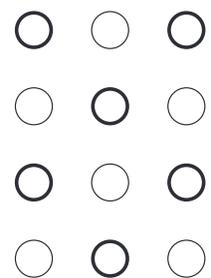


LIBERTAD Y PROGRESO:

# Spreading freedom: How the right ideas and public awareness can change a big government culture



Argentina

# Ending the public's love affair with the state by exposing corruption and waste in Argentina's federal government

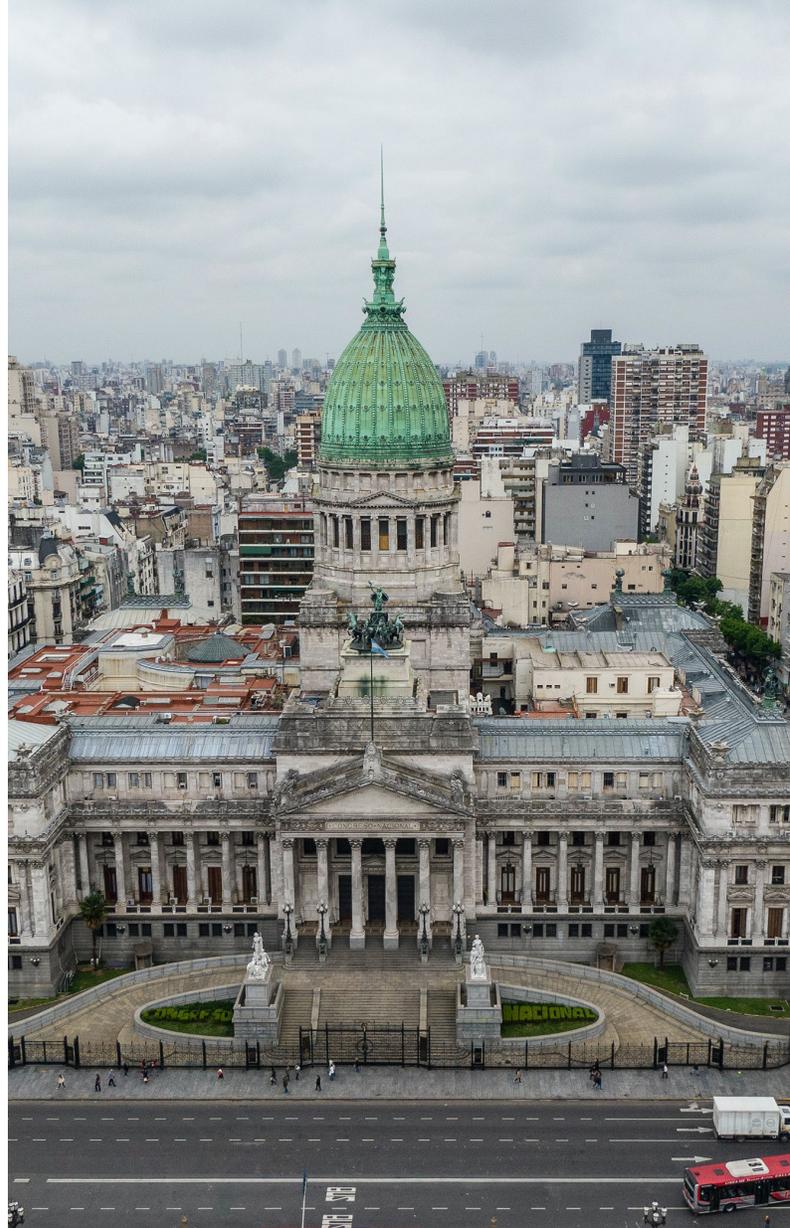
How a free-market think tank challenged a long-standing culture of patriarchal government and encouraged the people of Argentina to believe in a better future through freedom and innovation.

## Setting the facts straight and rightsizing an outsized Argentinian government

From 2015-2018, Argentina's government infrastructure grew by 25 percent, adding six new ministries and expanding the government payroll by 3,000 bureaucrats. The state has become even bigger, rife with nepotism and fraught with wasteful spending, all of which has gone unnoticed by a public that has grown accustomed to the idea of a "benevolent" government that provides just enough to eke out a living.

The culture of dependence has become a critical problem for Argentina, where just 18 percent of the population works in the private sector, effectively supporting the remaining 82 percent of Argentinians.

This unsustainable, corrupt arrangement is exactly what Libertad y Progreso, or LyP, has spent the last several years exposing and reforming. LyP produced groundbreaking research detailing the growth in government, along with economic indicators that showed how the size and scope has changed. This first of-its-kind research drew a massive media and digital audience that helped to create a buzz that was impossible to ignore. After much hard work and advocacy, LyP achieved incredible results, including the elimination of redundant government agencies, downsizing and public statements by the country's president on the need to change the status quo in Argentina.



- The group shepherded reforms that drastically reduced the size of Argentina's federal government, including the elimination of redundant finance and communications agencies.
- Implementation of a restructuring of the Federal cabinet by merging 21 ministries into 10.
- Because of the culture shift LyP spearheaded, Argentina policymakers approved anti-nepotism regulations that will help curb public corruption.
- President Mauricio Macri, along with 13 governors, signed a modernization agreement calling for a state that is "modern, efficient, close to the public and federal."
- The new agriculture minister ordered a downsizing of 10 percent of the ministry's employees.

# Turning the tide on complacency and trimming government bloat

A small group of taxpayers can't support a bloated government and massive welfare programs forever, and the sooner free-market groups can provide the data and research that makes this clear the likelier it is reform can take place before it's too late.

That's the kind of impact Libertad y Progreso is having in Argentina, stirring a movement to limit the scope of government that is yielding major results.

## Key Takeaways

LyP's success has numerous lessons that can offer guidance to other free-marketers looking to do good work in their home countries. The group's work to implement limited government reforms and inspire interest in free-market principles offers insight on how to::

- Provide stakeholders with the policy research and data they need to see these reforms through to fruition
- Use that policy analysis, along with effective media messaging, to inspire change from within government systems

Their research, media presence, and social activism resulted in the Macri government's adoption of a series of reforms, including a modernization agreement, to reduce the size of the state.

Government spending in Argentina has risen to 44 percent of GDP and taxes on private firms are the second highest in the world according to the World Bank, yet poverty looms large with 26 percent living below the poverty line. Despite this, the notion that the state is responsible for the livelihood and prosperity of its citizens remains embedded in Argentinian culture. Libertad y Progreso set out to change that with a massive education, awareness, and advocacy campaign intended to ignite the spark of freedom and liberty among the Argentinian people. Through their project "Downsizing of Argentina's Government," Libertad y Progreso effectively addressed issues of nepotism, government waste, and public political apathy through a widespread campaign focusing on public awareness and government accountability. Their research, media presence, and social activism resulted in the Macri government's adoption of a series of reforms, including a modernization agreement, to reduce the size of the state.



# About Libertad y Progreso

Libertad y Progreso was founded in 2011 when three like-minded groups merged into one, with the mission of promoting public policies that enhance freedom and encouraging citizen participation in public debate on the role of government in Argentinian society. Its vision is an Argentina transformed into an open society based on respect for individual rights, limited government, private property, free markets, and peace.

With a team of 13 full-time and part-time staffers plus a grassroots arm of 50 volunteers, LyP works to make this vision a reality. Its main policy focus includes education, monetary policy, regulatory studies, tax and budget policy, and government and politics.

LyP is located in the Argentinian capital of Buenos Aires.



## THE CONTEXT: Argentina's big government malaise and the need to ignite liberty principles among her people

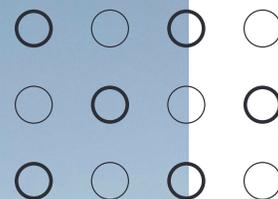
Nobel Prize winning economist Simon Kuznets once said: "There are four types of countries in the world: developed, underdeveloped, Japan, and Argentina," acknowledging decades and decades of terrible economic decision-making on the part of Argentina's ruling class.

Argentina was once a wealthy country, at one time reaching economic parity with the United States and welcoming scores of immigrants from Europe who sought opportunity in a new, thriving land. But over a century later, the country has declined from a land of hope for better to a bureaucratic, redistributionist society where the mentality of striving to achieve more has been replaced by the complacency that comes with a vast, government-provided social safety net. But not only is Argentina's government paternalistic, it is also a hotbed of cronyism and rent-seeking, which only exacerbates the country's fiscal and fairness problems.

In Argentina, people believe wealth and success are things you can achieve only through political connections and favoritism. And this perception is, unfortunately, a reality.

The "notebooks" scandal of 2018 confirmed this rent-seeking culture was still alive and well in Argentina, when a driver who had transported a number of high-level public officials revealed that between 2005 and 2015, he had logged bribe transactions worth over \$50 million. Prosecutors revealed the amount of money involved in the public corruption scandal was ultimately anywhere between \$60 million and \$160 million.

Political corruption like this has long been inherent among Argentina's leadership, and has siphoned money away from the productive sector and into the hands of bureaucrats who squander or abuse it.



Corruption and dependence have led to a massive decline in the country’s economic strength. The people feel this malaise, but because so many rely on the government for their livelihood they are unable to see that the hand that feeds them is the hand that holds them down.

Not only that, but the government also employs a large portion of the population. Argentina has 4 million government employees, with 750,000 at the federal level, 2.5 million at the provincial level, and 750,000 at the municipal level. In addition, 6.5 million pensioners rely on the government for their finances, along with 10.5 million people who participate in social welfare programs. In contrast, among Argentina’s population of 44 million, only 8 million work in the private-sector formally.

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Censuses confirmed continuing economic hardships, with an economic decline of 5.8 percent in the month of September 2018. Unemployment is about 9.6 percent, and labor force participation is below 60 percent.

## IDENTIFYING A VISION, IDENTIFYING THE GOAL: How LyP effected cultural, governmental change

LyP set out to do something incredible: To alter the perverse and accepted culture of paying the state to get ahead in Argentina.

The main objectives of LyP’s size of the state report were: First, to influence policymakers in order to reduce public spending and to design policies that could promote the creation of private employment. And second, to raise awareness on these matters among citizens through both traditional and social media, in order to increase support for governmental reform projects.

LyP succeeded in their objectives by coupling groundbreaking research that fully analyzed and uncovered just how massive Argentina’s bureaucracy had become with the meaningful, actionable steps that could help reduce it.

The group didn't stop there — they knew that for their ideas to gain traction, people needed to understand the problem and why it mattered to them, with the ultimate goal of public outcry being pressure on the politicians who could see reform through.

La Nación, one of Argentina's leading news outlets, provided favorable coverage of LyP's research and messaging. LyP's innovative explainer video on the need to scale back the massive Argentinian government was viewed over 77,000 times in the last year.

As LyP's message took root, President Mauricio Macri had to take notice — and he acted on the group's call for reforms, eliminating redundancies and calling for consolidation in his own administration.

"We believe that the recent restructure of the Federal cabinet, merging 21 ministries into 10, confirms that we are finally having some real impact in policy making in Argentina," said Agustín Etchebarne, director general of LyP. "With three years of delay the government is implementing part of our agenda to decrease government expenditures, pressured by the economic crisis. This proves that a small team of professionals using social media, videos, and participating in talk shows and media appearances with clear ideas and perseverance, can influence the direction of government policies and public opinion."

## KEY LESSONS FROM LYP'S PUBLIC AWARENESS CAMPAIGN

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### HOW LYP DID IT: Realizing reform by providing a blueprint for reining in the size of government.

Sometimes, simply taking the first step of putting forth good policy ideas is a major catalyst. At a moment when Argentina's government was taking big hits for huge public corruption scandals, it became apparent to the public that public officials have been given too much power and are required to provide too little transparency.

LyP seized on that momentum as an opportunity to expose the bloat and lack of transparency within Argentina's government while also offering innovative solution to fix the problems.

*Why it matters: Think tanks should never focus solely on the problem — they must also offer workable solutions. Even if everyone agrees that a problem exists, if a void of ideas for reform remain then the wrong approach — or none at all — can take root.*



# HOW LYP DID IT: Applying pressure through traditional and social media to get stakeholders’ attention.

Not only did LyP produce groundbreaking research uncovering the size and scope of Argentina’s layers of costly bureaucratic bloat, but they also came up with creative ways to spread the word on their findings to the public. Often, dissenting views are few and far between, especially when they clash with the goals of a powerful government administration.

LyP’s report appeared first on the cover of La Nación, seven TV talk shows, 19 radio stations, 37 newspapers, and received 690 ad-

ditional mentions in other media outlets. This kind of media attention attracted the attention not just of the people, but also the people in power.

Because of LyP’s public awareness campaign and after the widespread media coverage of the report, President Mauricio Macri ultimately felt compelled to say publicly that Argentina must “leave behind the harmful intervention politics of converting the State into an endless source of jobs for friends, family, and partisans.” This was an astonishing victory in itself, as LyP exposed it was Macri’s own administration that had grown 25 percent since the president’s inauguration in 2015.

*Why it matters: Policy change can’t happen if nobody knows about — or understands — the problem and the solutions. They must also understand why they should care and how this issue affects their lives. Public awareness is essential to create momentum for change and to apply pressure on policymakers to adopt reform.*

## Libertad y Progreso Learn More:

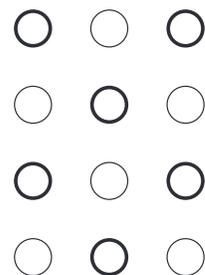
La Nacion: [According to a survey, since Macri took office, the structure of the State has increased by 25%](#)

LA Nacion: [The “raviole factory,” put to work fully within the Executive Power](#)

Radio Mitre: [Since his inauguration, Macri has increased the structure of the State by 25%](#)

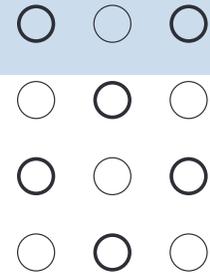
Contexto Tucuman: [Macri increased the structure of the State by 25%: a “raviole” factory](#)

Rosario Net: [In one year, Macri increased political positions in the national state by 25%](#)



# Points to Ponder

1. A key part of the LyP's awareness campaign were the coalitions it built with talk shows, radio stations, and newspapers amongst other media outlets. How can other think tanks, advocacy groups, or civil society organizations be more strategic about meaning based messaging to create awareness?
2. Sometimes delays in implementing a reform can make the reform issue die out. How can think tanks, advocacy groups, or other non-profit organizations show perseverance to keep the issue alive and at the same time continue to resonate with the public?
3. In countries where people rely heavily on welfare programs for their livelihood, how can think tanks, advocacy groups, or other civil society organizations push their advocacy efforts forward to audiences that are not receptive to their ideas?
4. Argentina has a long-standing culture of patriarchal government. What can think tanks and advocacy groups in similar countries do to influence and gain support from policymakers to objectively, assess the size of the governments and its spending?



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