolutions</th>
<th>Res. per meet.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-2</td>
<td>6</td>
<td>14</td>
<td>2.30</td>
</tr>
<tr>
<td>1993-4</td>
<td>7</td>
<td>14</td>
<td>2.00</td>
</tr>
<tr>
<td>1995-6</td>
<td>8</td>
<td>18</td>
<td>2.25</td>
</tr>
<tr>
<td>1997-8</td>
<td>9</td>
<td>35</td>
<td>3.90</td>
</tr>
<tr>
<td>1999-2000</td>
<td>11</td>
<td>54</td>
<td>4.90</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44</strong></td>
<td><strong>144</strong></td>
<td><strong>3.30 (average)</strong></td>
</tr>
</tbody>
</table>

A third indicator of the council's new role and the increasing importance of subnational governments in designing educational policies was the process of negotiations over the implementation of the educational reforms sanctioned by the Federal Law of Education (24,195). According to Inés Aguerrondo, Undersecretary of Educational Programming from 1994 to 1999,

"The CFCE ... became the arena for negotiations and decisions on specific aspects of educational change. This [new arrangement] decreased the potential conflicts that the changes introduced by the [Federal] law [of Education] could have generated, and also incorporated the diversity of provincial situations into the decision process."

(Aguerrondo 2000: 4, author's translation)

As described by Aguerrondo (2000), the process of negotiation among the federal government and the provinces for the implementation of the educational reforms introduced in the Federal Law of Education had four stages: a) the technical work, b) the federal consultations, c) the national consultations, and d) the final federal agreement. During this process the provincial ministers of education met three times at CFCE assemblies and at least once in regional meetings. The first stage of technical work consisted in the drafting of a

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16 Source: Author's calculations based on data from the Council of Culture and Education, Ministry of Culture and Education, República Argentina.
proposal by the national ministry of education with experts’ advice, which was later presented to the provinces at a CFCE assembly. During the federal consultations stage, the provincial ministers took the national ministry’s proposal to their provinces and discussed it with their advisory teams and representatives of the provincial educational system. A new version of the proposal resulted in each province. Those provincial proposals were then discussed in regional meetings, and a regional proposal resulted. The regional versions (there are five regions in the CFCE) were presented afterwards at a second general assembly of the CFCE, out of which the next general version of the proposal emerged. The council approved this version with the phrase “for national consultation.” National consultation was the third stage in the process of negotiation. The proposal passed to universities, teachers’ unions, the church, and other organizations of civil society interested in educational issues. From this national consultation emerged the final proposal that, in the fourth and final stage of the process, was presented in a final council meeting for approval. The whole process, from the presentation of a proposal by the national ministry until its final approval by the CFCE, could take between four and five months (Aguerrondo 2000: 4-6). Through this process the provincial administrations and political actors gained a much greater say in the design of educational policies than they had before the decentralization of secondary schools in 1992 and the sanctioning of the Federal Education Law.

Finally, learning and coordination between subnational actors also occurred at the CFCE. Provincial ministers of education learned from interaction with other provincial ministers at CFCE assemblies. By analyzing some of the transcripts of the CFCE meetings we can see that provincial ministers such as Luis Roldán from the Province of La Pampa and Graciela Giannettasio from the Province of Buenos Aires very often played the role of
agenda setters and achieved working majorities for their proposals, which were frequently opposed to those of the national Ministry.17

The provinces also coordinated to veto policies put forward by the national ministry. In 2000 the national minister of education, Juan José Llach, tried to get the provinces to agree to sign a second Federal Pact on education. The first Federal Pact on education had been signed in September of 1994 and it was due to expire in September of 2000. In June of 2000 Llach presented his project for a second Federal Pact to the provincial ministers. At the June assembly, the minister of education of the province of Buenos Aires, José Octavio Bordón, voiced the critical position of his colleagues towards the pact. Bordón told Llach:

... I want to tell Llach, after having discussed it with many of my colleagues, that we very much appreciate your decision of accompanying and leading us in our desire for a new Federal Pact of Education. We consider this important for the continuity [of policies] ... [We appreciate] that you have compromised yourself with a proposal that will lead us to a vigorous debate. I agree upon many issues [in the proposal]. On other issues, I already said it here as well as in private, I disagree. But I do appreciate very much that the minister has brought a proposal for debate, a proposal upon which consensus will really not be easy, but once reached, it will be important. (Transcript from the 45th extraordinary assembly of the CFCE, 2000: 46, author’s translation)

The second pact was never signed. Provincial ministers, dissatisfied with the amount of money that the national ministry was proposing to devote to investment in education, refused to sign to second Pact. The pact failed, and as a consequence the national Minister of Education resigned.18

Other declarations of governors and provincial ministers at the CFCE meetings also challenged the national ministry, to the point of questioning its very existence. At the 45th

17 See for example the transcripts from the extraordinary assemblies 39 (1999) and 45 (2000).
18 Other circumstances also contributed to the minister’s resignation at the end of September of 2000, especially political conflicts with other members of government and with the undersecretary of basic education, Francisco Delich. Interview with Juan José Llach in Buenos Aires, January 30, 2001.
CFCE assembly in June of 2000, the governor of the Buenos Aires province, Carlos Ruckauf, said:

...we have great affection and respect for Juan Llach, we believe that we can work together in many things. However, I am one of those who honestly think that soon will arrive the day when we will have to eliminate the Ministry that Llach conducts today. Because, considering that [the provinces] are responsible for providing education, I think that the educational system should be conducted by a Federal Council of Provincial Ministers. I also think that some day we must also end the Ministry of Health, because we also provide health services. (Transcript from the 45th extraordinary assembly of the CFCE, 2000: 40, author’s translation)

In summary, things had changed greatly from the times when the CFCE acted merely as a rubber stamp for the central government’s proposals. By 2000, eight years after the provinces had managed their own educational systems (except for the university level, at which the national government still has responsibilities), governors and provincial ministers challenged the national ministry of education’s projects as well as its existence at CFCE assemblies. Once educational services were decentralized, through the assignment of new functions, coordination, and learning enabled by the CFCE, provincial ministers and governors gained more leverage to negotiate educational reforms. But this was the unintended consequence of a process of decentralization initially designed by the national executive to delegate expenditures, cut the deficit, and balance the national accounts.

7. Conclusions

Federalism, as a legitimizing principle for the transfer of national schools to the provinces, was used to justify the transfer of responsibilities without resources, both in the 1978 and 1992. Also because of federalism, governors became key negotiators in the transfer of secondary schools, before and after the transfer law was passed in Congress. Moreover,
once schools were in the hands of provincial governments, federalism provided them with an institution, the CFCE, in which they could fight for their interests vis-à-vis those of the national government.

The national government still has an immense capacity to buy support from the provinces because it collects most provincial resources and also facilitates access to other sources of funding such as international credits. But if Argentina’s big provinces (Buenos Aires, Mendoza, Santa Fe and Córdoba) gain more autonomy in collecting their own revenues, and they continue to use federal institutions to advance their proposals, to learn about the administration of social services and to seek the support of other provinces, they will keep increasing their bargaining power relative to the national government. In this scenario, the national executive will have to rely on the overrepresentation of small provinces in the legislature (Gibson 1999) to build majorities in support of its policies, and to guarantee the necessary redistribution of resources between provinces that will make the impact of decentralization less unequal in terms of its results.
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