

The Americas:

Argentina's De La Rúa Flunks Education Reform 101 By Sebastian Edwards

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The recent resignation of Argentina's vice president, Carlos "Chacho" Alvarez, is the latest chapter in that nation's political melodrama. The reform-minded Chief Minister Rodolfo Terragno had already resigned, and President Fernando de la Rúa has announced sweeping cabinet changes. At the center of these developments is a major political scandal involving allegations that top presidential aids bribed members of Congress into passing a new labor law. For the last two months allegations of corruption, vote buying and "influence trafficking" have dominated local headlines.

Yet lost in this drama is the Sept. 22 resignation of the minister of education, respected economist Juan Llach. It may be that the departure of Mr. Llach, who had developed an ambitious program to overhaul Argentina's ailing educational system, represents the most serious setback for Mr. de la Rúa's long-run goal of Argentine prosperity.

Mr. Llach's reform program was both simple and ingenious. It relied on decentralization, debureaucratization, choice, merit-based compensation for teachers, accountability for school principals, and greater parent involvement. But it was strongly opposed by the powerful teachers' unions, and by politicians from within the president's own political party. In the end, politics won over reform, and with Mr. Llach's departure the probability of Argentina catching up on the educational front has greatly diminished. Without a major shake-up of its moribund public education system, Argentina will be unable to compete effectively in a technologically oriented global economy.

Under Argentina's federal political system, education policy is the responsibility of the provinces. But instead of viewing this as an impediment to change, Mr. Llach saw it as a springboard for reform. He developed an incentive system for the provinces: Those that were willing to go along with the basic tenets of reform would be eligible for special

federal educational funds. He called this the "Federal Educational Pact," and asked the government to provide \$450 million to fund it. According to the pact the provinces could use these additional monies for any educational purpose, including increasing the salaries of highly rated teachers.

Argentina's educational system is appalling. International comparisons indicate that while the country spends more on secondary education than nations of comparable development its performance -- measured, for instance, by the percentage of students who graduate on time -- is significantly below the international norm. Worse, the quality of education has gradually deteriorated. While in 1962 more than 35% of students who had started the secondary education program graduated on time, by 1997 that figure had declined to only 24%. The quality of education also varies significantly across provinces. While rich provinces do relatively well, poor ones aren't much better than the more destitute countries of the world.

A 1999 study by an Argentine foundation known by its Spanish initials IERAL showed that there is no direct relationship between expenditure on education and student performance. The implications of this finding are simple, yet powerful: Merely increasing the budget will not solve the nation's educational deficiencies. In fact, increasing funding without fundamental reform of the system would be throwing good money after bad. According to the study -- which was directed by Mr. Llach and his associates, and was published under the title "Education for Everyone" -- there are four main reasons for Argentina's educational debacle. The first is a dramatic increase in the degree of bureaucratization since 1997. The second is a very large number of teachers who are being paid but not teaching. Third is a disconnect between teachers' remuneration and performance, and a frightening lack of accountability that has encouraged a high degree of absenteeism among teachers. Fourth, through their powerful labor union teachers have blocked any attempts to modernize the educational system.

In standardized tests, students in private primary schools obtained scores an average of 25% higher than their public school counterparts. These quality differentials are adding to the underclass, perpetuating poverty and inequality, and feeding social and political instability.

Yet Mr. Llach's study found that when there is choice and increased competition among private and public schools there are higher test results, and better overall performance. Indeed, test results in Buenos Aires -- where private and public schools are engaged in healthy competition -- are substantially better than in the rest of the country. Within Buenos Aires there are no statistically significant differences in the performance of public and private schools, suggesting that competition benefits every type of school.

Mr. Llach persuasively argued that by tackling the system's main shortcomings, it would be possible to reverse the decline in Argentina's educational system. Although the "Federal Educational Pact" did not go as far as advocating the use of vouchers, it did set the basis for gradually moving in that direction.

Mr. de la Rúa has talked about the importance of education. However, when it was time to deliver, he balked under teachers' union pressure and left his education minister standing alone without political or financial support. As time went by it became increasingly clear that the president was unwilling to use any political capital to bankroll Mr. Llach's program.

For years the teachers' union has been the backbone of the president's Radical Party. It seems that the president has decided that it's more important to cater to this highly privileged interest group than to do the right thing for Argentina's children. This decision may come to haunt him in the future. A number of polls, including one from Gallup released recently by the daily La Nación, suggest that the public is becoming increasingly fed up with the educational system's low quality. It may not be long before they demand true educational reform along the lines proposed by Mr. Llach.

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