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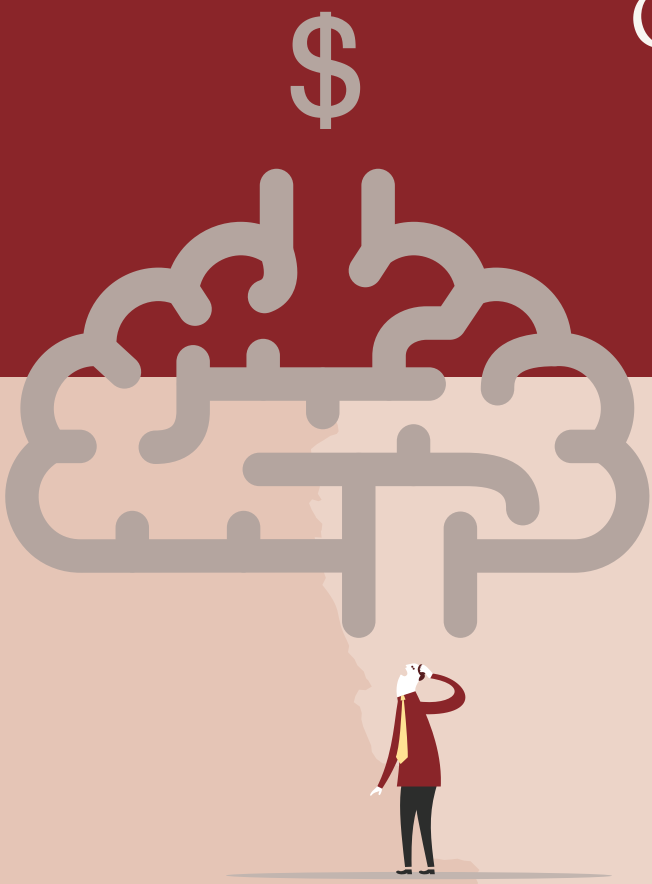
PROSPERITY IN DEPTH: ARGENTINA

Crying for Argentina



By **Albert Fishlow**

2012 LEGATUM PROSPERITY INDEX™ RANKING: ARGENTINA

41/142

GLOBAL TRANSITIONS **PROSPERITY** STUDIES

THE LEGATUM INSTITUTE

Based in London, the Legatum Institute (LI) is an independent non-partisan public policy organisation whose research, publications, and programmes advance ideas and policies in support of free and prosperous societies around the world.

LI's signature annual publication is the *Legatum Prosperity Index™*, a unique global assessment of national prosperity based on both wealth and wellbeing. LI is the co-publisher of *Democracy Lab*, a journalistic joint-venture with *Foreign Policy Magazine* dedicated to covering political and economic transitions around the world.

PROSPERITY IN DEPTH

To complement the Prosperity Index, we commissioned 12 specialists—economists, political scientists, journalists—to provide additional analysis of selected countries. Their studies vary from essays putting contemporary challenges into historical context (Iran, China, Mongolia) to up-to-the-minute surveys of the barriers to economic growth (Egypt, Japan, India) to controversial alternatives to the conventional policy interpretations (Iceland, Colombia, Vietnam). In each case they represent highly original work by distinguished experts that adds depth and insight to the statistical analysis of the Prosperity Index.

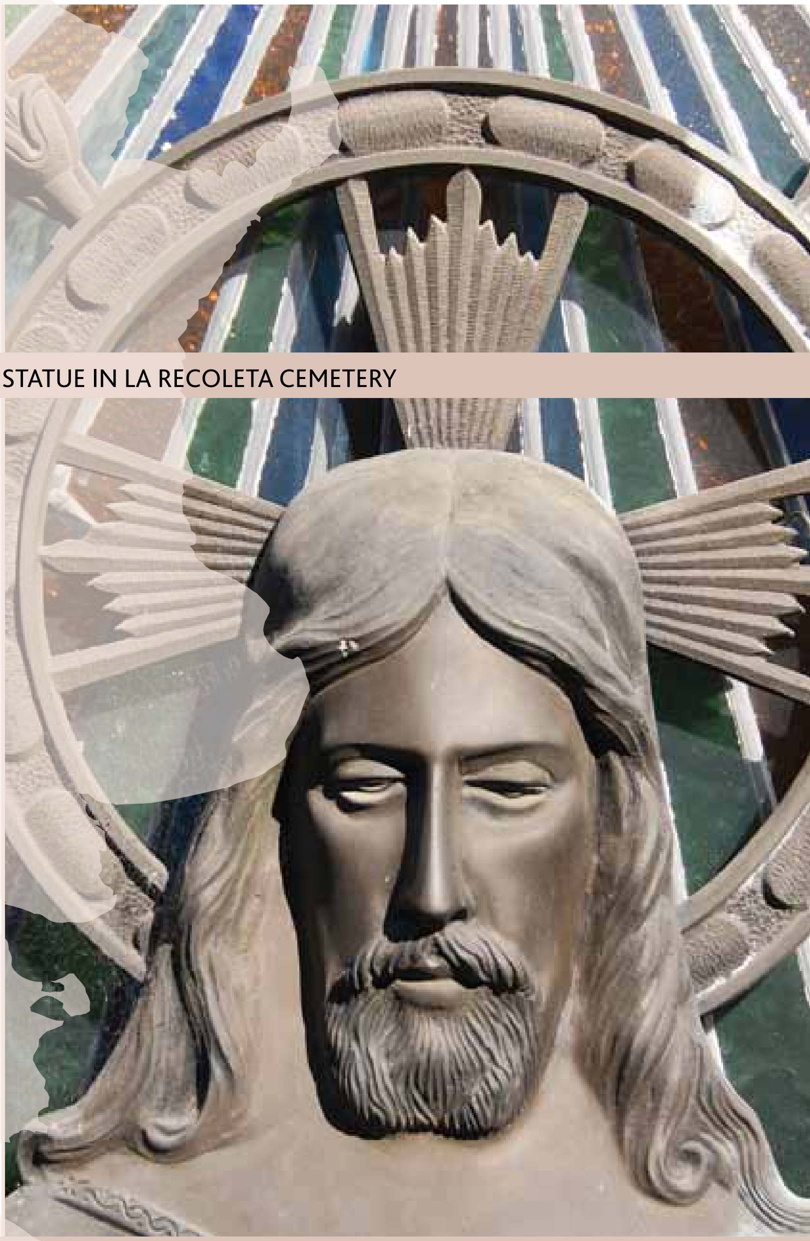
FOREWORD

Argentina ranks a fairly healthy 41st among nations on this year's Prosperity Index, putting it ahead of every Latin American country save Costa Rica, Chile and Uruguay. And why not? It boasts the highest average living standard on the continent, along with admirable rankings on the PI sub-indices for Personal Freedom (26th), Health (41st), Education (42nd) and Safety & Security (46th). But Albert Fishlow paints a less sanguine picture. Argentina's toxic political culture is still preventing an economy richly endowed in natural resources and human capital from fulfilling its promise.

Fishlow, who served as Deputy Assistant Secretary of State for Inter-American Affairs in the Carter Administration (and later directed Columbia University's Institute of Latin American Studies) sees evidence of Argentina's dysfunctional political culture as far back as the Depression. While Argentina was hit hard by the collapse of global commodity markets, the blow was far less severe than those experienced by the big industrialized economies. Yet democracy collapsed, ushering in a half-century of military rule alternating with incompetent elected populist government. Class warfare—agricultural wealth versus industrial wealth, labour unions versus everybody else—was never far beneath the surface. Nor was a level of corruption, which was startling even by the none-too-high standards of the region.

Fishlow argues that Argentina remains a divided society, in which corruption is unexceptional and the average citizen's commitment to the commonwealth is weak. (A condition reflected in the country's relatively low scores on the PI sub-indices for Governance and Social Capital.) Fishlow doesn't offer much hope that Argentine society will heal itself, but does argue that globalization may help break the familiar pattern in which Argentina isolates itself in hard times.

Peter Passell, Editor



STATUE IN LA RECOLETA CEMETERY

ABOUT THE AUTHOR

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ABOUT THE EDITOR

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Crying for Argentina

It's safe to say that no other modern economy with a democratic government has made so little from so much.

Argentina is unique—a distinction that is, at best, a mixed blessing. In 1913, Argentina's per capita income was among the five highest in the world. In the interim, it has slipped to 69th highest, behind most of the former Soviet satellites in eastern Europe and just ahead of Botswana, Gabon and Lebanon. It's safe to say that no other modern economy with a democratic government has made so little from so much.

This relative decline has proceeded in cyclical fashion. Policies have ricocheted between extremes, reflecting conflict between economic interests that in the past were all too often resolved by military coup. However, military dictatorship can no longer be offered as an explanation for what ails Argentina's economy and polity—the military has stayed in the barracks since its humiliation in the Falklands/Malvinas in 1982. Nonetheless, Argentina has since been beset by out-of-control budget deficits, hyperinflation and debt defaults, even as civil society has been battered by unprecedented poverty and inequality.

In a global economy that has consistently rewarded free-market policies and openness to trade and investment, Argentines have increasingly opted for a greater state role, relying on trade protectionism to stimulate industrial expansion and blaming everyone but themselves for the consequences. Actually, luck has largely favoured the country in recent decades. During much of the husband wife reign of Presidents Nestor and Cristina Kirchner, Argentina had the good fortune to be a major commodities exporter in the midst of a global commodities boom. Nonetheless, macroeconomic management became more arbitrary and less market-oriented.

Now, as commodity prices sag and the global economy again seems poised on the edge of recession, Argentina has again chosen to go it alone. Imports are being tightly restricted; transactions in foreign currency are subject to rigid controls. And Cristina Kirchner's announcement last April of the nationalization of the Argentine assets of Repsol (the Spanish oil company) against the backdrop of a portrait of Evita Peron, suggest more of the same to come.

PLAZA DE MAYO, BUENOS AIRES

By no coincidence, the cost of insuring Argentina's sovereign debt against default for a year is more than 10% of a bond's face value—five times the rate for all other Latin American countries except Venezuela. The big question now is whether the ritual squandering of Argentina's economic prospects in a show of incompetence and opportunism is about to be repeated.

THE PAST AS PROLOGUE

Searching Argentina's history for clues to the answer is not reassuring. Like Canada and Australia (and to a lesser degree, the US), Argentina became wealthy selling grain and meat to Europe after the revolutions in steamship and rail transportation in the late nineteenth century. And like other great agricultural producers of the New World, Argentina was a prisoner of the volatility of commodity prices. Its economy grew at blistering pace of 7% annually between 1903 and 1913, only to be

In a global economy that has consistently rewarded free-market policies and openness to trade and investment, Argentines have increasingly opted for a greater state role.

hammered by the collapse of global commodity markets in World War I. But it recovered briskly thereafter, averaging 6.4% growth from 1918 to 1929 on the strength of foreign direct investment and burgeoning global demand for farm commodities.

The Great Depression sent the Argentine economy (and every other market economy) into the skids. Between 1929 and 1932, export prices fell by close to half and the GDP declined by 14%. It's worth noting, though, that fortune again favoured Argentina—the 14% decline was modest by comparison to the 30–50% declines experienced by most heavily industrialized countries. And the recovery was faster: Argentine output regained its late 1920s level in 1935, and it was never forced to default on its debts.

The more enduring (and more serious) impact of the Depression was political. The year 1930 began an interval of more than five decades of military intervention in Argentina punctuated by the occasional elected government. Initially, there was a presumption that civilians would soon return to power. That faded by the 1960s, however, as military rule became the rule rather than the exception throughout Latin America.

The real divergence of the Argentine economy from other promising New World economies dates to the 1940s, to the rise of Juan Peron and the Peronist economic model. Like Fascists and Stalinists, Peronists believed (and maybe still do) in top-down direction of the economy. The core economic goal, though, was not growth but the redistribution of income—first from Argentina's rural oligarchy to highly concentrated urban industries protected against competition from imports, and then from industry to its unionized labour force.

Union affiliation rose from a tenth of non-agricultural employment in 1936 to a half in 1950. And by the mid-1950s, Peronists had made a lot of headway: labour's share of national income was eight percentage points higher than a decade earlier.

Peron was first elected in 1946, and then won a second term in 1951 by 12 percentage points—twice his margin in 1946. But, although focused on redistribution, Peronist policies were felt in terms of productivity. The economy flagged over this interval, and inflation mounted. Imports exceeded Argentina's largely agricultural exports. And foreign currency reserves that had accumulated during the wartime boom were used to nationalize the railways and other British-owned assets, and thus could no longer be used as a buffer against the volatility of agricultural output and global market prices.

Economic growth averaged 3% annually between 1946 and 1954, a reasonable pace until one remembers how much low-hanging fruit went ungathered. Tellingly, both agriculture and industry expanded below this pace; the government sector, by contrast, grew at an average annual rate of 7.3%.

Military intervention ended this first experiment in Peronism in 1955 with a society increasingly at odds with itself—as it continues to this day. The military ceded control (to an anti-Peronist civilian government) in 1958. But in 1966 the military returned to stay, save for a brief interlude (1973–76) in which Peron and his wife Isabel ruled, until the folly of the Falklands/Malvinas War forced their exit.

Under the dictatorships, there were two separate efforts to change the Peronist rules of the game that undermined growth.

The real divergence of the Argentine economy from other promising New World economies dates to the 1940s, to the rise of Juan Peron and the Peronist economic model.

No sleight of hand by the minister of the economy could undo the toxic way Argentina resolved struggles between unions, industrialists and land barons for bigger shares of the pie.

The first occurred in 1966 through 1969 under Adalbert Krieger Vasena, an economist who had the ear of the anti-Peronist, military-dominated government. Confronting inflation running at more than 30%, he attempted to contain wages, encourage industrial exports and reduce protectionism in order to increase competition in manufacturing. Direct foreign investment was welcomed. And deficits (fiscal and international trade) were to be managed by abandoning policies that kept down food prices at the expense of farmers.

Initially, the effort seemed to yield success. Growth exceeded 5% a year between 1967 and 1970, while fiscal performance improved and inflation fell below 8% in 1969. Argentina was even able to sell government bonds on reasonably favourable terms. But Krieger Vasena left office after the *Cordobazo*, a popular uprising against the military dictatorship led by trade unions. The military hung onto power, but abandoned efforts to contain wages and urban incomes as a sop to the opposition. Inflation inevitably reemerged.

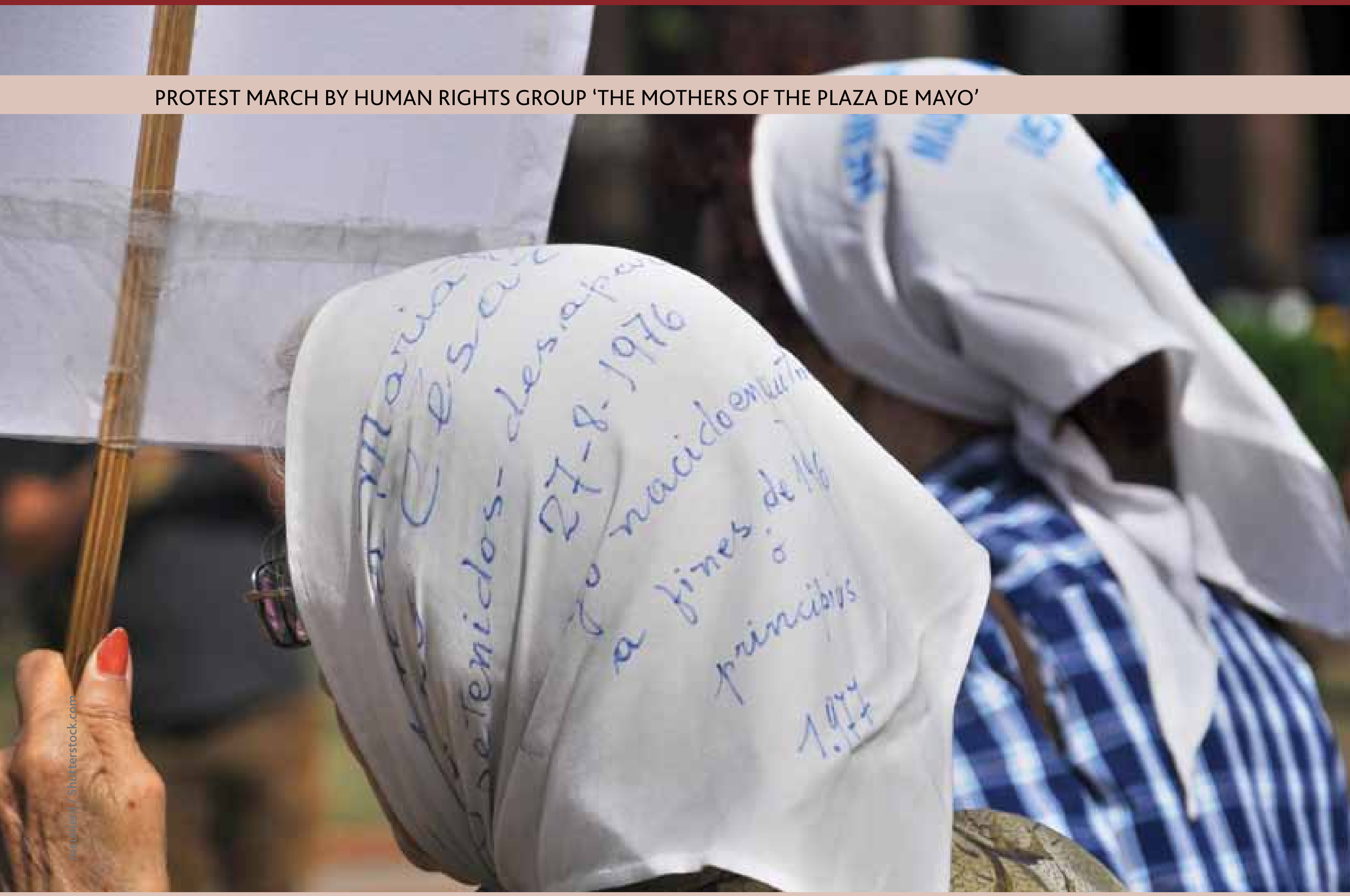
The second plan took shape under José Alfredo Martinez de Hoz, a conservative business executive who became economy minister after another military intervention in 1976 that again forced a Peronist exit. Influenced this time by the Chilean experience with technocracy after the Pinochet coup, Martinez de Hoz served up a complicated plan designed to change inflationary expectations (inflation had been running at 5,000%) and to hitch Argentina firmly to the global economy. It produced a period of declining inflation along with a boom in foreign capital inflows—but also a huge increase in foreign debt that made the economy vulnerable to global volatility.

Martinez de Hoz stayed in power a full five years (until March 1981), long enough to see how badly his free-market elixir reacted with Argentine economic culture. He was forced to devalue the badly over-valued currency, which reignited inflation even as the economy dipped into a deep recession. The military was driven from power in 1983 after it was discredited both by defeat in the war with Britain and cluelessness in the face of economic crisis.

To be fair, many countries shared Argentina's economic woes in this period. Poor and middle-income countries across Africa and Latin America had borrowed heavily in the 1970s from international capital markets to cover soaring energy costs, and the chickens eventually came home to roost. But Argentina's problems were more fundamental: no sleight of hand by the minister of the economy could undo the toxic way Argentina resolved struggles between unions, industrialists and land barons for bigger shares of the pie.

In December, 1983 Raul Alfonsin became the first democratically elected president since Peron. And though Argentina had run out of dictators, it was still well supplied with economists bearing reform plans that were a bit too magical. Alfonsin's Austral Plan, instituted in 1985, featured wage and price controls, fiscal and monetary austerity—and a change in the name of the currency. (Exit peso; enter austral.)

But the Austral Plan languished and died, as the government was unable to sustain budget discipline. In any event, it was probably doomed from Day One: this, after all, was a lost decade for Latin America, when private capital flows turned negative and international financial institutions like the IMF provided little help. Alfonsin resigned in July 1989, before his term expired, with inflation headed for the ionosphere.



PROTEST MARCH BY HUMAN RIGHTS GROUP 'THE MOTHERS OF THE PLAZA DE MAYO'

A FREE MARKET SOLUTION

His elected successor, Carlos Menem, was a Peronist, but not a member of the party's ward-heeling inner circle. At his inauguration, he announced far-reaching privatization, fiscal reform and tariff reduction, and was subsequently granted authority by Congress to rule by decree. But Menem faced the traditional Peronist problem of needing to promise more to his core constituents than the economy could deliver without rapid growth. Popular support quickly diminished, as both business and labour were alienated. Inflation soared again in 1990 and the beginning of 1991.

However, Menem, too, had an economist up his sleeve—and a very smart one at that. Domingo Cavallo, who earned his PhD at Harvard, boldly locked Argentina's currency (the name was changed back to the peso) to the US dollar. And he added credibility to the commitment by putting the central bank on autopilot, legally tying Argentina's money supply to the central bank's reserves of foreign currency. Meanwhile, the government's extensive business holdings, ranging from public utilities to heavy industry to petroleum, were sold with foreigners welcome to buy in.

THE PINK HOUSE, PRESIDENTIAL PALACE

This privatization served the cause of fiscal stability in two ways. First, receipts from the asset sales reduced the budget deficit. Probably equally important, the sales rid the government of the ongoing losses from generally inefficient, money-losing state enterprises. All told, about one-third of the change in the fiscal position between 1989 and 1992 stemmed from privatization.

Menem/Cavallo also forced through another round of tariff cuts, exposing Argentine industry to greater competition. And levies on exports were eliminated, giving agriculture—Argentina's comparative advantage along with petroleum—a level playing field in global markets. Total trade (exports plus imports) tripled as a percentage of GDP in the 1990s, ending Argentina's long, disastrous experiment with by-the-bootstraps industrialization that benefited nobody but industrialists, politicians on the take and their union allies.

Foreign investment returned, not merely to buy into privatization, but to finance new projects. Finally, Menem went beyond earlier steps to increase trade with Brazil and accelerated movement toward Mercosul, a regional pact whose objective was to create common market among Argentina, Brazil, Paraguay and Uruguay.

The economy came out of its torpor, with high sustained growth rates Unemployment rose—it had to in order to make the transition from protectionism to competition. But the fact that Menem was a Peronist and controlled the patronage that fed the party machine, limited labour opposition. Even the financial crisis that engulfed Mexico and spread dangerously across the globe in 1994 proved manageable with the assistance of an IMF loan to compensate for the panicky exit of foreign capital.

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THE END OF THE RAINBOW

But the dramatic reforms of the 1990s did not fundamentally change the political and economic cultures that stood in the way of flexibility in wages and prices needed to keep the economy competitive. Cavallo, never a man to suffer fools or corrupt politicians, was forced out in 1996, and thereafter the strains on the economy slowly built. Locked into an ultra-tight monetary policy dictated by the currency straitjacket, Argentina entered what amounted to a depression. Interest rates soared, even as the GDP fell by 25% between 1999 and 2002. With unemployment and poverty at record levels (in a country never amenable to collective sacrifice), the system finally snapped. The peso was devalued, ending Cavallo's attempt to reinvent the Argentine economy.

Fernando De la Rua, from the centrist Radical Party, had been elected in 1999 after Menem failed to change the constitution to run for another term. But he resigned at the end of 2001 in the teeth of continuing economic deterioration. Eduardo Duhalde, the rabble-rousing Peronist governor of Buenos Aires, served as a placeholder until the March 2003 election of Nestor Kirchner, a relative unknown who slipped into office after splitting the Peronist vote with—you guessed it—Carlos Menem.

I believe four factors led to the collapse of the Cavallo's bold initiative to short-circuit the transformation of Argentine economy to conventional market capitalism.

One, clearly, was the bad luck of the sharp appreciation of the dollar as global investors sought safety from the currency convulsion of the late 1990s. The peso, of course, appreciated along with it, making imports more attractive to Argentine consumers even as Argentine exports became less competitive. Nor did it help that trade with Brazil went into the red after that country's large devaluation in 1999.

Cavallo attempted to buffer these currency shocks by re-indexing the peso, this time to both the euro and the dollar after he was brought back into the government in 2001. But it was much too late: the move was rightly viewed as a back-door attempt to dig Argentina out of its commitment to never, never, never allow the currency to depreciate.

The dramatic reforms of the 1990s did not fundamentally change the political and economic cultures that stood in the way of flexibility.

Second, Argentina faced an increasingly volatile global economy lacking tools to adjust to rapid change. After the Mexican crisis in 1995 came the Asian crisis in 1997, the Russian default in 1998 and soon thereafter, Brazil's reluctant devaluation (alluded to earlier). And as a consequence, capital markets thought thrice about lending Argentina money to tide it over.

This new attention to exchange-rate risk on the part of foreign investors was doubly problematic because Argentina had grown accustomed to financing chronic trade deficits with injections of foreign capital during the privatization of state-owned businesses in the 1990s. In Brazil, which faced similar issues, devaluation was traumatic but possible. In Argentina it represented a fundamental repudiation of reform.

Third, structural unemployment was a growing problem before the monetary vise closed on the economy. Newly privatized enterprises fired substantial portions of their bloated workforces. Moreover, lower interest rates (facilitated by the currency lock) had encouraged employers to substitute capital for labour in modernization plans. Organized labour, never docile, became increasingly obstreperous and found greater popular support as the economy turned south in the late 1990s.

Fourth, rising interest rates in peso obligations increasingly burdened business, which had converted much of its debt from dollars to pesos in the late 1990s in order to hedge against the risk that the currency lock would break. Their hostility to keeping the system intact only added to the pressure felt from the unemployed.

Devaluation worked to turn around the economy—and probably better than anybody had a right to expect. Imports declined radically, creating an unprecedented trade surplus. Moreover, local industries got a big boost, as consumer demand was deflected from imports.

The fly in the ointment was all that foreign debt, which now represented an even more daunting liability because it was denominated in dollars. But Kirchner, a Peronist in search of popular support, actually used the external debt threat to political advantage. The IMF became the enemy, a symbol of accumulated past mistakes as well as the source of the disastrous advice to Argentinians to stay the bitter course in 2001 and 2002.

A DECADE OF KIRCHNERS

Stepping back, one might imagine that Kirchner's about-face in economic policy had indeed saved Argentina from the foreign bankers. Between 2003 and 2011, the official measure of GDP grew at an annual rate of more than 7%—even higher than the

CRANES AT PUERTO MADERO, BUENOS AIRES

rate achieved during the 1990s Argentine Miracle. Unemployment dropped by more than 20 percentage points and real wages surged in the formal (largely unionized) sector. Thanks to devaluation (and the lag in union bargaining response to higher living costs) Argentine manufactures became competitive in Brazil and other Latin American markets. Some credit here should also go to Finance Minister Roberto Lavagna, a carryover from the Duhalde administration who directed much of the increased federal spending to relieving the atrocious plight of Argentina's sudden poor.

But the success of Kirchner's modern brand of Peronism also depended on a combination of luck and willingness to break faith with foreign creditors. The trade surpluses created by the big devaluation were much augmented by the global boom in commodity prices that fattened receipts from Argentina's large, efficient agricultural sector. Argentina's reserves of foreign exchange grew nicely along with the trade surplus. So did the health of the government fisc, as tax revenues rose far more rapidly than output. Government receipts amounted to 29% of GDP in 2007, up from 20% in 2002.

This made it possible for Kirchner to thumb his nose at the IMF with impunity; indeed, he was able to repay all that was owed to the global lender of last resort. Most of Argentina's dollar-denominated debts were private, however. And here Kirchner played tough,

GAUCHO HERDING COWS NEAR SALTA IN NORTH WEST ARGENTINA

demanding that the debt holders accept a lot less than 100 cents on the dollar. The owners of roughly 75% of the debt accepted a settlement in 2005 rather than take their chances on the long and winding road of international debt collection.

Nestor Kirchner lacked constitutional authority to run again in 2007. But in an echo of Juan and Eva Peron, he was able to usher his photogenic wife, Cristina Kirchner, into the office on a promise of policy continuity and the domestic tranquillity made possible by rapid growth.

That was not to be. First, with Peronist promises to keep to urban constituents, the government sought to levy additional taxes on the agricultural sector. Second, inflation began to eat away at the exchange-rate advantage enjoyed by domestic industry since the devaluation. Third, the global economy was entering into a serious recession, reducing demand for Argentine exports—and paring government revenues. But Cristina proved to be a skilful

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politician, rallying the Peronist constituencies and playing the nationalist card well for a solid win in the 2011 election.

A RETURN TO THE PAST?

Argentina's economy and polity seem to be slipping into a familiar, if not happy, place. The budget is in deficit for the first time in 20 years as government expenditures continue to expand to feed favoured constituents and to counter declining growth. Foreign investors, already wary, have backed off in the wake of the nationalization of the Spanish-owned YPF oil company, which was apparently a play to steal back a more valuable-than-expected asset and to evoke Argentines' paranoia about foreigners' perfidy. The scent of scandal always seems to be in the air in the country's bruising politics. And the black market rate for dollars (legal access is restricted) has risen sharply this year.

But virtually no one expects a total regression to the wretched economic performance that extended from the end of World War II until 1990. Growth rates per capita between 1945 and 1990 averaged 1.3% annually. In the last two decades the rate has been a better 3.2%.

One important reason for perked-up growth has been the rising productivity in agriculture, accompanied by advances within both the industrial and service sectors stemming from greater exposure to global markets. Another has been the boom in the prices of Argentine export commodities—prices that are subject to great volatility, but are likely to be sustained as the Asian economies grow.

It's also worth noting that the Kirchners' antics notwithstanding, economic policy has not been as rigid and unresponsive to market pressures as it was historically. Argentina's reflexive response to problems is to blame foreigners and to back away from international engagement. But isolation is increasingly impractical, and, in any event, the forces of globalization have begun to erode the self-destructive aspects of Argentine particularism—whether enough remains to be seen.

Consider, for example, the consequences of the re-nationalization of YPF, Argentina's oil monopoly. What happens to the petroleum sector over the next few years is central to Argentina's prospects for the medium term. Petroleum products moved from contributing one-fifth of Argentina's exports in the late 1990s to virtually nothing in the last few years. To restore energy exports as a source of growth, the newly nationalized YPF will have to efficiently develop what are likely to be significant shale oil and gas deposits.

The forces of globalization have begun to erode the self-destructive aspects of Argentine particularism.

Argentina's signature political style, a mix of paranoia and Tammany Hall, undermines the economic and social institutions that allow free-market democracies to flourish.

In another era, that might have been impossible since so much depends upon the willingness of foreign investors to commit advanced technology and tens (perhaps hundreds) of billions of dollars to the endeavour. But if the finds are as substantial as the government claims, Argentina will not have to rely on traditional sources of capital or expertise.

China will certainly be among those ready to commit resources, as they have already done in Venezuela and Brazil—not to mention Sudan. Moreover, Venezuela, now a member of Mercosul, has not hesitated to offer assistance. Petrobras Argentina, the Argentine subsidiary of Brazil's monster oil company, will also be an active player. Thus Argentina may be able to have its cake and eat it, too, allowing the government to declare its independence from America and Europe without denying the country (or global markets) the benefits of Argentine shale oil and gas.

More generally, the pronounced shift from north–south global trade toward trade within emerging markets is working to offset Argentina's self-destructive nationalism. The economy can better withstand the anti-American, anti-European impulses of its politicians because markets in China and Brazil are growing—and because neither feels compelled to follow the lead of Washington, London or Brussels. But even in neighbouring Brazil, patience is diminishing as restrictions to Mercosul trade constantly recur.

So none of this is to say that Argentina is about to be awarded a free pass from the consequences of its toxic political culture. The immediate future remains problematic. No one any longer believes in official statistics. Inflation, a symptom of its 100 year wars of distribution between agriculture and industry, and industry and labour, is already running to double digits as the government strains to control it. Argentina's signature political style, a mix of paranoia and Tammany Hall, undermines the economic and social institutions that allow free-market democracies to flourish.

Argentina remains a land of great promise largely unfulfilled. And no one can predict with much certainty whether it ever will transit to the sustainable economic development its citizens merit.

TANGO DANCERS IN SAN TELMO

gary yim / Shutterstock.com

LEGATUM PROSPERITY INDEX RANKING 2012: 41

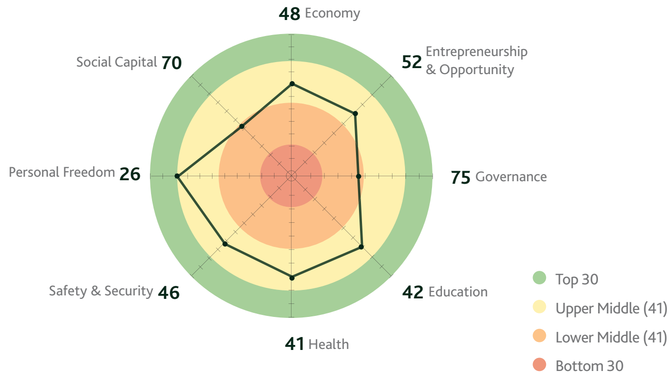
COUNTRY OVERVIEW

		Global Av.
Population (million) (2010)	40.00	N/A
Life expectancy (years) (2010)	75.6	69.6
Birth rate (per year per 1000 people) (2010)	17	22
Fertility rate (births per female) (2010)	2.2	2.8
Life satisfaction* (rated 0 > 10) (2011)	6.8	5.5
Female representation in the legislature (2011)	38.5%	19.5%
Internet access at home? (2011)	38.0%	34.2%
Satisfied with job/work?* (% yes) (2011)	81.0%	73.3%
People are treated with respect in your country* (% yes) (2011)	93%	85.1%
GDP per capita (ppp) (2010)	$16,011.70	$14,774.73

INDEX COMPARISONS

	Rank/ No. of countries
Legatum Prosperity Index™	**41/142**
Average Life Satisfaction Ranking* (2011)	26/142
Per Capita GDP Ranking (2010)	45/142
WEF Global Competitiveness Index (2011)	85/142
UN Human Development Index (2011)	45/187
Heritage/WSJ Economic Freedom Index (2011)	137/179
TI Corruption Perceptions Index (2011)	100/182
World Bank Doing Business Index (2012)	113/183

SUB-INDEX RANKINGS

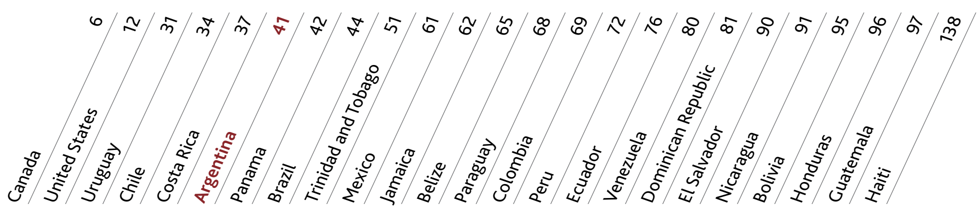


PROSPERITY INDEX: DATA IN FOCUS

		Argentina	Global Av.
48	**ECONOMY**		
	5 year growth rate (2010)	5.8%	2.7%
	Confidence in financial institutions?* (% yes) (2011)	49.2%	61.9%
	Satisfaction with living standards?* (% yes) (2011)	75.7%	59%
52	**ENTREPRENEURSHIP & OPPORTUNITY**		
	Business start-up costs (% of GNI) (2011)	11.9%	36.3%
	Mobile phones (per 100 ppl) (2011)	134.9	98.7
	Will working hard get you ahead?* (% yes) (2011)	89.1%	81.1%
75	**GOVERNANCE**		
	Confidence in the government?* (% yes) (2011)	63.2%	53.7%
	Confidence in the judiciary?* (% yes) (2011)	42.2%	52.5%
	Government effectiveness [1] (2010)	-0.21	0.03
42	**EDUCATION**		
	Pupil to teacher ratio (2008)	16	25:1
	Satisfaction with education quality?* (% yes) (2011)	70.6%	66.6%
	Perception children are learning?* (% yes) (2011)	63.4%	70.4%

		Argentina	Global Av.
41	**HEALTH**		
	Self-reported health problems?* (% yes) (2011)	24.3%	23.9%
	Hospital beds* (per 1000 people) (2010)	4.5	3.2
	Satisfaction with health?* (% yes) (2011)	83.2%	78.8%
46	**SAFETY & SECURITY**		
	Human flight [2] (2011)	3.5	5.4
	Safe walking at night?* (% yes) (2011)	51.3%	61.9%
	Property stolen?* (% yes) (2011)	19.4%	16.8%
26	**PERSONAL FREEDOM**		
	Civil liberties [3] (2011)	6	4.8
	Tolerance for immigrants?* (% yes) (2011)	82.6%	65%
	Satisfaction with freedom of choice?* (% yes) (2011)	81.6%	73.4%
70	**SOCIAL CAPITAL**		
	Rely on others?* (% yes) (2011)	88.9%	80.6%
	Donations?* (% yes) (2011)	17.6%	28%
	Help strangers?* (% yes) (2011)	40.7%	45.7%

NOTES: [1] *Gov. effectiveness: values range from -1.73 to 2.25, higher values indicate higher effectiveness.* [2] *Human flight: values range from 1 to 10, higher values indicate higher levels of human flight.* [3] *Civil liberties: values range from 1 to 7, lower values indicate lack of civil liberties. *Survey data are taken from Gallup World Poll .*



REGIONAL RANKING—AMERICAS

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