

TRADUCCIÓN-----

DEBATE AND CRITICISM

For some time, certain sectors have been raising several issues relating to the preparation of Argentina's official statistics. Many of these issues ignore Argentine rules and regulations, disregard the technical quality of the work of the Institute and, what is even worse, do not take into account the promotion of development and the well-being of the Argentine people.

At the same time, a new and stronger action is emerging, as a result of the activities of several Argentine and international professionals who, based on their economic and financial relations with international institutions, have redirected the focus of their campaign to discredit INDEC by accusing the Institute and the Argentine Government of an alleged "violation of human rights" (an Annex providing details on the progress made by the Institute as regards human rights is attached to this document).

For the purpose of shedding light on some of the matters at issue, we will address below a number of aspects in order to provide appropriate information to the Argentine Ministry of Foreign Affairs and Worship and, through it, to the relevant entities or organizations.

PUBLIC STATISTICS IN THE ARGENTINE STATE

The Argentine Constitution sets the political aim to be pursued when preparing public statistics in Argentina. Thus, in one of its so-called *progress clauses*, it sets forth that the Congress has the power to: "*Provide for any actions leading to human development, economic progress with social justice, national economic productivity, job creation, professional training of workers, the defence of currency value, scientific and technological research and development, and their dissemination and use.*" (Art. 75(19))

Therefore, the preparation of statistics and censuses is carried out bearing in mind, in general, two fundamental aspects: on the one hand, **the most advanced scientific criteria**; on the other, **policies aimed at promoting the development and well-being of the Argentine people**. Both aspects are extremely important and must be harmonized. There is no sense in having information that has been gathered following the highest technical standards if such information is not consistent with the realities and needs of the country, just like there is no sense in setting aside methodological guidelines to achieve disorganized or arbitrary development.

Within the institutional framework of the Argentine State, the Argentine Institute of Statistics and Censuses (INDEC) **is an integral part of the Argentine Executive** (Law No. 17,622, Presidential Decree No. 927/2009). This is due to the fact that this task is not part of the specifically deliberative function of the houses of congress but of the decision- and policy-making functions that are characteristic of the Executive Branch. Furthermore, Argentine lawmakers have established so.

The lawmakers have also provided for INDEC to be the organization in charge of the National Statistical System, and the Executive has defined those functions (Law No.

17,622 and Presidential Decree No. 1359/2004). Thus, it is incumbent on the institute to: "Direct all official statistical activities performed within the Argentine territory." This means that its officials are responsible for, among other things, establishing methodological rules and enforcement programmes for Argentine official statistics. (Section 5(c), Law No. 17,622)

Currently, for the first time in its history, a highly qualified career official, who entered the Institute through competitive examination and has worked there for more than thirty (30) years, is the Director of INDEC.

CONSUMER PRICE INDEX (CPI-GBA)

Current status and lawfulness of modifications

The current Consumer Price Index for Greater Buenos Aires (CPI-GBA) is prepared on the basis of the criteria specified in the working document known as "Methodology 13" and in the methodological update available at INDEC's official web page (www.indec.gov.ar). That methodology makes up a Manual of Procedures comprising a set of guiding tools and standards, compiled in a work that contains the experience of the Consumer Price Index Office and includes suggestions from domestic and international organizations.

As can be seen, these criteria are the result of a complex historical process of work that gathers the statistical knowledge of our specialists, as well as the relevant international recommendations. The document "Methodology 13" was published in August 2001 and the guidelines included in it are currently in force, as updated. All of these documents (available at INDEC's official web site) may be provided to any person upon request (Presidential Decree No. 1,172/2011)

The modification of methodologies is one of the functions of INDEC and may be carried out when so decided, since it is not subject to prior fulfilment of any regulatory requirement (Law No. 17,622, Presidential Decree No. 3,110/70). Moreover, according to Resolution No. 779/2004 of the Ministry of Economy and Production, the Consumer Price Index Office of INDEC has the power to, among other things, take such actions as may lead to keep the CPI calculation structures updated.

In turn, Presidential Decree No. 1,359/04, which establishes the primary functions of top operating Offices, sets forth the specific missions and functions of the Argentine Offices of Statistics on Living Conditions (one of which is the CPI Office), including "... *to develop methodologies and prepare consumer price indexes...*" and "... *to design, programme and implement methodologies in order to prepare indexes based on socio-economic characteristics, social structure, labour market, income, consumption and purchasing power parity among the population, consumer baskets, poverty and extreme poverty...*".

All of the above leads to the conclusion that, ever since its adoption in 1999, no changes have been made to the calculation methodology of the CPI-GBA. Furthermore, the methodology used for calculation of the CPI-GBA may be modified when deemed appropriate by the authorities of the Institute, with a view to achieving the objectives set by the applicable rules.

2000-2011 Period

The Consumer Price Index (technically referred to as CPI-GBA — base 1999=100) was first published in November 2000. Back then, the index reflected the consumption structure resulting from the Household Income and Expenditure Survey of 1996 and the sample of reporting stores was based on the data provided by the National Economic Census of 1994.

Starting in 2006, the agency to which INDEC reported —the Secretariat of Economic Policy— and the then Minister of Economy began to notice, based on thorough analyses, that during 2001-2006, the CPI-GBA — base 1999=100 actually started to depart from and cease to comply with the provisions of Methodology 13. The departure from the criteria set forth by the methodology involved several important aspects, all of which began to turn the CPI-GBA into an indicator that did not represent the phenomena that it was supposed to reflect.

In this regard, the procedures of the CPI-GBA — base 1999=100 were found not to have been updated according to the main methodological advances made with respect to other indexes, which amounted to a failure to apply international best practices. Furthermore, different types of bias were detected, such as that resulting from the substitution of stores, that relating to the territorial areas under study and that relating to the selection of varieties through the definition of the specifications and their attributes.

In addition, the CPI-GBA did not reflect the impact on household expenditure or on the determination of the varieties involved caused by the application of public policies (for example, as regards prepaid medical care plans, medicines and tourism). One of the most significant distortions detected in the index calculation process resulted from the estimation of missing prices for products with high defined seasonality.

Some examples illustrate the situation of the CPI-GBA calculation at that time.

When checking the consistency of Methodology 13 with the Consumer Price Index, the personnel in charge of that task found that the sample used to survey the amount charged by “domestic workers” comprised the employees of INDEC and the Ministry of Economy and Public Finance. This means that, in the best case scenario, INDEC’s own employees were asked about the amount paid to domestic workers, but even those who did not hire domestic workers at their homes were consulted. That information was used for the calculation. Quite frankly, it is difficult to understand the motivations and behaviour of those who defend the unethical procedures followed for the calculation of the index.

Likewise, in the calculation of the item “tourism”, for example, the data generated by INDEC itself, at the request of the Argentine Ministry of Tourism, was not taken into account. In this respect, in January 2007, the Argentine Minister of Tourism sent an official letter to the then Director of INDEC, Mr. Lelio Mármora, informing about the variations in prices for the item “Accommodation”.

This situation led to the performance of tasks aimed at restoring the quality of the CPI by removing any inadmissible bias and statistical practice contrary to both the methodology adopted and the fundamental ethical criteria to be applied in the fulfilment of public functions.

Based on the analysis of the results of the National Household Expenditure Survey of 2004/5, which was not processed until mid-2007, the base that determines the calculation was changed to its current version (CPI-GBA — base April 2008=100). With respect to the calculation formulas, the same characteristics described in Methodology 13 were maintained. The use of seasonal baskets for varieties that are part of the Fruit, Vegetables, Clothing and Footwear Groups was an innovation in the calculation. Computer control and specification methods which represent a significant improvement in the preparation quality of the CPI were implemented. The participation of business types between traditional groups and supermarkets was updated on the basis of the information contained in the National Household Expenditure Survey of 04/05. An analysis stage was incorporated for calculation of quality changes and the use of mathematical instruments supported by the computer programme was provided for.

Furthermore, reporting stores located in territorial areas which had not been taken into account in the previous sample were added, in order to comprehensively represent the geographical areas and business types of the population residing in Greater Buenos Aires.

As can be seen, no changes have been made with respect to the methodology used for calculation of the CPI-GBA. On the contrary, such methodology has been applied in full. In particular, as regards paragraph 4.3 (*“Consumer Price Indexes”*), that methodology provides that *“if, over time, no changes were accepted to be made to the list of goods and services included in the basket for the index and the list of the stores reporting the prices, the index would lose representativeness and would cease to be useful for many of its applications.”* Furthermore, paragraph 7.1 of Methodology 13 (*“Specification of Varieties”*) sets forth that *“we decided that specifications (whether open or not) may be changed without waiting for a new household expenditure survey, in order to keep the CPI basket representative.”*

PRIVATE STATISTICS IN THE ARGENTINE STATE

Data prospecting and statistical index preparation activities have not drawn the attention of lawmakers for the enactment of a special law that may comprehensively govern such activities. The rules established address different aspects of the operation of the official agencies that perform those activities.

Therefore, private statistical activities may be deemed to be subject only to the legal framework applicable to any activity for the production of goods or services. This legal framework has its roots in the Argentine Constitution which, in line with international treaties on the matter, provides as follows:

“Article 42.- As regards consumption, consumers and users of goods and services are entitled to the protection of their health, safety, and economic interests; to adequate and truthful information; to freedom of choice and to equitable and decent treatment.”

The authorities shall provide for the protection of said rights, the education for consumption, the defence of competition against any kind of market distortion, the control of natural and legal monopolies, the control of the quality and efficiency of public utilities, and the formation of consumer and user associations.

The legislation shall establish efficient procedures for conflict prevention and settlement, as well as regulatory frameworks for federal public utilities, and shall provide for the necessary participation in control agencies by consumer and user associations and interested provinces.”

Furthermore, from a legal viewpoint, the information provided by private institutions must respect the provisions of the applicable laws on Consumer Defence (Law No. 24,240), Fair Trade (Law No. 22,802) and Defence of Competition (Law No. 25,156). These legal instruments govern private activities with a view to attaining the goals set forth in the Constitution; i.e., achieving the protection of users and consumers of goods and services, as well as their rights, and ensuring the proper operation of the market.

STATISTICAL PRODUCTION CONTROL AND SPECIFIC CASES

In principle, the Argentine Institute of Statistics and Censuses has no influence over the control of private statistical production. The abovementioned laws list the authorities in charge of ensuring compliance with the laws.

The Secretariat of Domestic Trade is the authority in charge of enforcing Law No. 22,802 on Fair Trade, Law No. 24,240 on Consumer Defence and Law No. 25,156 on Defence of Competition. In the event of violation of any of those laws, that Secretariat must institute proceedings aimed at punishing offenders and remedying the negative effects of their actions. It should be noted that, in the face of these administrative proceedings, the courts may be resorted to, as established by the Argentine Constitution and international treaties.

Recently, on 17 February 2011, INDEC participated as an expert witness in an administrative proceeding brought before the Secretariat of Domestic Trade by the Chamber of Fruit and Vegetable Wholesale Businesses of the Buenos Aires Central Market (CO.MA.FRU.).

The claim by CO.MA.FRU was based on the losses sustained by businesspersons of the industry as a result of the release of inflation indexes prepared by private consultants, which caused lower consumption and thus a disruption in their business. The Secretariat of Trade, through the National Office of Domestic Trade, started the relevant proceedings for clarifying the events on which the claim was based. In the context of such proceedings, INDEC appeared as an expert witness.

In performance of its technical functions, INDEC assessed, through questionnaires and requests for documents, the work of the consultants. Following an examination of the answers and documents provided, INDEC personnel concluded that the preparation of private indexes contained numerous methodological shortcomings.

Examples of such shortcomings include:

a) Private consultant Eco Go S.A.: *"Based on Eco GO S.A.'s response, it was determined that both the index it prepares and the indicators arising from it are not valid, because the methodology applied presents shortcomings which include the lack of representativeness: the consultant reported that it only surveys large stores and that "the bulk of the information is surveyed online". Thus, this is a biased sample that evidences a lack of technical rigour, since the prices of small and medium businesses are not taken into account in the calculations. The consultant did not answer the question on the composition of its basket, and it did not describe the criteria relied upon for the construction of weighting factors and the sources taken into account. The price assessment is carried out, as informed by the consultant, on a weekly, semi-weekly or monthly basis; no daily assessment is ever provided, as it does not enable a determination of the evolution of prices."* Source: <http://www.consumidor.gov.ar/la-ley-es-para-todos-tambien-para-las-consultoras/>

b) Private consultant FIEL: *"FIEL's answers state that the sample is limited to the City of Buenos Aires, with special procedures in selected areas, and further inform that the number of reporting stores varies by district and amounts to approximately 1500. Their distribution was not communicated. This information is not statistically rigorous as it fails to accurately define the territorial coverage of the product it makes."*

As for the basket of goods and services weighted at the highest level of disaggregation, the firm submitted a list that does not reflect the number of varieties of products nor their corresponding weighting factors, which shows that they are not broken down at the required level. Thus, it is impossible to determine if the amount of prices for each of the varieties is statistically representative.

The basket has a series of varieties that have been eliminated from the CPI-GBA of INDEC in 2008 due to its lack of representativeness. For these reasons, the basket of goods and services submitted by the firm is obsolete and does not represent the consumption patterns of the population.

FIEL informed that its staff comprises 12 persons and failed to specify whether this includes pollsters, supervisors and cabinet analysts. This staff was considered as insufficient, in terms of providing an indicator that represents the price variations in the aforesaid territorial area." These criteria are consistent with the relevant international recommendations.

"It was concluded from the answers provided by FIEL that based on a weak, biased and insufficient measurement exercise consumers and businesspersons are provided with absolutely inaccurate information, which may even lead to confusion and uncertainty."
Source: <http://www.consumidor.gov.ar/la-ley-es-para-todos-tambien-para-las-consultoras/>.

The shortcomings were found to be so serious that the Fair Trade Office, which reports to the Secretariat of Trade, pressed charges against several consultants for violating Section 9 of Law No. 22,802, which provides:

"SECTION 9. No presentation, publicity or advertisement shall be made that, through inaccuracies or concealment of facts, may lead to error, deception or confusion

regarding the characteristics or properties, nature, origin, quality, purity, mixture, quantity, use, price, sale conditions or production techniques of movable or immovable goods or services."

These proceedings resulted in the imposition of fines of up to ARS 500,000 on the firms Eco Go S.A. (Estudio Bein & Asociados), Finsoport S.A., Economía y Regiones S.A., Gabriel Rubinstein y Asociados, Fundación de Investigaciones Económicas Latinoamericanas (FIEL) and Graciela Bevacqua (who was responsible for the reports published under the name "Buenos Aires City") for violation the Argentine Law on Fair Trade (provisions nbr. 115, 116, 118, 122, 163 and 164 of 2011).

A summary of the entities fined, the fine amounts and their justification is available online: <http://www.consumidor.gov.ar/la-ley-es-para-todos-tambien-para-las-consultoras/>.

The regulations relied upon by the Secretariat of Trade for the imposition of the fines seek to protect several legal interests. The agents of the economic system are severely affected by the release of data obtained on the basis of deficient and insufficient methodologies. The irresponsible conduct of those who sought profit by jeopardizing the country's economic stability, the commercial activity of other sectors and the Argentine citizens' right to truthful information could have caused greater damage if it had been allowed to continue.

The right to free speech and work cannot entail the endorsement of an irresponsible environment that leads to generating confusion and economic instability through the dissemination of inaccurate data and to causing damage to other segments of society.

As shown in this document, the application of Argentine positive law can never entail any kind of "persecution" under the rule of law, especially when all due process guarantees are ensured.

Finally, the intervention of the Argentine Government through its legal proceedings, in defence of consumers and users of goods and services, is a practice carried out and fostered by this administration, even if foreign or financial interests are thereby harmed.

QUALITY IN THE ARGENTINE INSTITUTE OF STATISTICS AND CENSUSES

With regard to the adaptation of INDEC's statistical production to worldwide-accepted basic quality principles, there is correspondence between these and the objectives, processes and statistical operations of INDEC.

Thus, for example, in view of such factors as (a) the legal framework in force, (b) the application of advanced statistical methodologies, (c) the resources already distributed, (d) the transparency in the acts conducted and (e) the experience of INDEC's personnel, there is full consistency between the actions carried out by INDEC and the quality principles established and used even by international institutions or organizations related to the world's most advanced statistical management. For example, if we take into account the basic quality principles generally used at an international level, INDEC complies with the concepts and indicators included in the following principles: (a) mandate for data collection, (b) statistical confidentiality; (c) appropriate statistical

procedures; (b) non-excessive administrative burden on respondents; (e) efficiency; (f) coherence and comparability; (g) adequacy of resources.

ANNEX

HUMAN RIGHTS AND INDEC

As a public institution that faithfully represents a Government that stands for human rights, INDEC has supported inclusion policies aimed at the different segments of the population that, up until now, had been excluded from data collection instruments.

These groups have been included in the Census and in specific surveys, for the purpose of providing precise and quality information on vulnerable populations or social groups, with the primary objective of having useful and accurate information for the subsequent development of public actions and policies aimed at improving their living conditions and thus settling a long-standing debt in the Argentine Republic.

Aboriginal peoples, Afro-descendants, persons with disabilities and senior citizens are taken into account in censuses and in specific post-census or survey actions.

Although some groups had already been incorporated in the 2001 Census and in subsequent actions (such as aboriginal peoples and disabled persons), the 2012 Census improved the surveying instruments and incorporated new areas in the data collection phase: namely, Afro-descendants, organizational conditions that give room for the participation of Afro-descendants, aboriginal peoples and same-sex couples.

In addition, the themes and approaches, as well as the training of pollsters, were agreed upon with the agencies directly involved, thus ensuring the coverage of specific problems and an appropriate approach for achieving the goal.

Aboriginal peoples

As a measure aimed at guaranteeing the inclusion of aboriginal peoples in the Census, bilingual publicity spots were made (*i.e.*, in Spanish and in several aboriginal languages such as quechua and huarpe).

Afro-descendants

The aim was the identification or self-perception of some of the members comprising Afro-descendant households.

The publicity campaign launched for the purpose of promoting the 2010 Census, called “I am an Afro-Argentine”, was prepared along with INADI (Argentine Institute against Discrimination, Xenophobia and Racism); an interactive guide called “Afro-descendants in statistical history” was also developed.

Persons with disabilities

The question about disability was included for the first time in the 2001 Census and was intended to take account of households having members with disabilities. Conversely, in the 2010 Census, the persons suffering disabilities were directly surveyed. This made it possible to gather information about the kind of disability suffered, basic demographic characteristics and migration, educational and occupational conditions of each disabled individual.

INDEC also participates actively in meetings with CONADIS (Argentine Committee on Disability), where it coordinates the working group on Statistics, and is a member of the Washington Group on Disability Statistics and of the WHO expert group that works on this issue.

Same-sex couples

A significant methodological change from the 2001 Census took place regarding same-sex couples. Until the 2001 Census, households recorded as consisting of a same-sex couple were regarded as erroneous records.

INDEC changed this during the 2010 Census and later released information related to homosexual couples that live together. This is in line with the Same-Sex Marriage Act, enacted by Argentine Congress in July 2010, which recognizes the same rights both for same-sex and opposite-sex couples.

Trans population

INDEC, with the participation of the social organizations involved in the issue of sexual diversity, developed the "First Pilot Survey on Trans Population: Transvestites, Transsexuals, Transgenders and Trans Men", which will be implemented in 2013.

The purpose of this survey is to describe the living conditions and socio-demographic characteristics of the Trans population and, in turn, to look into their experiences related to discrimination, legal literacy, access to justice, health and housing.

Senior citizens

Along with the Ministry of Social Development, through the Argentine Office of Policies for Senior Citizens of the Argentine Secretariat of Childhood, Adolescence and Family, INDEC is preparing a survey of the social, economic and health situation of senior citizens in Argentina. This survey is carried out as part of the policy aimed at the integration of senior citizens into active and full life, with protection and prevention by the Government.

Gender violence

INDEC is working along with the Argentine Council on Women on the systematization and harmonization of gender violence records generated in different governmental institutions (both at federal and provincial level) and in the judicial branch. The purpose is to establish a single set of variables or statistical indicators regarding socio-demographic profiles of victims, perpetrators or assailants.

Such harmonization, along with the collection of data on gender violence victims, will serve the purpose of establishing public policies for women that have suffered violence.

Victimization and citizen violence

Along with the Office of Criminal Policy of the Ministry of Security, INDEC is working on contributing to the identification, collection, systematization, analysis and dissemination of data and information on security monitoring in Argentine territory and its potential geo-referencing.

The conduct of a National Victimization Survey is projected for 2013.

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