

El Apagón en Buenos Aires 1999
Manejo de crisis en los sectores privados y públicos
en la Argentina
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*The Buenos Aires Blackout 1999 –
Corporate and Public Crisis Management in Argentina*

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RESUMEN

En la Ciudad de Buenos Aires, la noche al 15 de Febrero, 1999, falla un cable en uno de las subestaciones de la compañía eléctrica Edesur. La falla provoca un incendio en el túnel de cables, el cual genera la interrupción de energía eléctrica en diez (10) barrios porteños. Más de 150.000 clientes de Edesur (aproximadamente 600.000 personas) en Capital Federal son afectados por el apagón en el primer momento; en sus domicilios, en oficinas, en bancos, en el tren subterráneo y por las calles. El apagón dura once días en pleno verano con temperaturas arriba de los +30°C. Un problema técnico que aparentó ser de rápida solución se transformó rápidamente en un conflicto social y una crisis económica y política que duraría más de dos meses.

El presente estudio de caso analiza la crisis social y política que fue producida a partir del apagón en Buenos Aires desde una perspectiva teórica cognitiva-institucional, en la cual los procesos de toma decisiones y de comunicación son vitales. Aspectos tales como definición del problema, procesamiento de información, politización de crisis y acciones simbólicas son analizados dentro del contexto cultural, político y económico de Buenos Aires y Argentina. Una de las dimensiones centrales en este análisis es la cuestión de los procesos de privatización de los servicios públicos, siendo una característica de la política económica argentina de la última década. Este trabajo es un estudio sobre el reciente apagón de Buenos Aires y también una contribución a las discusiones teóricas sobre manejo de situaciones de crisis en las esferas de 'lo privado' y de 'lo público'; del Estado y del Mercado.

The Buenos Aires Blackout 1999– Corporate and Public Crisis Management in Argentina

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ABSTRACT

In the City of Buenos Aires on the night to February 15, 1999, a cable fails in one of the Edesur substation tunnels, provoking a fire, which is followed by a power outage. Over 150.000 Edesur clients (approximately 600.000 individuals) in ten Buenos Aires quarters are affected in their homes, in offices, at banks, in the underground and in the street on the first day of the power outage. This would last for eleven days in Argentinean mid summer with temperatures over +30°C. What appeared to be a quickly solved technical problem soon developed into a social conflict and a political and economic crisis that would last for more than two months.

This study analyses the social and political crisis that was produced in the wake of the power outage in Buenos Aires from a cognitive institutional perspective, in which decision making and communication are vital processes. Aspects such as problem framing, information processing, politicisation of crises and symbolic action are analysed within the Buenos Aires and Argentinean cultural, political and economic context. One central dimension of the analysis is the issue of privatisation of the public services; a particular feature of Argentinean political economy during the last decade. This is a case study on the Buenos Aires blackout but also a contribution to theoretical discussions on crisis management in the spheres of 'private' and 'public'; of State and Market.

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1. Introduction

Buenos Aires, famous for tango and nightlife, capital city of the Argentine Republic and one of the megalopolis on the Latin American continent, surpassing the number of 15 millions of inhabitants. Buenos Aires is an important Latin-American commercial centre and is by far the major scene for business and politics at a national level. This port city is situated at the shores of the Rio de la Plata, enjoying a humid climate that is rainy in winter and often suffocating warm in summer. In the month of February 1999, which is mid summer in the Southern Hemisphere, temperatures were the highest so far that summer, surpassing the +35°C.

The usual state of things in the heart of this city is one of crowds of people that work and live there and a rather chaotic traffic milieu. This social landscape was suddenly transformed into an urban desert when a power outage, due to a cable failure and a fire in one of the city's electricity substations, was produced in the early hours of February 15. Important parts of the City of Buenos Aires were out of electricity, creating an infrastructural and social chaos. The power outage lasted for 11 days and although no fatal victims were counted, the lack of electricity, water, refrigeration, sewage, light and air conditioning had important social and economic consequences. More than 600.000 affected inhabitants in 10 quarters; 240 traffic lights out of function; 11.000 small enterprises affected stipulating 900.000.000 US\$ in economic losses; 1.450 buildings attended by the Civil Defence; 3.000.000 litres of water, 6.500 bags of ice cubes, 52.500 packs of candles distributed. What started out as a highly technical problem became a two-month long corporate and public crisis, putting in evidence the social and political nature of a contingency.

1.1 Purpose

This case study is part of the case bank of crisis management research at CRiSMART (Crisis Management Research and Training) at the Swedish National Defence College and at the Swedish Institute of International Affairs, enjoying financial support from the Swedish Agency for Civil Emergency Planning (ÖCB). The *raison d'être* of CRiSMART is clearly stated as to provide new knowledge on the complexity of crisis management and to improve conditions for emergency planning, and thus, generating an invaluable nexus between theory and praxis on this issue. With this aim, the desire is here to contribute to the empirical knowledge on the 1999 Buenos Aires power outage, as well as posing further theoretical

questions on processes of crisis response, by which both scientists and practitioners may benefit.

The work of CRiSMART includes an important case bank of analysed crises in Sweden and in the Baltic countries (Sundelius, Stern & Bynander, 1997; Stern & Bynander, Eds, 1998; Stern & Nohrstedt, Eds, 1999) since the launch of the research project in 1997. Contingencies in late 1990s such as the abduction case of the two young Swedish missionaries in Daghestan (Nohrstedt, 2000), the ice storm (Newlove, 1998) and the Red River floodings (Svedin, 1999) in Canada, the power outage in Auckland, New Zealand (Newlove, Stern & Svedin, 2000), the Mad Cow crisis in the EU Commission (Grönvall, 2000), the environmental catastrophe in the Doñana National Park area in southern Spain (Ullberg, 2001), have all been investigated by this research team and thus clearly motivating the international profile of the project. There are important traits of these crisis situations -cultural, historical, political and economic differences apart- that deserve to be examined and that very well serve the purpose of opportunities for learning.

The Buenos Aires blackout is an interesting case in several aspects. Studies that focus upon energy related contingencies are undoubtedly of outmost interest to contemporary policy makers as well as crisis managers. The electricity dependency that features modern society in general and urban settings in particular, where the negative impact is probable to be higher, compared to a rural context, makes these extremely vulnerable in situations where power is interrupted. The above mentioned Auckland power outage in 1998 (Newlove, Stern & Svedin, 2000) and the present Buenos Aires cases are proof of this, as is the Kista power outage (Sweden) in March 2001 (Deverell, forthcoming) and also the severe energy problems in other parts of the world. In California (USA) the consumption of electricity is at present so high that production is insufficient (Jansson, 2001), and in Brazil, including the cities of São Paulo and Rio de Janeiro, the 2001 summer draughts drastically affected energy production (El País, 18 May 2001). In these last mentioned countries systematic rationing must be implemented, interrupting service for hours per day, which has severe social, economic and political consequences.

The involvement of a private company as one of the key actors is another interesting possibility for studying. On the one hand, it widens the field of studying of the crisis response within a corporation, contributing to the theoretical and empirical development of this field of study. From a national politics perspective, on the other hand, it is interesting to scrutinise the

management of a crisis within the complexity of privatisation of state companies; a growing trend wide world. As such, the Buenos Aires blackout could also be an interesting case for comparison with the Auckland power outage in 1998, analysed by Newlove, Stern & Svedin (2000). This case shows striking parallels with its 'crisis cousin' in Argentina one year later. Both occurred in mid summer with extremely high temperatures and both occurred within a political economic context of deregulation of the energy sector. The scope of analysis of the Auckland Unplugged (Ibid.) report is far deeper than the present Buenos Aires case though. This fact has, since the beginning of my work, made me feel that approaching this analysis from a comparative angle between these two cases would not be really fair. However, during my work I realised that important parallels can still be drawn, which are of interest for crisis management research in general and the electricity sectors in particular. The Auckland case is therefore present all along this study, although an explicit comparison has not been the major objective. It appears that sometimes the purposes of a journey appear by own means 'on the way'.

1.2 Methodology & Sources

The methodology entailed for this case study is one of a four-step procedure (Sundelius, Stern & Bynander, 1997:45-54; Stern, 1999:45-56; Newlove, Stern & Svedin, 2000:6). This means, to begin with, a careful contextualisation of the crisis to be analysed. Historical, cultural and political aspects are the very constituents of a particular crisis and its management. From this holistic basis a meticulous recollection of empirical material is the second step in order to accomplish a detailed reconstruction of events, as well as the crisis time frame, as perceived by the crisis managers. The issue of delimiting a time frame is of methodological as well as of theoretical importance. When starts and ends a crisis? The basic criterion for the analyst is to identify the initial **impetus** that put decision-makers at strain (Stern, 1999:45; Newlove, Stern & Svedin, 2000:12). This appears simple, as many crises start out as incidents, accidents, catastrophes or events of any kind, like for example the murder of the former Swedish prime Olof Palme (Hansén, 2000) or the recent earthquakes in El Salvador and India, in 2000. Also the closure of a crisis can be clearly defined in many cases, like the end of the MRTA hostage taking at the Japanese ambassadors residence in Lima, Peru (Ullberg, 1998:181). However, there are many crises that don't follow this chronological pattern. There may be elements of escalation and de-escalation that complicate the delimitation. The so called creeping crises (Rosenthal, Charles & t'Hart, 1989:10) are characterised by a gradual escalation of events that makes difficult the definition of an actual starting point –the management of the MC wars in

Scandinavia is a good example (Svedin, 1998:204-239)– and other crises as well without fitting into this category.¹ As Eric Stern points out (1999:46), crises labelled as natural or technological disasters tend to de-escalate, why putting an ending point to these becomes difficult, as were the cases of the Chernobyl crisis in Sweden (Ibid.) and the Boliden dam rupture in Spain and the environmental crisis triggered (Ullberg, 2001). As a methodological stance I let decision-makers do the delimiting. In the Buenos Aires case the initial impetus is defined as the first cable failure and the fire that called for a quick solution. The ending point is set as the electric company's acceptance to pay the indemnification to affected customers.

What regards empirical sources, the material used are any kind of document and report referring to the crisis in question. When possible, qualitative fieldwork is enacted in which formal interviews with decision-makers and informal conversations with other persons involved are the main methodological devices and of singular importance. The personal –and subjective– experience of events and decisions that constitute the crisis, is not only a methodological element in this research, but is also intimately related to the theoretical approach to crisis management, as we shall see in next chapter. This apparently smooth first step, as if one just got out into the field and started recollecting 'material', does have some complications, however. Within a Swedish, and many other countries', governmental institutional context the procedure for a state agency is to report on a contingency with some kind of internal investigation and producing an official report on the matter, which helps the scholar a lot in her/his research. There are states however, like in Argentina, where this is not always a legal requirement or a custom. Also in the cases where a report is written, public access to this is not always guaranteed.

For the Buenos Aires blackout study, no governmental report of this kind has been able to find, except for one (1) chapter in the 1999 Annual Report of the National Electricity Regulation Agency (ENRE, 1999). Informal notes, resolutions and bills, expert panel reports, transcripts of reconciliation meetings (so called 'audiencias') and press releases have instead constituted the public sources. When it comes to sources from the private sector, the availability of published material has been scarce as well. The electric company Edesur dedicated only a few lines in their 1999 Annual Report (Edesur, 1999). The mass media coverage is normally high in any contingency, which also helps the researcher. In this case,

¹ See for example the BSE Crisis in EU (Grönvall, 2000) and the Halland Tunnel Crisis (Kärde, forthcoming)

fortunately for our case, the crisis occurred in the capital city of Argentina, where a clear majority of the multimedia is located. This is also where the federal government institutions function and where the country's financial district works. The blackout gained the attention of all important mass media. The phenomena of concentration of mass media and news are observable features of Argentinean information production. Had this power outage occurred in a poor Argentinean province like Jujuy, La Rioja, El Chaco or Formosa, or even in the very same province of Buenos Aires or in the marginalised suburbs of the Capital, it would hardly have gained the same proportions of media attention.

When it comes to interviews, for this particular study five formal interviews with decision-makers have been accomplished. Due to changes in government it proved impossible to get in contact with many of the involved people. For instance, who was at the moment of the blackout Chief of Government of the city of Buenos Aires, Fernando De la Rúa, is today President of the Republic, and he also brought with him many of his collaborators from the local government to the national administration. Another difficulty was to meet up with the people from the Civil Defence of the City of Buenos Aires, since they have to be at the disposal of any possible emergency. The few interviews achieved were completed with informal conversations with different individuals involved in the crisis response, from institutions but also among the affected clients. Name and institutional address refer to some of the interviewees, while other sources are maintained concealed in line with their own requirements.

Returning now to the research methodology. Once the reconstruction of events is accomplished, the third step is thus to map out the decision occasions of importance to the whole crisis management. As noticed above, these occasions are really the complex of events that in retrospect can be framed as 'the crisis', why the dissection of these problems to solve are crucial to the whole analysis.

The fourth and final step in the methodological procedure is putting the pieces back again and accomplish an analysis of a range of important aspects of the crisis management. Recurrent key phenomena such as problem framing, institutional co-operation and conflict, information processing, communication and mass media, crisis symbolics, sequencing and synchronicity, credibility, the role of expertise and learning processes, are analysed in this case study.

1.3 Organisation of the study

This report is organised as follows: After this first introductory chapter, chapter 2 contains a sketch of the theoretical framework in which the analysis is accomplished. This is of particular interest to those scholars working in the same field of research and it is inevitably a core part of this whole research enterprise. In chapter 3 the social, economic, political and institutional context, framing and constituting the Buenos Aires blackout, is accounted for. Getting to the point, chapter 4 sets the stage for the case study, giving a description of the central actors in the crisis management. Chapter 5 outlines a brief chronology of the events. This is followed by the dissection of decision-making occasions in chapter 6 and by the thematic analysis of central phenomena in chapter 7. Finally, in chapter 8, conclusions are drawn and final considerations for practical purposes are presented. There are eleven (11) appendix attached to this report of both technical and 'layman' character, in order to illustrate the text.

1.4 Acknowledgements

As in all research and academics, the enterprises and the results are always collective. This study is no exception. I am grateful to CRISMART, The Swedish Agency for Emergency Planning and the Institute of Foreign Affairs (Sweden) for supporting this work economically. I specially wish to thank the scientific co-ordinators Bengt Sundelius and Eric Stern for letting me stay onboard this great ship that is CRISMART and all its journeys, in spite of geographical distance and constantly extended time frames for work. All analyst colleagues at CRISMART are always (physically and/or virtually) present, which is an invaluable professional and personal support. The entire team provided helpful comments on the first manuscript. Jesper Grönvall's permanent comments; Lindy Newlove's criticism and Dan Hansén's concise suggestions have been particularly important. CRISMART project co-ordinator Anna Fornstedt has helped me out in this distance enterprise and without the careful scrutinising by the publication manager Stephanie Young this text would not be what it is. In Buenos Aires several hands were stretched out to me. Thanks to Laura Bertone for illustrating the events on video. Last, but not least, I wish to thank my informants at Edesur, ENRE and the Buenos Aires Government that have generously shared their time, their experiences and their knowledge with me, which has been of greatest value to this case study. Within this collective endeavour I assume entire responsibility for the writings here presented.

2. Theoretical framework

Crisis research, and particularly crisis decision making research, is a relatively modern field of study, featured by work of prominent political scientists such as Hermann (1963), Allison (1971), Brecher (1974), George (1980), and Vertzberger (1990) aiming at understanding individual and collective behaviour in security politics' crises between states. Their ideas have been widened by scholars like Rosenthal and t'Hart (1989,1991) to include social and technological catastrophes. This broader conceptualisation of 'crisis' has been further elaborated during the last years in case studies such as on the management of financial crises (Sundelius, Stern & Bynander, 1997; Stern and Sundelius, 1997), epidemics and food crises (Grönvall, 2000), natural hazards (Newlove, 1998; Svedin, 1999), hostage taking (Hansén, 1998; Löfgren, 1998; Nohrstedt, 2000; Ullberg, 1998), environmental crises (Stern, 1999; Ullberg, 2001), and infrastructural crises (Newlove, Stern & Svedin, 2000).

The theoretical approach guiding this research combines notions from cognitive psychology and from neo-institutionalism in the social sciences, and is as such labelled a '**cognitive-institutional approach**' (Stern, 1999; Newlove, Stern & Svedin, 2000). The study of human cognition refers to the process of acquiring and making sense of information about the world; how this information is processed and acted upon, for instance by making decisions. A crisis situation, defined in terms of threat, limited time available and uncertainty, often requires quick decisions. A situation like this is likely to generate stress, which will impact cognitive processes (Hermann, 1979; Stern, 1999). The capacity to process information and make decisions under stress is likely to be altered. An overload of information can easily overwhelm a decision maker, why a process of 'sorting out the most important' tend to occur, which in the best case lead to the accurate decision in that moment, but which also risks to produce an inappropriate action. Stress can, in the best case, produce a better performance or, in the worst case, produce irritability, apathy and/or confusion. The cognitive approach emphasises the human representation of phenomena, that is, how a particular actor interprets an event. This focus concedes importance to the inherent subjectivity in interpreting the world. Now, this subjectivity based upon beliefs, prior experience and expectations (Stern, 1999:33) is not left solely to individual chance. Cognitive anthropology holds that this as all human behaviour, including the cognitive processes is socially and culturally enabled and constrained. The particular actor decision-

maker for this case thus thinks and acts within a social and cultural field,² of which s/he is the very constituent. In this particular social and cultural field be it a country, a region, an institution, a professional or gender based community, or other ideas, norms, values and behaviour will flow, which will shape individual perceptions and ideas (cognition) of the world and how to act upon it. This social and cultural approach, featured as 'structuralism',³ cannot end up in a deterministic fashion, however. No social or cultural field is completely homogeneous or static and there is always room for human agency (Giddens, 1979). It must be understood as a dynamic organisation of social actors in which different ideas, meanings and values are constantly negotiated upon (Hannerz, 1992). The point is that the subjective ideas and actions of a particular social actor individual or collective are products of these dynamics as, at the same time, the particular actor reproduce or transform them by agency. A cultural field, with its ideas and values, is thus in constant re-negotiation upon its constituents and subjectivity is to a large extent culturally determined (Wright, 1998). It must not be forgotten, however, that social actors not only constitute themselves within a specific institution, but also have historical and personal experiences that will have importance, as will personal interests. The subjective social actor does play such a significant role that it is must call upon our attention how social and political institutions are in fact maintained. From this notion interesting questions rise: Why do certain norms prevail within a particular social and cultural field and why do others change? Who determines these norms are reproduced or changed? How is this particular field organised?

The neo-institutional approach that has developed within the social sciences, from the 1980's and on, shares notions with the anthropological post structural stance, although certain aspects may be emphasised more than others, according to each discipline's perspective.⁴ This school of thought within the political science conceptualises [political] institutions as the enabling and constraining milieu wherein politics takes place, thus, according to Stern, a "middle ground between utilitarian rational choice perspectives and structural deterministic approaches to the study of public policy" (1999:36). This approach highlights concepts such as rules, norms and roles (see March and Olsen, 1989); historical processes and legacies (see Lindblom, 1990; Soltan et al, 1998); the politicisation of organisations (see Stern and

² 'Social and cultural field' refers to a [social and cultural] system organising social life in a community. The concept derives from the French sociologist Bourdieu who analyses how individuals become specific social and cultural beings through the acquirement of habitus within a specific social milieu; the field (Bourdieu,1985; Carle, 1988)

³ For further reading on [symbolic] structuralist social and cultural anthropology, see for example classics such as Lévi-Strauss, C. (1987), Dumont, L. (1965), Leach, E. (1966), and Douglas, M. (1966). Later [marxist] structuralism features anthropologists such as Godelier, M. (1977) and Sahlins, M. (1972) while political economic structuralism in anthropology has been developed by Said, E. (1979) and Mintz, S. (1974) among others. For an insightful and synthetic analysis of structuralism within social and cultural anthropology see Ortner,S. (1984).

Verbeek, eds. 1998); communication and symbolics in the study of institutional dynamics. Stern holds that what political/organisational neo-institutionalism focus upon are "meso-level social formations such as factions, groups, networks and organizations" (1999:37), which work as arenas and agents at the same time. Thus, from an anthropological perspective and in line with Stern, I see institutions as both social arenas and social actors simultaneously, where ideas and actions are produced and negotiated upon in order to be reproduced or transformed. Within the cognitive institutional approach I also emphasise the importance of the institutional setting for the action of the individual. A decision-maker is thus an individual and a collective actor at the same time, as her/his decisions are somehow a product of the institutional setting that s/he constitutes. Now, getting to the field of study that concerns us here; what implications does this approach have for the study of crises?

Having determined a crisis situation to be one where central values are at stake, limited time available and uncertainty prevailing (Sundelius, Stern & Bynander, 1997), I have elsewhere suggested that the nature of a crisis be socially constituted (Ullberg, 2001:9-10). Taking this argument to its essence, I suggest, in line with social constructivist thinkers (see for example Habermas, 1984-87; Foucault, 1980; Bourdieu, 1978), that there is no objective crisis going on 'out there', but that this is produced in a social context. 'A crisis' is hereby defined essentially as a social phenomenon. An event or sequences of them occur –incidents or accidents in Perrow's words (1999:63-66)– such as the sunk ferry Estonia in 1994 (Haspers, 1998); a monetary devaluation like the devaluation of the Finnish mark in 1992 (Sundelius, Stern & Bynander, 1997) or an assassinate like the murder of the Swedish Prime Minister Palme in 1986 (Hansén, 2000). In order to 'a crisis' to 'break out', this must be socially and culturally constituted by giving this particular significance or meaning to the incident, accident and entire situation. My standpoint is by no means deterministic, but I wish to emphasise what I figure is one of the central points of crises and their response: its social and subjective nature.

Although there are social and political settings that determine that a state of permanent crisis prevails⁵ I am here concerned with determined crisis situations. The lapse of time that constitutes the crisis can be for hours or for years, but for the sake of analysis, a time frame is set. While a crisis can be seen as a single problem complex, which, one way or the other, serves for the purpose of analysis, this is rarely the experience of the decision-makers and the

⁴ Referring to neo-institutionalism within political science, political economy, economics and sociology (Stern, 1999:36)

⁵ I am particularly considering many of the so called developing countries in the world, where political, economic and social crises are 'normal' state of affairs where politics take place, where people fight to survive and 'uncertainty' refers to whether

institutions involved (Stern, 1999:42). Rather, a crisis is constituted by sequences of problems to solve and of decisions to make, which can follow one after another or be at stake at the same point of time (Ibid. 42-43). Under time pressure and lack of predictability, the crisis situation can be seen as an altered state of things. Viewing such a particular setting with this theoretical framework in mind one must ask oneself what happens to human cognition and institutional dynamics under such conditions? Are chaos and a general disorder to expect, or are organisation of institutions (social and/or governmental) maintained, and if so, how do they function under such circumstances? These are vital issues to scrutinise in the management of a crisis. Mary Douglas, one of the most prominent British social anthropologists during the last half of the XX century, has studied the constitution of institutions (1986). She argues that "crisis behaviour depends on what patterns of justice have been internalized, what institutions have been legitimated." (Ibid. 122). She exemplifies her discussion with situations of famine, in which intentions of equal distribution of food supplies on part of international relief agencies is subverted by local institutions. Normally marginalised sectors of society were again the least prioritised. Another social anthropologist could observe, in a famine situation where foreign relief was not available, that the community in crisis, rather than suffering a collapse of conventions, switched from a regular set of principles to a regular set of emergency norms (Torry, 1986). Thus, according to Douglas and Torry's observations, the crisis did not provoke rupture of the social organisation of institutions; rather these were modified with the situation. While their standpoint is in my view too a structuralistic one and should be criticised for leaving hardly any space for human agency, it does emphasise the importance of the reproduction of institutions also in what appears to be a virtual chaos. Crisis situations in society, in fact, demand decisions, individual as well as collective, and these are essentially produced by and within social and political institutions. Decision-making constitutes the very core part of the crisis management, since they determine human action. While some decision makers have to or want to stand front and assume decision responsibility alone, according to the cognitive institutional approach here applied, neither the decision makers nor their decisions are made in an individual vacuum. The institution with its ideas and norms, constituting a social field at a meso level, will to a large extent shape the decision, as will those at the micro level, referring to small groups (Stern, 1999:57-82). Literature on crisis decision making indicate the 'small group' be it a crisis committee, a cabinet, a council, or a commission play an important role in

there will be food on the table that day or whether the structural adjustments applied will be enough to qualify for new multilateral loans.

this process (Ibid. 57). The dynamics in a 'small group' and between several 'small groups' are likely to "profoundly affect the decision maker's view of their situation, its possibilities, constraints, and imperatives." (Ibid. 58). In line with George (1997:44-50) I see 'small groups' as constituents of a broader social field, why the 'small group' and the decisions made by it must be analysed with reference to the institution/s of which it is part. These 'small groups' can be found, not only at top level in an institutional decision making structure, but also at other levels. A distinction can be made between the operational and the strategic levels of decision-making and where small groups can be found and decisions can be made. 'Strategic' decisions refer to those typically made at the top-levels by politicians and chiefs of bureau. 'Operational' decisions are those normally made by technicians and middle chiefs (t Hart, Rosenthal and Kouzmin, 1993:25-28).

Now, decisions are not just a product of institutional setting and group dynamics, they are also products of an ocean of specificities. They are made by specific decision makers upon specific upcoming problems at a particular point of time; the decision makers form part of specific institutional settings in which specific ideas and norms shape their actions; these institutions work as specific social actors interacting with other actors, which forge themselves within larger social and political complexes such as regions and nation states with specific cultural and historical features. Is it then possible to generalise upon all these variables? Maybe is this a dilemma to all social sciences, which are dealing with such complex, dynamic and many times abstract phenomena as are society and societies. I believe, however, that there are many conjunctures, cases compared, from which conclusions can be drawn, and although preliminary defining also 'science' and 'knowledge' as social fields that are in permanent discussion these can help us to understand better how crises are managed. This way practitioners and scholars dealing with these issues can join efforts in order to ameliorate crisis preparedness.

3. Contextualising the Buenos Aires Blackout

3.1 Locating the Scene of Events

The Argentine Republic is one of the largest countries on the South American continent, both in geographical extension and in population. Its territory covers approximately 3 millions km² from the Antarctic in the south to tropical Chaco up north, from the Atlantic coast in the east

and the Andes mountain range in the west, where nearly 37 millions of people habit⁶. 63% of this number live in the provinces of Buenos Aires, Córdoba, and Santa Fe while the mayor concentration of inhabitants, approximately 33,5% of the total population, is found in Gran Buenos Aires, that is, the city and suburbs of Buenos Aires (see Appendix I). Urbanisation processes in Argentina had its peak in the 1970's due to industrialisation processes, an increase that slowed down in subsequent decades. The rural Argentina, with its extensive land and agro export based economy, is still transforming into an urban society (see Appendix II) due to contemporaneous economic and political development. Small farmers and cattle raisers have increasing difficulties to sustain small-scale enterprises in competition with large economic groups that produce and sell to a cheaper price. Emigration to an uncertain economic and social future in the outskirts of a mayor city is thus the only alternative for many of these small-scale farmers and cattle raisers. Urban immigration puts existing infrastructure at strain and particularly if this is deficient already. As I shall develop below, the electric network in the City of Buenos Aires was until the 1990s deficient in service due to lack of maintenance and technological investments. The existing electricity capacity was thus not enough for the growing number of inhabitants.

Buenos Aires is, as demographic numbers indicate, a huge city. The Capital Federal is, as noted above, not only the country's capital city and the centre of national politics and commerce, but is also the core part of the city. Unlike urban centres like those of Auckland and Stockholm, where the core parts of these cities are constituted by offices, shops and institutional buildings (Newlove, Stern & Svedin, 2000:19-21), the City of Buenos Aires (Capital Federal) hosts nearly three millions inhabitants spread out over the whole area.⁷ This means that also in the commercial and political quarters of the city there are neighbours next door and there is, in fact, a quite picturesque *mélange* between different buildings, ways of life and daily activities. The blackout in 1999 meant, thus, that an important amount of the affected customers were households.

Argentina is a federal republic since 1816 when the country formally accomplished independence from the Spanish crown. 24 provinces constitute the republic and these enjoy a relative degree of political and administrative autonomy in relation to the Republic. The Federal Capital, the core city of Buenos Aires, was earlier a municipality within the Province of Buenos Aires. In 1994, within the Federal Constitutional Reform, however, the

⁶ According to the preliminary numbers of the 2001 National Census the total population in Argentina was 36.027.041 (El Diario de la República, 24 November 2001). Account and analysis of this census is currently underway.

⁷ According to the preliminary numbers of the 2001 National Census the population in Capital Federal was 2.729.469 (El Diario de la República, 24 November 2001). Account and analysis of this census is currently underway.

Municipality of the City of Buenos Aires was reconstituted as an Autonomous City⁸ and as such it does no longer form part of this province. Instead it constitutes a proper political and administrative jurisdiction, as if it would be a province.

In a Latin-American context, Argentina has, during the 20th century, been characterised as something of an economic and social exception compared to other countries in the region. It has been, on the one hand, an economically prosperous country, one of the world's greatest exporters' of grain, meat and wool. The country has an important infrastructure, mainly due to foreign investments. The social politics during the last century have aimed at becoming a welfare state and thus statistics on poverty and infant mortality have been low, comparing to the rest of Latin America. On the other hand, a review (Keen, B.1996: 305-326) of Argentine economic history in the 20th Century reminds us of stagnation interspersed with periods of depression and runaway inflation. Military coups, social turbulence and brutal repression have been a constant feature of the country's politics, of which the last military dictatorship 1976-1983 was one of the most violent.

Since 1983 democracy is installed in the country. All representatives are elected every four years⁹, from municipality level up to presidency at the national level. The sitting President De la Rúa from the liberal coalition the 'Alianza' who was governing the fourth consecutive mandate of democracy¹⁰, renounced on Christmas Eve to his post after serious street riots and civil disturbances in Buenos Aires and other important cities in the country, due to the deep social and economic crisis the country is currently suffering. The legislative assembly in Congress thus voted that the Peronist Party's Adolfo Rodríguez Saa, Governor of the inland province of San Lu s, assume mandate until elections in March 2002. While Rodríguez Saa immediately pronounced measures such as ceasing the payments of the foreign debt and reducing the salaries of the political representatives, new street riots only a few days later made the new president abdicate by New Years Eve. At the moment of writing this Senator Eduardo Duhalde, former Governor of the Province of Buenos Aires, has been voted in Congress to govern the country until elections in 2003. This severe social, political and economic crisis, albeit in many ways related to the blackout crisis, is beyond the scope of this particular study, however. Its' magnitude and severity deserves an analysis of its own.

⁸ *Ciudad Aut noma de Buenos Aires*

⁹ A reform in 1994, by the sitting president Menem, changed the previous principle of six years mandates as was implemented the possibility of re-election.

¹⁰ The presidents in the last decades of democracy have been Alfons n (1983-1989), Menem (1989-1995 and 1995-1999) and De la R a (1999-)

3.2 A closer look at contemporaneous Argentinean economic & political history¹¹

Argentina is a multi faceted country in many ways. Counting with important natural resources such as oil, mineral, wood, fertile soil, variety of climates, high productive coastline, and important export industries like meat, wool, leather, fruit, vegetables, and wine, make many Argentineans claim the country ought to be –if not prosperous– at least not among the developing countries. The equation is obviously much more complex, but there is a grain of truth in this reasoning. The problem of distribution of resources is but one explanation to this problem although a very historical root to this social and economic pattern. The post war economic boom in Argentina during the government of Juan Domingo Perón permitted the rural economy to slowly initiate an industrialisation process. While the intentions were good, the agriculture was still the base for this development. Lack of technological development for industrialisation, summoned a latifundio rural economy,¹² set the structural framework for the economic problems in Argentina. Military governments and chronic economic fluctuations characterised the Cold War period in the country. Periods of rapid economic growth were followed by acute depressions, wiping out any previous gains and generating runaway inflation. Succeeding the nationalist ideology and import substitutions politics of the Perón era, the 1955-1973 governments opened the doors to foreign investments by removing all restrictions on profit remittances and stimulating industrial denationalisation through devaluation. The military junta that took power 1976 applied a free market economy letting importation free by eliminating import tariffs, which lead many of the national corporations to go bankrupt. Again economic growth fluctuated wildly; real wages fell and by June 1982 the annual inflation rate reached 500 percent. With the last military junta, Argentina's foreign debt grew from US\$ 8.000 millions in 1975 to 45.000 millions in 1983 (Calcagno & Calcagno, 2000). Two central factors in this process are important to emphasise. On the one hand, the OPEC countries and the international financial system of the time needed countries where to place surplus and Argentina was not late to accept the offer. On the other hand, the economic policy of the military junta produced a national capital flight from the country, which meant reduced international reserves and consequently an increase in state debt. When foreign bank interests increased there were no funds to pay the debt amortisation and not to mention the augmented bank interests. On top of

¹¹ Keen,B (1996) if otherwise not stated

¹² The 'latifundio economy', a historical feature of Latin America in general and as such a legacy of the Spanish colonisation, is based on great estates of agriculture and cattle raising, and in which land ownership is distributed between a few wealthy owners, a species of land monopoly. One argentine *estancia* [ranch] can be as large as several thousands of hectares and the *estanciero* [owner] runs the property with poorly paid peon labour. For further reading see for example Keen, B. (1996), Rock, D. (1985), Diaz, A. (1970)

that, the Argentinean State implemented a system of exchange insurance for private companies that ended up with the state assuming their debts. After the disastrous Malvinas – or Falklands– war the junta had to yield power to a civilian government in 1983, which was to be presided by Raúl Alfonsín from the Radical Party (Unión Cívica Radical). While he, during his mandate, had to attain to restore a fragile democracy and heal the social and political wounds of the extremely violent dictatorship, the economic crisis only worsened. Inflation soared and reached 1,500 percent in 1985. The situation was to be remedied with the so called Austral plan establishing wage and price controls, changing the currency peso for the austral, and reducing public expenses. The situation was stabilised for a moment but the Argentinean economy was profoundly wounded. The national industry was by then technologically backward and there was a high dependency on primary export markets with low prices. By 1989 the GDP had fallen more than 15 percent since 1981. Upon ‘counsel’ of the IMF, Alfonsín resorted to traditional conservative measures seeking to push exports and enacting austerity measures. Without such, no new multilateral loans would be available. The complete lack of available capital for development contributed to deterioration of infrastructure, including energy rationing through long daily rotating power cuts. A profound recession with a declining production and annual inflation rates of 12,000 percent with prices rising several times a day, burst out in food riots in supermarkets all over the country, to which the government responded with a nation-wide state of emergency and a banning of strikes and demonstrations. Alfonsín decided in July 1989 to hand over government five months in advance to the newly elected president: the governor from the province of La Rioja, Carlos Menem.

3.3 Economic reforms in Argentina – the Menem era

The relatively unknown governor Menem, who represented the Peronist party, had won the elections through a highly populist campaign and vague promises of a productive revolution. While the Peronist party traditionally allied with the worker class and practically controlled labour unions, Menem implemented, against all expectations, a thoroughgoing neoliberal economic programme, including several conservative ministers in his cabinet of which some represented powerful multinationals and were related to the important Argentine agricultural oligarchy. A programme for privatisation of state owned companies was announced; thousands of employees in public administration were dismissed and government spending drastically reduced. The shock therapy of the Menem government and the authoritative 'executive-decree-politics' on part of the president, accomplished to divide the labour

movement and to weaken the unions. In order to succeed with the stability goal of economy, the currency –now peso again– was made convertible in relation to the US dollar¹³ and further government budget cuts were made, reducing expenses in health, education, welfare and pensions. The fiscal orthodoxy was rewarded by the IMF with the so called Brady Plan refinancing part of the Argentine foreign debt, that by 1991 had reached almost US\$ 60 millions, while under- and unemployment grew steadily and other social indicators pointed at increased poverty. The removal of tariff barriers opened the doors to a flood of cheap import products to which national industry could not compete and therefore declined further. The Argentine agro industry also suffered a crisis, as low international prices, declining markets and the high cost of agricultural credits reigned. Any protests against this harsh economic policy was responded by the Menem government as being ‘acts of subversive agitators’ and through augmented budgets to security forces in order to ‘control activities of disintegrative elements’. Menem accomplished a constitutional reform to permit presidential re-election and was re-elected in 1995. The Menem government propaganda recurrently reminded the Argentineans of the hyperinflation during the Alfonsín era, inciting the people to cherish stability (and Menem government). By this argument this economic policy continued while social costs augmented. This made social and political protests grow. There was, by the end of the 1990s, no more state companies left to sell out; the foreign debt had reached the sum of US\$ 144.657 millions (Calcagno & Calcagno, 2000:4) and the Argentine population suffered the harsh consequences of Menem politics. Summoned to this were the corruption scandals that had followed the Menem administration from the beginning but that became more and more obvious and stunning each time. When Fernando De la Rúa, representing an alliance of centre-right wing parties called the Alianza, ran for the 1999 elections, this was exactly what got him to power. The Argentineans were fed up with impunity. The economic situation in Argentina is until this day very strained and neoliberal economic policy continues its course. Poverty keeps increasing and the large Argentinean middle class is vanishing. The increase of urban violence is just one symptom of this social and political situation. Buenos Aires is particularly suffering these problems and the Buenos Aires inhabitants live with their nerve tense. While a power outage might seem a triviality in the light of these mayor political, economic and social problems, the 1999 blackout in the middle of summer heat was rather the straw that broke the camel's back for the already stressed Porteños.¹⁴

¹³ 1 US dollar is equivalent to 1 Argentinean peso with the Argentine currency tied to the North American currency's fluctuations.

¹⁴ The denomination ‘Porteño’ of the Buenos Aires inhabitant relates to being a port city.

3.4 Privatisation processes and reform of Argentinean electricity sector

Linked to this economic and political process are privatisation of state companies and structural adjustments of the state. This formula is a remedy not only applied in Argentina, but in many other countries. In the case of Argentina it was strongly advised by the IMF as a means of acceding to new credits. The process of privatisation in Argentina was initiated with President Menem and was rather hastily performed, clearly favouring large economic groups. Companies such as ENTEL (the telephone company), Aerolíneas Argentinas (the national airline), SEGBA (Buenos Aires electricity company) were sold out in a 'fire-sale' manner, being sold for fractions of their net worth. The arguments for this procedure were that the state companies counted for permanent losses for the state and were extremely inefficient. But even YPF, the state oil company, was sold out this manner, in spite of being a profitable company with high assets and projected revenues (Keen, 1996:324).

The political discourse of 'the inefficient state' justified most of the deregulation in the sector of public services and infrastructure. In Argentina, thus, complete railways, roads and highways, airports, telecommunications, water provision, gas and oil and electricity were privatised in the 1990s. This has meant a reduction in state expenses for Argentina, which was the purpose, but also large sectors of dismissed public service employees and subsequent social problems (and costs for the state) due to this. By the time these employees were dismissed the entire job market was being reduced and rates of unemployment increasing as Argentinean economy was declining.

The Argentinean electricity sector was re-structured in 1991 and 1992. Parliament law 24.065, known as the 'Regulation Framework for Electricity', establishes the legal norms for this re-structuration process (Chambers of Deputies, Official Bulletin, 16 January 1992, p.30). The electric sector was divided into three vertical segments: generation, transmission and distribution of electric energy. The legal framework also set the criteria for the privatisation of the state companies in these segments. There are services –such as those of electricity, gas and water provision– that are considered 'natural monopolies' within this framework (Thwaites Rey, López & Felder, 1999: 12). That is, the features of the activity are such that the technical costs of letting several companies offer the same service in the same area is too expensive. While 'the monopoly' is normally associated with 'the state', supposing politics is the medium for this, it is in this case 'the market' itself that sets the limits, due to the costs. Thus, the energy sector is prone to be monopolised in this sense, private or public. This is particularly the state of being in the provinces and in the regions of low population density. In the city of

Buenos Aires, the electric company SEGBA¹⁵ was, between February and July 1992, divided into seven commercial units; four companies for generation and three for distribution. One of the latter was EDESUR S.A., Empresa Distribuidora de Electricidad Sur, Sociedad Anónima. One of the political arguments for the privatisation of SEGBA was the frequency in power cuts when this state company provided electricity in Buenos Aires, particularly in the 1980's. Through privatisation the outages would be eradicated and service in general would be infinitely better, which measures of the frequency of power interruptions indicate it has (see Appendix III). When the EDESUR blackout occurred in 1999, however, the issue of privatisation and quality of service became again centre of discussion. The harshest critics on EDESUR argued that in line with the interests of the private company, the reduction of staff and of materiel, in order to reduce costs and increase profit margins, had sacrificed quality and security (Zlotogwiazda & Klipphan, 1999:8-13).

The regulation frameworks for all privatised public services designate so called Regulation Bodies, which are the state agencies that are to control the performance and the product of the private company in regard. The Argentinean electric sector is currently supervised by a national agency, the ENRE,¹⁶ and there are also eleven regulation bodies in some of the provinces. The only partial implementation of the regulatory agencies is due to the political and legislative autonomy that the Argentinean provinces enjoy. Not all of them, in fact a majority, have considered it necessary, or have they not afforded to implement such a controlling body into their provincial state structure after the federal privatisation reform. The ENRE, as shall be accounted for in what follows, is federal and works in all provinces in matters of generation and transport of energy, not so when it comes to distribution of electricity however.

A closer description of EDESUR and of the ENRE and its functions follows.

4. On the stage

On the following pages I will account briefly for the different actors that participated in the management of this power outage crisis. This overview concludes with a list of acronyms, which will help the reader to remember the different institutions involved.

¹⁵ SEGBA = Servicios Eléctricos de Gran Buenos Aires [Electrical Services of Buenos Aires]

¹⁶ Ente Nacional Reguladora de Electricidad [National Regulation Agency of Electricity]

4.1 Central Actors in the Buenos Aires Blackout

The crisis management of the power outage in Buenos Aires involved principally three different organisational actors.

4.1.1 Edesur

On the one hand the electric company, Edesur, carried responsibility for the accident and was the sole unit to re-establish service. This took eleven days before light was totally back in the affected parts of the city. As above stated, Edesur is one of the three electric distribution companies in the City of Buenos Aires with its surroundings.¹⁷ When SEGBA was privatised in 1991-92, the electric supply to the city was split into three operative areas that corresponded to these three different companies. The areas were separated through imaginative limits through the city, but also in practice the distribution systems within the same city were technically separated (see Appendix IV), obstructing any possible reconnection (Interview with Mr Alberto Devoto, Vice-president ENRE). This technical feature actually meant, for the crisis management in the Edesur 1999 outage, that the other two companies could not 'help Edesur out' by connecting to their systems, as these were interrupted.

The Argentinean State founded Edesur as a stock company and majorities of its shares were sold through an international public contest. In August 1992 a contract for 51% of the shares was signed between the Argentinean State and the Chilean-Argentinean consortium Distrilec Inversora S.A. paying above US\$ 500 millions for these shares (Edesur, 1999:8). Major transnational companies in the electricity market, such as Chilectra and Endesa set up the consortium from Chile together with Endesa from Spain, PSI and TAICO, and the local Perez Companac. The Argentinean Government kept at first 39% of the shares, but sold them off in 1995 to one of the shareholders, leaving the National Bank with only 10% of stock in 1999. The contract for concession is valid until August 2087, that is, for 95 years (Ibid: 37). Edesur in 1999 supplied 2.105.380 customers in an area of 3.309 km² in the southern part of the city of Buenos Aires and another twelve departments in the southern part of the province of Buenos Aires (Ibid: 9). Edesur is operated in Buenos Aires but is ultimately run from Enersis in the neighbouring country, which in turn is controlled by the Spanish Endesa since March 1999. The Edesur decision-making organisation is a vertical structure entailing a board of directors with a president and eight directors on the top followed by a general manager,

¹⁷ The other two are EDENOR and EDELAP

communication manager and environmental manager. At the bottom are seven subdirectories attending legal assessment; human resources; commercialisation; distribution; services; economic planning; administration and finances.

4.1.2 ENRE

On the other hand were in the crisis management involved national governmental authorities. The National Regulation Agency, ENRE, was constituted in April 1993, eight months after the privatisation process of the electric market. ENRE has a federal competence in matters of generation and transport of energy, while in matters of distribution its competence is only valid for the former SEGBA area, that is, in Buenos Aires (see Appendix IV) (Interview with Mr Alberto Devoto, Vice-president ENRE). The ENRE is an administrative institution, and thus its staff is mainly constituted by white-collar professionals but also by technicians (Ibid.). A five-person board of directors, headed formally by a president and a vice president, conduct the organisation. In practice this board of directors works as an equal team, however, and all five members have decision-making authority (Ibid.). ENRE, together with the national **Secretariat of Energy and Mining** worked as regulators of the legal framework for the crisis management of the power outage. In theory, the ENRE is a state agency with administrative autonomy that has to balance the private companies' interests in profits against the quality of service to the customers. This is accomplished by controlling that the companies fulfil with the contract of concession and, in case they do not, by applying sanctions. As I shall account for below, the procedure is one of evaluating and eventually sanctioning on a six-month basis once 'the harm is done'. This routine manner would be of importance for the crisis development in this case, since the political establishment and the public opinion perceived that the ENRE was 'doing nothing' when the agency was actually acting in accordance with routine procedure. The ENRE has neither legislative nor any policy making power, however, which entails the agency with a certain degree of political dependency in practice. The political decision-making regarding the electric market is done at the Secretariat of Energy and Mining within the Ministry of Economy. In this crisis the ENRE operated as the nexus between the national government and Edesur.

4.1.3 Government of the City of Buenos Aires

Also on the governmental part, the local government of the City of Buenos Aires with its Civil Defence was active in the crisis management. The City of Buenos Aires hosts the capital city of the republic, the so-called 'Capital Federal'. The city of Buenos Aires is one of the

largest on the whole continent with its 15 millions of inhabitants, geographically located in the province with the same name. Only the core part of the city constitutes the Capital Federal, however. It is judicially equivalent to a province according the Argentine Constitution of 1994 and thus provides it with the right to an own government: **Gobierno de la Ciudad de Buenos Aires** [GCBA] (The Government of the City of Buenos Aires). The extensive suburbs surrounding the city, where the majority of the population lives, belong administratively to the Government of the Province of Buenos Aires. In spite of a rather small territory and only some three millions of inhabitants, Capital Federal is no doubt the capital city where financial and political power of the whole country operates.

When the blackout occurred in 1999 the GCBA concentrated on palliating the social situation, helping the affected institutions and inhabitants by supplying water, ice, electric generators. The **Defensa Civil** [DC] (Civil Defence) of the GCBA was the main operative actor in this work, co-ordinating the tasks of the GCBA departments involved, such as the Health Secretariat, but also with external actors like the Army Forces and the hospitals. As we shall see, the local government and its Chief of Government also engaged in the crisis management. This was a crisis for large parts of the Capital Federal population for whom the government was responsible and thus a complex of decision-making problems for the government. 1999 was also the year for presidential elections to which the GCBA Chief of Government, Fernando De la Rúa, was one of the main candidates. The crisis was thus simultaneously a window of opportunity for De la Rúa's campaign.

4.1.4 Civil Defence in Argentina and in the City of Buenos Aires

The history of the institution of Civil Defence in Argentina goes back to the late 1960's. The idea of a defence for civilians in war gained support in the world after the Second World War. In Argentina this idea was incorporated into the Military Defence as a division called *Defensa Antiaérea Pasiva Territorial* [Territorial Passive Non Air Defence] (Buenos Aires Civil Defence, 1989). In 1968 this division was incorporated into the Ministry of Defence and in 1969 it officially took the name 'Defensa Civil'. In 1996 the National Agency of Civil Defence was transferred from the Ministry of Defence to the Ministry of National Affairs [Ministerio del Interior] and located within the administration of the Secretariat of Internal Security (Dirección Nacional de Políticas de Seguridad y Protección Civil, 2001).

The 'Dirección General de Emergencias Sociales y Defensa Civil' (DC) is the Civil Defence Agency of the City of Buenos Aires was created in 1981 through Law by Decree 22.418 (Argentine Legislation Annuals, 1981) during the last de facto government (1976-83).

The head of the agency is the Chief of Government of the City of Buenos Aires, while a General Director runs the agency. It is the Chief of Government who declares, if necessary, a state of emergency, and who determines formal disaster areas on recommendation from the General Director. The Civil Defence in the City of Buenos Aires is the institution in charge of all emergency measures in Capital Federal. Through its Emergency Operations Centre [Centro de Operaciones de Emergencia] the DC co-ordinates all emergency operations entailed by other public organisations such as S.A.M.E.,¹⁸ the Fire Brigades,¹⁹ Secretariat of Environmental Control, including the private companies that are in concession of the public services. The DC also co-ordinate operations with the Armed Forces, the Federal Police, the Buenos Aires Police, and the Gendarmery, in case Civil Defence calls upon them. As we shall see below, all these organisations participated in the palliating work during the 1999 blackout. A state of emergency can be declared once the "disaster exceeds the resources of the affected area" (Government of the Argentine Republic, June 18, 1982. Article 60). There was no state of emergency declared in the Edesur power outage, however. One reason was that there was never a situation of chaos during the blackout, nor were the City of Buenos Aires Government's resources ever exceeded. Also the 'short term perspective' that prevailed among all involved actors during the first week of the power outage, may have determined the absence of a declared state of emergency - everybody expected the problem to be solved immediately.

4.2 List of Acronyms

DC	<i>Defensa Civil</i>	[Civil Defence]
Edesur	<i>Empresa Distribuidora de Electricidad Sur</i>	[Electricity Distribution Company South]
ENRE Agency of	<i>Ente Nacional Reguladora de Electricidad</i>	[National Regulating Electricity]
GCBA	<i>Gobierno de la Ciudad de Buenos Aires</i>	[Government of the City of Buenos Aires]

¹⁸ S.A.M.E. *Sistema de Atención Médica de Emergencia* [System of Medical Attention in Emergencies] is the emergency health organisation within the Government of the City of Buenos Aires, depending of the Secretariat of Health. S.A.M.E. attends all individual and collective medical emergencies in the City of Buenos Aires, and is in charge of sanitary organisation in the case of a disaster with human victims.

¹⁹ In Argentina there are two classes of Fire Brigades [*bomberos*]. The 'professional' corps' belong to the Federal Police, while the other is based on civil organisation and 'volunteer firemen'.

SEGBA Buenos	<i>Servicios Eléctricos de Gran Buenos Aires</i>	[Electric Services of Aires and Suburbs]
SEM	<i>Secretaría de Energía y Minería</i>	[Secretariat of Energy and Mining]

4.3 Values in Play

Having defined the central actors let me now take a concrete look on their involvement in this infrastructural crisis. Which were the values at stake for them? As crisis management research has shown (‘t Hart, 1993:40), a crisis can be as much a threat as an opportunity, depending on the circumstances and the actor involved and thus subjectively determined.

Let me begin with the affected customers. They are for our case here not analysed as an actor in its own right, but are surely vital in the crisis dynamics. As emphasised in the Auckland power outage (Newlove, Stern & Svedin, 2000:163-164), the 'victims' can very well be crisis copers. A power outage in an electricity dependant society, such as the majority of all modern urban settings, has severe social consequences. No electricity means no light in houses, commercial or institutional buildings; no elevators in tall buildings nor water for drinking or sewage in these (as pumps are electrically driven); no air conditioning or heating (where this latter is electrically provided); no cooking possibilities (where the stove is electric); no computers to run transactions in banks, shops, supermarkets or to accomplish tasks in state administration; no electrically driven transport (subway and train); no gasoline (where pumps are electrically driven) for other means of transport; no traffic lights; no industrial production. In short, the modern city is highly electricity dependant and the lack of energy severely affects social, political and economic life, as we can currently observe in the state of California (USA), where the high consumption of electricity is an important political problem. A power outage, thus, if it endures, can transform into a virtual chaos.

In the Buenos Aires blackout, for the households, a range of values were thus at stake: daily routine (work, meals and so on), health, hygiene, mental well being, vicinity relations, and not to mention monthly budgets, as having to buy food instead of cooking, which is substantially more expensive, or having to travel to relatives or friends in other parts of this extensive city in order to take a shower in suffocating summer heat, and other costs. For the affected corporate clients, this was principally an economical issue. The many food stores and restaurants losing possibilities to refrigerate food. Banks with computerised systems were unable to operate by which money would not circulate and subsequently, for the bank, profit would be lost. The same threatened to happen to other businesses, as people would buy less.

These negative effects could only be balanced with economic compensations, for which strove the institutionalised civil actors: the consumers' organisations and the Ombudsmen. For NGOs such as the consumers defence associations ADELCO²⁰ and ADECUA,²¹ this case was undoubtedly an opportunity to gain attention for their cause.

In the context of privatisation, one of the principal pro-privatisation arguments was that of quality and efficiency of public service. Edesur had accomplished recent investments in order to fulfil this 'promise'. The substation Azopardo Nueva, for which the connection tests that caused the power outage were made, was one of these and its inauguration was to be a symbol of Edesur quality and efficiency (see Appendix V). The blackout certainly threatened to darken this image of the company, as would the entire management of the situation, which was to reveal severe inefficiencies in the corporate organisation. Now, not only the Edesur reputation was at stake. The many shareholders (Enersis, Chilectra, ENDESA and others) were powerful companies constantly searching for new investment opportunities. A 'bad' crisis management would not speak well of their capacity either, nor in technical matters (How could it happen?) neither in financial solidity. The power outage was not only a threat to loss of reputation, but also a huge loss in money for Edesur and its shareholders. Finally, as the crisis developed the very ownership of Edesur was threatened, as the terms of the contract with the Argentinean state considered situations when service was not fulfilled, which legally sustained the state's right to abolish ownership of shares and sell them again.

To the Argentine state, embodied in the National Government and the electricity-regulating agency, ENRE, the power outage put their management capacity at stake. For the Menem administration it was a matter of politics, as the privatisation was a product of this government, and the blackout occurred in the midst of the internal campaigns for presidential candidates that same year. The blackout in itself was thus a negative impact for President Menem and his government, which worsened as the days passed by without solution. As the public claims for justice and economic compensation increased, the already pressed public finances feared having to indemnify all affected customers. A well-performed management on part of the government, however, would serve as a card in the presidential campaigns. The state representative, the regulating ENRE, therefore played an important role for the Menem government. It was at the same time justifying its very existence. This public agency was negotiating the performance of Edesur and if this was not satisfactorily accomplished, there

²⁰ ADELCO = *Acción Del Consumidor* [Action of the Consumer]

²¹ ADECUA = *Asociación de Consumidores y Usuarios en la Argentina* [Association of Consumers and Clients in Argentina];

was an overhanging risk the agency would be 're-structured' into another kind of regulating agency.

The Buenos Aires Government, GCBA, and the Civil Defence, DC, were not only defending the well being of their affected inhabitants, but also their political reputation. The GCBA head, De la Rúa, was running for president in that year's elections, why a good performance in the crisis management would provide him with the opportunity to gain confidence and, thus, votes.

5. Crisis Chronology²²

1999, February

During the first weeks of February Edesur is making transmission tests in the new substation Azopardo Nueva that is to be inaugurated during this month.

Monday, February 15

At 3.14 a.m. in the substation Azopardo Nueva the connection between oil cables 135 and 453 at 132 kV fails (see Appendix VI). As a consequence of this connection failure, a fire starts in the substation. The fire extends over the whole basement in the substation, setting fire also to other cables. While the fire is soon under control, electric supply of high tension is interrupted to the substations Pozos,²³ Once²⁴ and Independencia,²⁵ affecting 156.540 customers²⁶ in Capital Federal; households, shops, banks, restaurants, public service (see Appendix VII). Also the underground and traffic lights are out of function.

Edesur informs in the morning that service will be re-established within the course of that same day. Technicians of the company work all day on a solution, while provisory measures are taken to reduce the number of affected customers. In the afternoon Edesur informs that total service will be re-established within the next 48 hours. By night the number of affected customers is down at 60.000 through connection to medium tension network.

Tuesday, February 16

²² The chronology is reconstructed through different sources such as the newspaper Clarín; EDESUR documents; ENRE documents; journals Veintiuno and Imagen; interviews with involved crisis managers, if otherwise not stated.

²³ The name of the substation 'Pozos' refers to the Battle at Pozos in 1826 between Argentinean land forces and attacking Brazilian vessels intending invasion from the Rio de la Plata.

²⁴ 'Once' means eleven (11) in Spanish. The name of the substation refers to September 11; death anniversary of Domingo Faustino Sarmiento, Argentine President between 1868-74 and generally considered the founding father of the public school in Argentina.

²⁵ The name of the substation 'Independencia' [independence] refers to the country's emancipation from the Spanish Crown and the creation of the Argentine Republic in 1816.

²⁶ One (1) customer equals approximately four (4) inhabitants in Buenos Aires (Interview with A. Devoto ENRE), which means an estimated number of 626.000 affected inhabitants at the first moment.

60.000 customers remain without electricity and Edesur keeps working on a technical solution. This is the warmest day in Buenos Aires so far and people are suffering the lack of water, elevators, refrigerators and air conditioning. The company informs through a press release that by Wednesday electricity will be re-established. In the evening, six new cables are connected in Azopardo Nueva to be executed next morning.

Wednesday, February 17

At noon the re-connection is executed from substation Once, charging 200kV to cable 453 during 15 minutes (see Appendix VIII). One of the cables fails again, however. Edesur informs that electric supply will not be total until Thursday. The local authorities of the GCBA entail an emergency plan in order to assist the affected inhabitants when necessary. The regulating ENRE dictates Resolution 222/99 (ENRE, 1999), which charges Edesur for the occurred and instructs the company to pay indemnities to the affected customers. By night the number of affected customers is 55.000 (see Appendix IX) and demonstrations are held on the street, claiming for electric supply.

Thursday, February 18

Due to the second cable failure Edesur informs through a press release in the morning that a restoration of electric supply will be delayed another 24 hours. In the evening the Edesur General Director receives some journalists from the most important news media and promises a total electric supply by Friday. Edesur representatives also participate in two major TV programmes. In the evening two cables are connected satisfactorily. Remaining four connections are prepared for energising. A lawyer denounces ENRE authorities in a Federal Court for lack of adequate control of Edesur. Meanwhile improvised public manifestations continue to be held in the streets of the affected quarters. Fires are lighted in the street and people claim that Edesur resolve the problem. The thermometer indicated +35°C in Buenos Aires that day and still 55.000 customers were without, water, air conditioning and ventilators.

Friday, February 19

Passed midnight the remaining four cables are set up for reconnection (see Appendix VIII). At 2.30 a.m. connection is executed at 200kV, but after eight minutes a third failure is produced. In the morning, the construction of a by pass connection is then started (see Appendix X and XI), while electric generators are connected to the network. Edesur informs through press releases on the new strategy to solve the problem and announces the new date for total restoration of electric supply to Wednesday 24th. Meanwhile, the ENRE dictates the 291/99 resolution (ENRE, 1999), intimating Edesur to re-establish service within 24 hours. The

National Government creates an Energy Crisis Committee and holds its first meeting. The Federal Police corps and Gendarmery entail a raid at ENRE offices, at Edesur headquarters and at the Substation Azopardo Nueva, confiscating documents related to the crisis management. This is accomplished by federal court order due to the denouncement for incorrect management made the day before. In the afternoon, yet another intent to reconnect is made at Azopardo Nueva, but a new failure is produced at 100kV.

Saturday, February 20

The work to accomplish the by pass is continued. Further generators are connected to the system, which reduce the number of affected customers. 10.000 of these, however, are still without electricity (see Appendix IX). The principal directors of Edesur appear in different mass media during the weekend.

Sunday, February 21

The by pass solution entails work with tending cables. Edesur asks its customers through a press release to moderate electric consume to facilitate normalisation of service. The ENRE elaborates the Resolution 292/99 (ENRE, 1999), by which Edesur is fined to pay all affected customers for the period of lack of electricity.

Monday, February 22

Edesur accomplishes treatment of oil for cables to be connected. The company gives their first press conference to which a huge number of journalists assist. A federal judge accuses Edesur for not collaborate with the investigation and that the ENRE is covering the company. Meanwhile the ENRE dictates Resolution 293/99 (ENRE, 1999), in which is determined the situation to justify an execution of guarantees in the concession contract.

Tuesday, February 23

The number of affected customers is still around 10.000. The Edesur President, Jaime Manzano, does not attend to a meeting in the Congress to which he had been called. At noon tests are made on the oil in the cables. The Edesur shares at the Argentine stock exchange are suspended. The date for total reconnection is postponed again, but at 23.00 p.m. a connection is accomplished successfully which re-establishes electric supply to substation Azopardo Original. The evidence from the burnt out substation is handed over to Gendarmery and the Federal Judge.

Wednesday, February 24

With 2.000 customers still without electricity (see Appendix IX), the first by pass from the substation Puerto Nuevo²⁷ to substation Azopardo Original is prepared in the morning (see Appendix X). In Chile the President of Enersis –the main shareholder in Edesur– declares that Edesur will appeal the ENRE Resolution 292/99 (ENRE, 1999). At 11:52 a.m. cable 135 is tested successfully at 200kV during 15 minutes. This prompts its energising around 16:20 p.m. and is finally charged at 23.30 p.m. with approximately 30MVA. The emergency is technically solved, according to Edesur declarations.

Thursday, February 25

While the reconnection is total and the emergency declared to be over, there are still buildings in dark, due to local problems. Edesur notifies ENRE that the company is prepared to initiate the process of fines and indemnities to affected customers.

Friday, February 26

A public notification, a so called '*solicitada*', is published by Edesur in which the company states it will pay only the fines that the concession contract establishes but not the extraordinary fines applied by the ENRE.

Monday, March 1

A Special Unit for all matters related to the Edesur/Azopardo Nueva crisis, is organised at the ENRE

Tuesday, March 2

The Edesur President Manzano renounces to his post and returns to Chile, being replaced by the Chilean engineer Marcelo Silva.

Wednesday, March 3

Cable 136 at Azopardo Nueva is connected through a second by pass, thereby securing double charge of high tension to the substations.

Monday, March 8

Edesur makes an appeal on the ENRE Resolution 292/99.

Tuesday, March 9

Edesur offers a Voluntary Indemnification Plan, by which all affected clients that had suffered the power outage for more than 10 hours, would be indemnified at the Edesur offices. The condition is that the affected client hereby renounces to any other indemnification. This condition is harshly criticised by the ENRE, the National Ombudsman and the Consumers Defence Organisations. Negotiations upon commercial and industrial indemnification for the

²⁷ New port

economic losses during the power outage are held between Edesur and representatives for affected shopkeepers and industrials.

Thursday, March 11

Edesur backs on the clause of renouncement in the Voluntary Indemnification Plan the company offers. All affected clients now have the possibility to be indemnified directly from Edesur, but also through the ENRE 292/99 resolution on fines and indemnification.

Monday, March 15

Edesur starts paying affected clients according to the Voluntary Indemnity Plan.

Wednesday, March 17

In light of the lack of agreements between Edesur and the affected shopkeepers, the National Ombudsman is accepted as a mediator.

Tuesday, March 30 – Wednesday, March 31

A Public Audience is held at the ENRE headquarters to which representatives from Edesur, the SEM, the GCBA and several Consumers Defence Organisations assist. The new Edesur General Manager, Silva, insists in this reunion that the ENRE 292/99 resolution does not have legal sustain.

Wednesday, April 7

ENRE rejects through Resolution 471/99 the appeal made on March 8 by Edesur on the 292/99 resolution.

Wednesday, April 20

Edesur notifies the ENRE that the company renounces to the appeals made on March 8 and that the company accepts to pay all fines.

6. Decision-making Occasions

Decision Occasions	Decision Unit	Decision Level
6.1 Cable failure and fire alarm	Small Group	Operational
6.2 Lights are out	Small Groups	Strategic/Operational
6.3 Reconnection failure I	Small Groups	Operational/Strategic
6.4 Promises not kept	Small Groups	Strategic
6.5 Reconnection failures II and III	Small Groups	
		Operational/Strategic

6.6 Social Protests and Political Claims Increase	Small Group	Strategic
6.7 Edesur rejects the ENRE fines	Small Group	Strategic
6.8 More to lose than to win	Small Group	Strategic

6.1 Cable Failure and Fire Alarm

The initial cable failure at the Azopardo Nueva substation was produced during a test of energising in the middle of the night between Sunday, February 14 and Monday, February 15. The recently built substation, being one of the most important investments made by Edesur, was to supply the original Azopardo substation and three other substations; Pozos, Once and Independencia. On Sunday afternoon the connection between the oil cables 135 and 453 was prepared and finished. At 7:40 p.m. that same day the energising process began. This process was going smoothly and by routine, charging Independencia substation at Monday 2:57 a.m. and Pozos substation at 3:01 a.m., when 13 minutes later one of the pair of threes of cables between these two main cables produced a shortcut, due to failure of material and insufficient security measures (LAT-IITREE, 21 February 1999). This shortcut provoked a fire that, in turn, set fire to all other cables in the substation tunnel, including cable 136 that sustains the main 135 cable. Thus, a complete interruption of electric supply for the area was a fact and a simple contingency [one cable failure] was transformed into a double one, due to the fire.

At the moment of energising the connection in the Azopardo substation, only a private security night guard was present in the substation. When the connection failed the night guard had no instructions on what to do. This generated a delay in attending to the fire (ENRE Expert Group, May 1999). Also the lack of extinguishing equipment in the tunnel hindered Edesur technicians from extinguishing the fire, once they did arrive to the site. The fire brigade finally arrived and entered the tunnel with their water extinguishers at 3:47 a.m. The use of water in extinguishing a fire of oil cables is inadequate as it humidifies the cables for subsequent use (Ibid.). The emergency, however, had prompted this quick decision which was made by the fire brigade and the Edesur technicians in the site.

6.2 Lights are out

Once extinguished the fire, the consequences stood clear: a quick estimation counted to more than 150.000 affected customers or 600.000 Porteños (Buenos Aires inhabitants) in dark. The technicians informed the Board of Directors as they realised the complexity of the situation.

The technicians figured there were three options to choose between in order to re-connect. Those were:

- 1) To repair the burnt out cables, making new connections and entail a new energising process in the same substation.
- 2) To entail a so-called 'by pass', connecting the substation Azopardo Original with the substations Pozos, Once and Independencia, thus, excluding the new Azopardo Nueva substation (see Appendix X and XI).
- 3) To entail transitory connections between cables of distinct technology (dry and oil cables).

The options available signified different lapses of time in order to be accomplished and this was what determined the decision. The technicians suggested the third alternative was risky, since this technology was not very known in Argentina, the Edesur board of directors opted, in line with the technicians, for the quickest solution, which was option number one. This was estimated to require 60 hours of work, while the by pass option would have demanded some 120 hours. The work to repair the burnt out cable tunnel began that same morning (Hechos, March/April 1999, p.9). Meanwhile, it was decided also to connect to existing medium tension networks and to install provisory medium tension cables in order to reduce the number of affected clients (Ibid.p.11).

This same morning, Edesur Communication Manager, Daniel Martini, was woke up early by a call on his mobile, being on vacations with his family in the south of Argentina. He was informed on the power outage in Capital Federal and on the evolution of the situation. Together with the General Manager, Jaime Manzano, and the Press Manager, Ignacio Siscardi, they decided on an immediate communication strategy. Siscardi would contact media and inform on the situation. Siscardi, thus, declared in radio and TV that the situation would be normalised within that same day. This information was provided, however, without having a clear diagnostic of how long the repair would actually take. Not until afternoon the technicians would establish 48 hours as a reasonable term to re-establish service. A second call to the media, thus, informed on the new terms. Martini, meanwhile, packed his luggage and returned to Buenos Aires.

Edesur defined the contingency to be of technical character and that a solution soon would be at hand. As the Monday passed by, the Edesur people felt at ease – a solution has been decided upon and was being accomplished.

Also the supervising state organisation, ENRE, appreciated the situation to be one of technical nature. They were informed by fax from Edesur at 9:00 a.m. on the incident and maintained a close communication with the company throughout the day, following the evolution of the situation. The acting of the ENRE was one of 'wait and see'. This non-decision was not an ad hoc standpoint, but part of the ENRE sanction procedure. The ENRE normally take account of the irregularity when it happens and then sanctions twice a year,²⁸ and thus this incident would be sanctioned later on as all the others.

At the Government of the City of Buenos Aires (GCBA) there was not yet any perception of an emergency, as the idea of this incident as one of a short term reigned also here. The lack of electricity produced a lot of disturbances to the inhabitants and to the people working in the affected areas of Capital Federal, besides the lack of lights, of energy, of refrigeration, of sewage and of elevators. The banks' entire operative systems were out of function, as well as the streetlights and one of the underground lines. Entire workplaces, such as an annex to the National Congress, had to be shut down due to the lack of electricity. Federal Police redistributed street and helicopter patrols on duty to the affected area and for vigilance in order to avoid a potential wave of crimes due to the dark. Traffic Police located officers dressed in phosphorescent vests in the street to direct the traffic where streetlights were out of function (Clarín, 16 February, 1999). Together with Edesur the GCBA through its Civil Defence installed provisory mobile electricity generators in strategic places, such as hospitals that lacked emergency equipment, in order to respond to the immediate necessities. The measures taken however were prompted by specific needs according to the specific situation as nobody imagined, at this point, that the situation would last.

6.3 Reconnection failure I

On Tuesday evening the repairs in the Azopardo Nueva substation were being concluded. The cables had been reconnected with new material and on Wednesday morning, Edesur technicians started executing the connections. The operation of charging connections was entailed from the Once substation, beginning at 12:30 p.m. Cable 453 was being charged with 200 kV, when the technicians after 15 minutes detected a discharge on this cable. A new failure was a fact.

²⁸ The periods of evaluation and control run from September 1–February 28 and March 1–August 31.

The failure was unthinkable to Edesur. The technicians were confused and asking themselves how such a commonly performed operation could possibly fail. The immediate evaluation was that the connection must have had a problem with the material. It was therefore decided to intent a second reconnection in the same substation, but now on cable 454 using cable material from another stock (LAT-IITREE, 21 February 1999:15). The work to reconnect started immediately. While the number of affected customers had by then been reduced to 55.000, or 220.000 persons, those who were still in dark were really losing patience.

6.4 Promises not kept

Edesur had not been able to fulfil with the promise of terms and had now to face public opinion and the ENRE. The Thursday was the fourth day in dark and the warm summer weather was becoming a nightmare for the remaining 55.000 affected customers. Already on the day before, manifestations had been held in the street where people were protesting loudly. The new repair of cables in the Azopardo Nueva substation prompted the Edesur Communication Department to inform media that but another 24 hours would be required to recover electric supply. The social and political pressure on Edesur was increasing. Mass media was covering the case meticulously and the situation was by now a crisis in all senses to the company. The Communication Department decided to call for external help and hired the services of a private information consultant, Nueva Comunicación [New Communication] (Dillenberger & Curubeto, 1999:12; Interview with Daniel Martini, Edesur). That evening the General Manager Manzano had a meeting with newspapers and a couple of hours later he participated in an important TV show with high rating, while the Communication Manager participated in the Telenoche [Telenight] eight o'clock news. Also a radio message was repeated in which Edesur informed on the terms for restoration of electricity.

The failure on part of Edesur to fulfil the terms announced also prompted a decision from the control organisation ENRE. Up until then the ENRE stance had been to await and sanction by the end of evaluation period. At this point, though, it stood clear to ENRE that this was not an ordinary irregularity. On Wednesday evening the ENRE dictated Resolution number 222/99 (ENRE, 1999), which determined that

- 1) The case was **not** one of force majeure, meaning Edesur was responsible
- 2) Edesur must indemnify the affected customers on next electricity bill
- 3) The terms for paying next bill of Edesur must be delayed

The decision of the ENRE was legally based on the determinations of the contract of concession, in a case of unfulfillment of service.

Also for the Buenos Aires Government (GCBA) the Edesur failure to keep its promise and the fact that the social situation worsened, prompted a decision to organise an emergency operation for the affected inhabitants. The Emergency Committee at the Civil Defence of the GCBA was co-ordinating any necessary measures and was by Wednesday, February 17, defining the situation as becoming one of emergency: buildings without drinking water, sewage, refrigerators, elevators, lights, air conditioning; food in decomposition, toilets out of function. There were mobile electric generators circulating, provided by different companies such as Edesur, Edenor and Edelap, by provincial institutions such as those of the Government of the Buenos Aires Province and by EPEC, the Electric Company in the city of Córdoba; by federal institutions such as the Argentinean Army and the Argentinean Navy. These were located at different buildings by the Civil Defence and some of them rotated between different buildings in order to pump up water to the tanks on the roof. The GCBA Emergency Committee preparedness included evacuations if it would become necessary.

6.5 Reconnection failures II and III

In the evening on Thursday, February 18, a reconnection was accomplished in one of the connections and it was successfully charged with 200kV during 15 minutes. The remaining connections were made and finished after midnight. At 2:30 a.m., on Friday 19, the 454 cable was charged completely with 200kV. After eight minutes another discharge was produced in substation Pozos – another failure!

The unthinkable had happened again and the Edesur technicians as the rest of the company could not believe it. The company board of directors pressed its technicians hard for a solution. The hypothesis of a failure in material, provenient from the Pirelli Company, prompted the decision to make a third intent but now with other material. The repeated failures, however, made company executives to reconsider whether this would really be the best solution. The political and social pressure on Edesur was increasing every hour and it was hard to sustain the justifications for the continued blackout. There were still 55.000 customers in dark, being the fifth day now. In light of the insufficient solutions, the technical alternative of a ‘by pass’ was taken into reconsideration. While this option had been disqualified earlier due to the terms for execution, this was by now a less important matter. The goal was now to accomplish a solution no matter what time it could take. The ‘by pass’

implied connecting cables 135 and 136 directly from Electric Central Puerto Nuevo to substations Pozos, Once and Independencia, leaving out substation Azopardo completely. Edesur executives discussed the alternative with the technicians and considered two alternatives where to make the connection, that was, a location above ground. The options were the Venezuela Street or the plaza between Belgrano Avenue and Paseo Colon. The risk for fourth failure prompted Edesur to opt for starting the by pass connection, in case. Excavations in Venezuela Street as well as in the plaza began that same morning. After a couple of hours, however, it was decided to concentrate all work in the plaza, why the Venezuela Street was cleaned up and left. At noon a third and final trial of reconnection in the damaged cables was ready to be accomplished, now with other material provided by Edesur. At 3:00 p.m. the cable was charged but the failure was detected already at 100 kV. Work was then completely dedicated to the by pass solution, knowing this was to take at least four days.

The second reconnection failure on Friday morning was not just a technical failure. The negative impact on the company's image was transforming the crisis into a communicational catastrophe. Up until then Edesur had made eight public declarations, press releases and interviews in media, in which restoration of electric supply was promised within short terms; within the next hours, tonight, tomorrow morning, within the next 24 hours and so on (Clarín, February 16-19, 1999). Although the number of affected customers had been reduced since the first day, by installing generators and connecting to medium tension networks, the remaining 55.000 were by now furious. Street manifestations were held day and night and the situation was attracting more and more political attention, on local as well as national level. Thus, on Friday after the second failure, the company decided to make no declarations at all. Silence thus reigned on part of the company, which only fuelled the fury of the people.

On part of the ENRE, the organisation was closely following the management of Edesur in this crisis – such was its role. Five days after the blackout, on Friday, February 19, also the ENRE was being criticised for its management of the whole situation, or rather for its lack of action. A charge had actually been made at a federal court against the agency on Thursday, February 18. This charged ENRE with not accomplishing of its mission in the Edesur case for which a police raid at the ENRE headquarters was accomplished on Friday by order of a Federal Judge, with the purpose to confiscate documents that could reveal any irregularity in the ENRE procedures regarding this issue. The ENRE executives were politically pressed from the Secretariat of Energy and Mining as political and social claims increased. Thus,

when the second reconnection failure was a fact the ENRE responded with a new Resolution, 291/99 (ENRE, 1999), in which it intimated Edesur to re-establish service within 24 hours and if not the company would be fined.

The repeated failures in re-establish electricity prompted the Buenos Aires Government (GCBA) and its Civil Defence to put the emergency plan in action. This included the distribution in affected areas of mineral water, ice cubes, candles and food, the installing of water taps, the installing of mobile generators in order to make the water pumps work and by this fill tanks on the roof and put sewage system in function. The Emergency Operations Centre at the DC was the operative nucleus, co-ordinating its proper staff, the Buenos Aires Fire Brigades and the Buenos Aires Police Force as well as federal resources such as the Superintendence of Fire Brigades, the Cascos Blancos,²⁹ the Army Forces, the Gendarmery, the National Secretary of Social Development, the National Secretary of Internal Security, and PAMI.³⁰ The DC headquarters also functioned as the decision making centre, where the GCBA Chief of Government, Fernando De la Rúa, together with the GCBA Chiefs of Secretaries, met with the operative units at the Civil Defence to discuss the situation and make decisions on what do next. Also the GCBA, due to the delay in solving the problem, had to take measures regarding food store. The high temperatures and the lack of refrigeration were a potential health problem. This risk was considered in the emergency plan by the end of the first week and the GCBA decided to let the Sub-secretariat of Alimentary Security to start confiscating aliments from restaurants, butchers, fisheries and other food stores. The GCBA Secretariat of Social Promotion was also decided to assist persons with special needs, particularly elders. Social assistants were sent out to help these to get down and up the stairs of the buildings in order to get up, to help them with personal hygiene, to buy food for them and to accompany them. In a country where the social security system is precarious and does certainly not include communal assistance in the elders' home, this was very much an emergency measure. Also other political decisions were made by the GCBA such as postponing the expiration for latest payment of income tax for affected inhabitants. The situation also prompted the Legislative Power in the City of Buenos Aires decided to discount 20% of the city taxes for street cleaning and lightning for the affected inhabitants.

²⁹ The White Helmets (Cascos Blancos) is the Argentinean international peace force sorting under the Ministry of Foreign Affairs.

³⁰ PAMI (Programa de Asistencia Médica Integral) is the national social service program for pensioners, created in 1971 at the National Institute of Social Service for Pensioners.

6.6 Social Protests and Political Claims Increase

The weekend February 20-21 was of no rest for the involved actors in the blackout crisis. Edesur had accomplished to re-establish supply for some 20.000 customers, but there were still about 30.000 customers suffering more than six days of summer heat without water or light. Street manifestations increased and public declarations were by now made by any public representative; executive politicians from local and national governments, opposition politicians, legislators and representatives of different NGOs, such as Consumers Defence and the Commercial Camera. The national government formed an Energy Crisis Committee constituted by Ministers, Secretaries of State and Directors of Regulating Agencies, whose fundamental objective was declared to be re-establish electricity and palliate the crisis with emergency social assistance (Clarín, 20 February, 1999d).

Edesur was harshly criticised in all media and voices claiming for the annulment of the concession contract were being heard. While Edesur chose not to make any public declarations to this claim, the ENRE did feel obliged to react. In name of the 'protection of the customer' and in light of the criticism that also this organisation was exposed to, all ENRE employees spent the weekend working in the headquarters, presumably a quite stressful context. The Board of Directors in the first hand took notice that the intimation made on Edesur on Friday had not been accomplished. This lack of accomplishment prompted the Resolution 292/99 (ENRE, 1999), which stated that Edesur should pay additional fines to all affected customers in accordance with the time these have been without electric supply. This would reach sums around US\$ 60 millions (Clarín, 22 February, 1999)

After the Friday silence, Edesur communication department, with a technical solution at hand, now felt confident to apply a new communication strategy. After the first reconnection failure, on Thursday, February 18, the decision making now involved Enersis management and approval from Chile. The pressure on Edesur from its own shareholders was important. The accusations of impotence and lack of management capacity of the company, made Edesur feel this was becoming an issue of image. With the help from the communication consultant Nueva Comunicación, it was decided to give information flow a purely technical character. The 'public face' and information unit included now the Transmission Director Fernando Manzione and the Commercial Director Juan Camilo Olavarría. On Saturday, February 20, this unit visited the most important newspapers Clarín, La Nación and Ambito Financiero at their headquarters, giving large interviews to the editors. On Monday, February 22, a press conference was arranged at an important hotel in the centre of the city, in which the core of the information provided was technical, explaining the course of work to solve the problem.

6.7 Edesur rejects the ENRE fines

In the evening on Wednesday, February 24, the by pass of oil cable 135 had been successfully energised and eventually electric supply was re-established in the affected area, as Edesur through Information Manager Martini declared at 8:37 p.m. The nightmare seemed to be coming to an end for Edesur, although the extraordinary fines applied by the ENRE had reached by then some US\$ 100 millions and the Edesur shares on the Argentine stock market had been momentarily suspended due to the crisis. That was when the principal shareholder in Edesur, the Chilean company Enersis, declared the invalidity of the fines of ENRE resolution 292/99. The Enersis president José Antonio Guzmán declared in a radio of Santiago de Chile on Wednesday morning that the fines had no judicial sustain nor were they considered in the contract, why Enersis would appeal to court in order to avoid paying. These declarations were received as a mere provocation in Buenos Aires and prompted several responses.

The ENRE reacted to the Chilean declarations by soliciting support from the Secretariat of Energy and Mining (SEM) to the 292/99 resolution. In spite of some objections within this Secretariat regarding the legal framework of the resolution, the General Secretary César McCarthy gave his full approval (E-mail communication with ENRE Vice-president Devoto, 16 January, 2001). He also accomplished the National Crisis Committee to decide on the elaboration of a decree of necessity and emergency in order to put pressure on Edesur to pay the extraordinary fines. The decree was prepared and put at disposition if the company would insist on not paying. On the other hand, the ENRE responded to public and political opinion – which after the Chilean declarations manifested an even mayor support for abolishing the contract with Edesur– by declaring a Public Audience on March 30, in which representatives for all affected social and political actors would have the opportunity to make declarations.

The Edesur board of directors realised the offensiveness in the Enersis declarations and that public opinion was still extremely sensitive. So did the only Argentinean shareholder in Edesur, Perez Companc. Both companies, thus, made public declarations that Edesur would pay the fines, no matter what. These declarations against Edesur's main stockholder were to have severe internal consequences, however. On Thursday, February 25, the Enersis president Guzman arrived on Buenos Aires and Edesur immediately started deliberating what strategy would be convenient to avoid the extraordinary fines. On March 2 the Edesur board of directors accepted the resignation presented by the General Manager Jaime Manzano and one week later the company presented a claim to ENRE for reconsideration on the resolution 292/99.

6.8 To Pay or Not to Pay

In spite of the re-established electric supply, then, the social and political harsh climate endured, extending the crisis for another month and a half and turning it into a judicial, political and economic issue. In the meantime the Argentine political opinion left the position of annulling the contract with Edesur, but maintained the principle of 'who is responsible will pay'. The amount of denounces in the ENRE headquarters made by household customers, in order to be indemnified for 'suffering and damages' grew day by day, which produced the creation of a new department within the ENRE; the 'Unit Edesur/Azopardo', to attend only the matters related with this crisis. The risk that Edesur would make an appeal on the legal sustain of the ENRE resolution 292/99 was eminent and was reinforced by local jurists who declared on their doubts about this resolution. That could mean serious complications for the Argentinean State, since someone would have to take charge for the economic and social losses of the blackout, and the state was in the end the responsible for the concession of electric supply. This potential economic threat and loss of political credibility gathered the whole Argentinean political establishment on the firm stance that Edesur should pay. This was a firm decision all the way from the President Menem and the entire national government on the top, to the ENRE and the National Congress, and down to local Buenos Aires Government. The ENRE declared in press that Edesur should pay first and in case the company did not agree to the resolution, appeal afterwards, according the Administrative Procedures legislation. On the Edesur claims to ENRE for reconsideration on the very same resolution 292/99, the ENRE decided to not consider it.

Edesur on their part had also made the status quo something of a heart matter. The company had already on Tuesday, February 25, notified the ENRE they were willing to initiate the process of indemnifying affected customers, but those were but the fines considered in the contract of concession. To give in and accept the extraordinary fines would be something of a defeat and also set jurisprudence for future conflicts of this kind. It was therefore important to set an example, not just to the Argentinean State but also to other states where these globalised shareholders could act. This stance was turned on its head, however, when the stockholdings in the Chilean Enersis were sold to the Spanish Endesa by the end of March 1999. This prompted a new stance regarding the Edesur conflict in Argentina, as the policy of Endesa was completely different to that of Enersis' management. On April 20, Edesur notified the ENRE the total acceptance of the 292/99 resolution and the abstinence

from bringing the case to a higher judicial instance. By this decision, the crisis had come to an end.

7. Thematic Analysis

7.1 Problem Framing & Decision Units

Crisis research indicates that the initial image that is constructed of the situation after the first impetus has important effects on the subsequent crisis management (Sundelius, 1998:8). This is what is called the framing of the problem. This is not as easy as it could appear at first sight, but a rather complex process of making sense of a situation. There are several dimensions on this process to take account of here, in order to understand its importance for the crisis management as a whole.

On the one hand, it is a matter of subjective representation. In accordance with the cognitive institutional approach we are applying, the initial problem framing is a result of subjective interpretation of an event within a particular social context. For the discussion here this means a particular social actor will interpret a situation as a problem of a specific nature, according to the institutional context in which the actor acts and to the subjective life experience s/he carries. Also, not to forget, the different interests at stake in any contingency will determine the representation of the problem and the very crisis management. As Newlove, Stern & Svedin point out, this heterogeneity in problem framing among different crisis management actors involved, is bound to prioritise different aspects of the crisis, often at the cost of other aspects (2000:114). Such was for example the case in the 'Doñana crisis' in Spain in 1998, where the environmental damages from the mine dam outlet were given far more priorities than the agricultural problems, something the local farmers protested against long after the actual crisis was over (Ullberg, 2001).

The problem framing can also be a matter of getting adequate information in order to get a clear picture of the problem and creating coherent options for decision making, of which the Chernobyl accident is an appropriate example. In this case the available information framed the problem as a local spill of nuclear radiation from the Swedish nuclear station where the radiation was detected, which had implications for the immediate decisions made (Stern, 1999:213).

Finally the problem framing is also a question of processes that can transform over time. Such was the case in the Auckland power outage (Newlove, Stern & Svedin 2000:114-117) where there were several frame shifts during the course of time.

The Buenos Aires blackout shows parallels in the process of problem framing with this latter case. The initial interpretation of the power shortage as a consequence of the fire in the substation had two essential aspects. One was that this was a technical matter to be solved by the Edesur technical staff. The second was that it was a short-term problem. This was a common interpretation for all involved institutional actors. Surely the amount of affected customers worried, as did the infrastructural disturbances provoked by the lack of electricity; no subway, no elevators, no traffic lights, no street lights, no air conditioning, no computers and so on. This initial framing of the situation also prompted the constitution of particular decision units and the immediate decisions made by these.

The technicians at Edesur constituted the principal operative decision unit when they responded to the outage. Their framing of the problem -technical and short-term- was a kind of an expert's diagnostic that set the framing for the other involved actors. The Edesur executives, when informed, acceded to this problem framing and approved of the technical procedure, which was setting up for a new reconnection in the very same cable. Meanwhile public was informed that the cables were being repaired which would only be a matter of hours before things were back to normal, all on basis of the technicians' problem framing.

The ENRE took routinely notice of the power outage in order to charge Edesur for the lack of service as determined in the contract. The ENRE works in a system of *ex post facto* (Interview with ENRE Vice-president Devoto). This means that the regulation agency takes account of any irregularity in the performance of the companies in the electric sector once they occur, and charges the company within a six months period, normally through fines (Ibid.). This technical and short-term problem appeared at first sight, thus, to be but yet another irregularity in the daily performance of Edesur, indicating the frequency of power outages in the city of Buenos Aires and suburbs. One of the political arguments for the privatisation of SEGBA was actually the frequency in blackouts when this State Company provided electricity in Buenos Aires. Through privatisation the outages would be eradicated, service in general would be infinitely better and controlled by the state, which is the very *raison d'être* of the ENRE.

The Government of the City of Buenos Aires, as the National Government together with the Congress and the Senate suffered the blackout in some of their institutional buildings, which made work more difficult, but the underlying assumption was that this would soon be taken care of. At the GCBA Civil Defence the situation was also taken calmly. This operative rescue institution, in fact, had not even a power outage included as a potential catastrophe

situation to attend to (Interview with Oscar Sanchez, Civil Defence, GCBA). Less, then, would a notion of emergency be produced within this institution after a day of blackout or two. Nobody, thus, ever imagined this situation would endure. Less did anyone ask, 'What do we do if the blackout continues?' As in the Auckland power failure (Newlove, Stern & Svedin, 2000:114-117), the short-term perspective and hand over to technical staff in the very problem framing, thus, produced severe delays in the decision making process and the response to the contingency.

As the power outage continued through the days and no real solution was presented, there was a shift in problem framing and decision units subsequently changed. As is pointed out above, the problem framing is a matter of subjectivity and can differ between involved actors, as can the shifts in this determination. During the first days the attention in Edesur had been focused on coming up with the right technical solution in order to restore electric supply. When a solution was finally presented through the by pass alternative, to begin with, the temporal perspective changed. What had been framed as a short-term problem with an immediate solution at hand, was now accepted as a medium-term crisis. Harsh criticism was, however, being raised against the company for not solving the problem and for what was perceived as inaccurate information. For Edesur the issue at stake now became the public image and the maintenance of confidence. This re-framing made Edesur employ essentially new communication strategies (see chapter 7.4). In spite of the solution at hand tensions did not decrease, however. In social and political terms there was rather an escalation of crisis produced, due to shifts in problem framing. While Edesur was by the end of the first week confident on a solution –and visualising an end to the crisis– the public opinion turned into fury and the situation was being framed as one of negligence and lack of will on part of the company to accomplish a solution. This situation prompted a shift in the decision making process, from the operative scene to the strategic one, from the technicians to the executive level. The communication department took front, as one of the critical issues was that of public (mis)information. Within this process of shifting decision level, another shift on part of this corporate actor was produced, which was that of moving power of decision from Edesur executives to its shareholders, indicating an up-scaling of the crisis.

Within the ENRE a re-framing of the contingency began after some days. The resolutions 222/99 and 292/99 (ENRE, 1999) were both intended to indemnify the affected clients and the ENRE early realised that someone –the corporation or the state– would have to attend to this issue. This clearly indicates a re-framing of the problem as one of economic and judicial responsibility. This re-framing affected decision units and decision levels. While ENRE was

still the formal unit through which any sanction of Edesur would pass, their decisions would somehow be considered by the National Government. This had not actively participated in the crisis management until Friday, February 19, when a National Crisis Committee was set up to handle the problem. The Secretary of Energy and Mining at the Finance Ministry was the nexus between ENRE and the Government, but also their involvement increased as the crisis was up-scaled. This up scaling to a national level, thus, has to do with the shift from a short-term problem to a long-term, on the one hand, and with the increasing importance of the political and economic dimensions, on the other hand. The escalation in decision making levels and political response was thus a product of a shift in perspective, from being a local infra-structural contingency and social disturbance, into a national legal and political issue.

In similarity with the Auckland power outage the final shift in framing turned economy into a central issue. The economic losses, the indemnities, the ENRE fines and the initial denial of Edesur to pay took central stage in final stage of the crisis. This framing of the problem was, however, penetrated by political standpoints, avowing for the annulment of the Edesur concession and very much an ideological stance against privatisation politics and foreign ownership.

In order to understand the notion of problem framing I would like to see it as much as a process as the very crisis development. Without creating a unilinear chain of sequences, the concept of process permits us to observe the shifts in time and space when it comes to an actor's defining of a particular problem. While the initial framing is of outmost importance, being the first instance where the problem is defined and being the one that sets out for the rest to come, the subsequent framings are not less important. Vertzberger observes that the initial problem framing acquires the character of an objective truth, while it is really a matter of subjective appreciation (1990:233). The very definition of a crisis as a chain of decision-making problems to respond to indicates the probability of new framings of the problem to come up underway. The processual perspective sheds light on the interrelationships between a particular problem framing, its response and new framings as a consequence to these. Finally, problem framing as a process also shows that in spite of the differences in how different actors frame 'one and the same problem' –a blackout in this case– these subjective representations of the problem interact with those of the others. Defining the problem is a complex setting of cognitive features that set the stage for the decisions to be made, which eventually affects what decision unit will act and at what decision level this will occur.

7.2 Institutional Co-operation and Conflict

A crisis generally entails several different actors in its management, be it various governments, different organisations within a state administration, political parties, corporate actors or civil society. This requires the different actors to interact in some way, which can be either productive to or constraining for the decision-making process (Allison, 1971; Stern & Bynander 1998:326-327). The cultural features of a particular national administration may advocate consensus on the decisions to be made (Sundelius, Stern & Bynander, 1997:150-151; Newlove, Stern & Svedin, 2000:122), like in Sweden,³¹ while in other countries, like in Spain (Ullberg, 2001), consensus is not a decision-making strategy that is particularly strived for. Bearing these cultural differences in mind, there are findings that show how a crisis is not just a contingency, but also an opportunity, both individually and organisationally (Stern & Bynander 1998:327; Rosenthal, t'Hart & Kouzmin 1991; 't Hart 1993:40).

The Buenos Aires blackout shed light on several dimensions of intra- and inter-organisational co-operation as well as conflict. Edesur does present an image of consensus regarding decision-making within the company in which all departments supported the actions taken (Hechos, March/April 1999; Interview with Daniel Martini, Edesur). There were instances during the crisis, however, when this smooth co-operation encountered obstacles. Within the first days of the blackout the entire company was working on 'the Azopardo matter', from the technical and service departments to the financial, legal and executive ones. However, the decisions that would lead to a solution and to an end of the crisis, were decided at the operational level, by the technicians, to be approved by the Edesur management and informed to public through the communication departments. Thus, the company was during the first phase of the crisis entirely dependent on its technicians. The executive board suffered the pressure from the shareholders, but the communication department was the section that found itself pressed. The communication department had to inform on the trials and errors of the technical departments, not once but constantly, sometimes several times a day, as mass media and affected clients required information. When the technical prognostics were not fulfilled, the communication department had to face the public and 'regret' the lack of solutions. Although this of course was their very task, there is no doubt that this generated stress on the communication department.

The second instance where there was an intra-organisational conflict within this corporate organisation was when the Chilean shareholder Enersis' president Guzman declared that

³¹ See Swedish cases like the submarine U137 incident in 1981 and the monetary crisis in 1992 (Sundelius, Stern & Bynander, 1997)

Edesur by no means would pay the extraordinary fines established by the ENRE. The impact was enormous in Argentinean press, not to mention on the political arena and with public opinion, which historically have had a conflictive relation to its neighbour country Chile. Edesur in Buenos Aires and the national shareholder Perez Companc immediately made counter declarations in order to mitigate somewhat their partner's stance. The clear division in standpoints between the shareholders not only disfavoured the Edesur public image but also harmed the decision-making process within the company. By then, the core matters in the crisis was becoming the economical aspects, with some US\$ 100 millions in indemnities at stake, on the one hand, against the Edesur public image, the political confidence and the whole concession contract, on the other. While the Edesur president Manzano ended up somehow sacrificed, the differences in Chilean and Argentine perspectives were negotiated during a month. Meanwhile the very destiny of the Chilean Enersis was being negotiated elsewhere, ending up with the Spanish Endesa taking charge of Enersis and of the conflict with Edesur. Endesa realised the fastest road to reconciliation with Edesur, the Argentinean State and Buenos Aires clients was to bow heads down and pay with a smile. So was done.

When it comes to the governmental performance in the Buenos Aires blackout, there were several institutions involved in the dealing with the crisis. The regulating ENRE (Ente Reguladora de Electricidad) was the main responsible for surveying the Edesur crisis management. The regulation bodies are supposed to be independent regulating bureaux, controlling the private companies providing electricity, gas, water and other infrastructure. This is in theory, however. When the power outage became a political issue, the political pressure on the ENRE hardened. A police raid was even entailed at the ENRE headquarters by Federal Court order, as the institution had been accused of bad management in its functions. The Federal Judge Servía Cubrini had decided to concede the charges from a lawyer and accomplish an investigation, for which she ordered raids at Edesur and ENRE headquarters. This legal case did not develop further since the charges were withdrawn due to lack of proof (E-mail communication with A. Devoto, ENRE, 18 June 2001), but the mere fact of a lawsuit for 'bad management' indicates institutional and in this case political competence. As public criticism towards the ENRE management of the crisis increased, the decision-making autonomy of the bureau was being reduced to politically correct resolutions. The Secretariat of Energy and Mining (SEM) was the governmental nexus to the ENRE, from where the bureau received substantial support but also demands to act harder with the private

company Edesur. When the ENRE dictated the 292/99 resolution, which was an important measure with the corporation, the Secretariat was divided, however. The question on whether the resolution and the extraordinary fines therein applied on Edesur were legal or not was the dividing element. While the SEM General Secretary McKarthy supported the resolution, in spite of the legal doubts, there were advisers within this institution that did not adhere to this stance. The tensions in this institutional relationship between the ENRE and the SEM were manifested earlier on. Already the first week after the blackout the SEM required the ENRE to create the necessary conditions for an execution of the guarantees of the contract with Edesur. The execution of the guarantees would signify the loss of the shares in Edesur to the corporate shareholders, what was in media described as annulling the concession contract. The ENRE board was not only reluctant to receive any kind of orders, being an autonomous state organisation, but it also considered this instance –the most extreme of measures in the contract– had yet not been reached. The ENRE board, however, emitted the 291/99 resolution that claimed Edesur re-establish service within 24 hours and, if not accomplished, the execution of the guarantees could then be considered.

At an operative level there were no doubts that the Civil Defence (DC) of the GCBA (Gobierno de la Ciudad de Buenos Aires) was the institution responsible for alleviating the situation for the affected population, which is its very *raison d'être*. The DC was also the co-ordinating centre for all actions, working as an operative nexus between the Federal Police, the Gendarmery, Edesur and the local government (GCBA). As in the Auckland case (Newlove, Stern & Svedin, 2000:123), these emergency services worked very well together, probably due to the existing co-operative relationship in matters of contingency. The Civil Defence, as a centre of organisation and distribution of resources, was not exempt the political game, however. While Edesur donated more than a million litres of mineral water and hired every available generator in the city of Buenos Aires (Hechos, March/April 1999, p.11), it was the DC that distributed these elements in affected parts of the city. These actions, thus, counted for the GCBA as it appeared, while Edesur was harshly criticised in press for their lack of compassion with the affected population and for the lack of action (Clarín, February 16-23, 1999). While Buenos Aires Head of Government, Fernando De la Rúa, could profit politically by the actions of 'his' Civil Defence, the President Carlos Menem and the National Government felt surpassed in involvement in the crisis. Menem therefore ordered the National Peace Force, the White Helmets (Casco Blanco), into the streets helping out with evacuations and other social necessities. These actions did not really difficult the crisis management per se, but they evidence the institutional prestige at stake in a contingency. At

an operative level, then, the institutional competition was rather expressed in political terms and did not complicate the work. It should be borne in mind, however, that this contingency counted with substantial time for the DC to work, in spite of the GCBA's claims on Edesur for more information in order to organise the emergency response. In spite of high temperatures and important complications for daily life routines, no lives were lost, nor were there any evacuations. I would, thus, not label this case a catastrophe. Only parts of the city were affected, why many affected neighbours could actually visit relatives or friends in other parts of the city in order to wash clothes or take a shower. The majority of the city's hospitals had their own reserve generators and those who did not were attended with mobile generators. What appears to have been a smooth organisation then, with the DC in centre, would perhaps have to be scrutinised in circumstances of higher demand of action and time pressure, in order to detect the frailties and strengths in these institutional interactions.

7.3 Information Processing

As mentioned earlier, the issue of communication and information was central in the Buenos Aires blackout, following a discernible pattern in contemporaneous crisis management. The information flow is bound to increase in a crisis situation, as new and often unthinkable scenarios appear, while there is at the same time a lack of time to process this (Sundelius 1998:8-9). Notions like 'information overload' and 'gate-keepers' are likely to appear in situations like this. The first refers to the overload of certain information on behalf of other, which can also be of importance (Purkitt, 1992; Sundelius et al, 1997:165). The latter are persons at strategic points in an organisation that control the information flow, particularly upwards. They can serve the decision making process for good or for bad, in the sense that the decision-makers on the top receive filtered information on which to make their decisions (Sundelius 1998:8-9). This segmented information processing does also have other risks, like the surpassing of meso level departments within the organisation, which can affect the crisis management.

In the Buenos Aires blackout, the control of the information flow was delegated to specific information processing departments –ad hoc or permanent– in all involved institutions. At Edesur, a restructuration of the company organisation in January 1999 (only one month before the Azopardo incident) implied the creation of a Communication and Institutional Relations General Department, equating communication issues with other General Departments within the organisation. The sitting Edesur Press Chief, Daniel Martini, took charge for this department. Before 1999, communication issues were managed within a Press and

Information Department, sorting under the General Department. When the blackout happened there was thus no ad hoc response within the Edesur organisation. The different departments did reinforce their work input and during the first days, the executives did not get one night's sleep (Interview with Daniel Martini, Edesur). The organisation remained the same however, which implied that information was transmitted from the technicians at the Department of Distribution and the Department of Services, directly to the General Management and to the Board, while the Communication Management received only what was to be communicated to the press. This segmented information flow became an important problem for Edesur, producing a public communication problem, as we shall see in next chapter.

What regards the public actors the internal communication channels within the City of Buenos Aires Government (GCBA) functioned through the Civil Defence (DC). When the situation was started to be framed as a contingency, daily morning meetings were held at the DC headquarters, assisting the Chief of Government De la Rúa, the DC head, Victor Capilouto, and Heads of Secretaries such as Sanity, Health, Infrastructure (Interview with Mr Bonavota, GCBA Civil Defence, 12 Sep. 2000). These meetings served to update the latest information and actions on part of the local government. By putting together the top political executives with the operative staff, the information was efficiently processed and political decision problems could even be discussed there. Inter-organisationally, though, the information flow was not that efficient. The GCBA in fact called for more detailed information from Edesur in order to organise their work (Clarín February 18, 1999a).

Another instance where the informative processing between actors did not work very well was at a meeting with the Chamber of Deputies in the National Congress on Tuesday, February 23. Both Edesur and ENRE executives had been invited by the Commission of Consumer's Defence to declare on the causes of the blackout and on the management of this. The Edesur General Manager Jaime Manzano did not appear at all, which was highly offensive to the deputies and provoked harsh criticism of the Edesur arrogance. The ENRE President Legisa applied a rather technical discourse to explain the power outage –not very convincing to the politicians– but devoted little time to defend the sanctioning model applied by ENRE which was being so harshly criticised during those days.

The ENRE was in permanent contact with Edesur, both formally and informally, in order to survey the measures of the company. 'Formality' implies making charges on the private company to which the company claims discharge or not. This was done, such as the ENRE call in first instance upon Edesur to inform on the incident, to which Edesur answered that

this was not a case of force majeure. By making this formal declaration the company assumed responsibility for the situation and the ENRE could proceed with their regulation task, that is, sanctioning. These formal communication channels were accompanied by informal calls, such as the night to Friday, February 19, when Edesur was intending to reconnect the 132 cable and the ENRE Vice-president Devoto was called by Edesur General Manager Manzano and informed electricity would be restored by midnight.

"I said to him [Manzano] 'OK, call me at home or wherever to let me know.' At midnight he called me to tell me they failed, but at 3 a.m. Well, that night I didn't sleep at all because he called me every two hours to tell me they had failed again and again." (interview with A.Devoto, 11 September, 2000. My parenthesis)

The ENRE was the information provider to the national government in this case. ENRE had permanent contact with the Secretariat of Energy and Mining (SEM) which is its governmental nexus. At one point the ENRE executives were called to assist a meeting at the SEM with the National Cabinet and President Menem for briefing (Interview with Alberto Devoto, ENRE). In the national Energy Crisis Committee participated the General Secretary of Energy, McKarthy, as a representative of the energy sector. Thus, at a national level, the crisis information processing was hierarchically organised and functioned smoothly. The Presidency and the National Government was never really 'in the eye of the storm' of this crisis, although it constituted a Crisis Committee and prepared a decree for abolishing the Edesur shareholding. Last, but not least, the Menem government was the principal responsible for the privatisation processes in Argentina. While these had not found very much of an opposition at the moment they were accomplished, the power outage crisis catalysed heavy resistance against private [and in particular foreign] ownership of public services. While the National Government thus did embody a kind of a public scapegoat for the 'sin' of 'having sold out national patrimony', the public pressure was rather put on ENRE as a sanctioning agency; on the GCBA as a [local] governmental saviour and, not to mention, Edesur as the principal scapegoat. Thus, the lack of stress and pressure on the National Government permitted information routines to flow as normal.

7.4 Communication & Mass Media

Communication is certainly one of the most interesting aspects of contemporary crisis management. The way actors make public their intentions and actions in contingencies are of utmost importance – communication is inevitably very much part of the whole process. In the Buenos Aires power outage this would prove to be central.

One of the issues that Edesur received harshest criticism for was that of the lack of information, on the one hand, and the erroneous information, on the other. The National Ombudsman, Jorge Maiorana, claimed already on the second day that Edesur should inform the public on the causes of the blackout (Clarín, February 18, 2001a). It was practically impossible to reach Edesur by phone, due to the amount of calls denouncing the lack of electricity, which increased anxiety and fury among the affected neighbours. The access to information in crisis situations is a central point, not only for decision-makers but also for the affected population, as exemplified in many of the studies in crisis management like for instance the Chernobyl crisis (Stern 1999), the Red River flooding (Svedin 1999), the Auckland Power Outage (Newlove, Stern & Svedin 2000), the BSE crisis (Grönvall 1999), the Halland tunnel (Kärde 1999).

On Tuesday 16 February, the electricity returned for a couple of hours. This made people think the problem was solved, which was not the case, however. When the lights turned black again, there were groceries and restaurants that had to throw away ruined merchandise and frustration installed in the affected areas again (Clarín, February 18, 1999b). To this incident was summed the Edesur declarations that electricity would be back within a couple of hours; this afternoon; tomorrow morning, and so on – promises which were not fulfilled. After five days of blackout a list with all of these unfulfilled promises, was published in the newspaper Clarín, counting to eight in just four days (February 19, 1999e). As in the Auckland power outage, where this was also a similar feature (Newlove, Stern & Svedin 2000:125-131), this build-up of expectations and what was actually fulfilled, created an important credibility trap. For Edesur the lack of credibility became an important issue in the crisis negotiation as it turned into an image problem. This indicates not only obstacles in the Edesur internal information processing, but also the relative priority that communication has within an organisation. Doomed but to communicate, these aspects fall somewhere outside the process of crisis management, which is about decision making, also on what communication strategies to be applied. When the Edesur Communication Management made clear they could not cope on their own any more, an external consultant, Nueva Comunicación, was hired. The consultant, in those circumstances, suggested a change in the communication strategy with mass media. Up until then, Edesur had entailed an open press policy, receiving journalists, microphones and TV-cameras and answering all their questions, but this was rather a reactive stance to media management where the heart of the matter was the question of when service would be reconnected. As the reconnection was never fulfilled and the consultant firm entered

the communicative scene, the strategy was changed to a proactive one, where the company searched up the newspapers, the TV-channels and organised press conferences in order to inform. Also a change in the character of the information was entailed. >From having answered questions on when the matter would be solved, a kind of information team was created in which the technical directors informed on the technical aspects of the power outage. It is somewhat paradoxical that while the public actors –mass media, government and political arena, civil society and the affected neighbours– after the first week re-framed the problem in economic, political and social terms, the corporate Edesur decided to emphasise further the technical character of the problem. Paradoxes generally have their own logic, however.

As Newlove, Stern & Svedin points out in their Auckland analysis (2000:127), media management is not solely about giving the press access to the information that the particular crisis management actor is interested in making public. Media can be an actor in its own right (Sundelius, 1998; Stern & Nohrstedt, 1999) which has been observed in many of the case studies accomplished within this project, exemplified in the Lima Crisis (Ullberg, 1998), the Brolin-Kidnap (Nohrstedt, 1998), the Refugee crisis in Estonia (Kokk, 1999). Media works also as a mayor public arena where the very perception of what the crisis is about is determined to a great extent. This aspect is intimately linked to the notion of representation of a subjective problem, as discussed in the theoretical chapter. The mass media was as a whole very critical to the Edesur management of the power outage, which had an important social impact. Statistics showed that Edesur had appeared 366 times in the local radios during the month of February of which 226 were negative mentions, 29 were positive and 111 were purely informative (López Alonso, 1999:14). The national media coverage in the Edesur power outage was very important, due to the crisis location in the Capital Federal. The recurrent power outages in the suburbs of Buenos Aires, where Edesur also have coverage, or not to mention other parts of the country, do not nearly call the national media attention. This is a cynical fact of centralisation of mass media, and, in the Argentinean case, Buenos Aires is undeniably the centre of news production.

Thus, in the Buenos Aires blackout, mass media was intensely part of the entire crisis management process. While radio, TV and graphic press accomplished scopes, they were also important communication channels between Edesur and the population in both directions. The public manifestations held in the street were transmitted on the news and it appeared to the entire Argentine population that the whole of Buenos Aires was outraged and on the barricades, while the power outage affected only a relatively small part of Edesur clientele. Of

the 2.105.380 Edesur clients in the whole of Buenos Aires City, approximately 7% were affected during the first day (See Appendix VII and IX) (Edesur Annual Memory Balance 1999). These televised manifestations did serve the purpose to shape a public opinion on the matter as it opened political windows and broke path for several civil Consumers Defence Organisations.

Mass media as an international guild are also known to have global tentacles when it comes to crisis situations. Multimedia giants such as the North American CNN are known to be 'first on the spot' and have the resources to dedicate 24 hours live cameras to the event if necessary. Several scholars have pointed out the phenomena of 'disaster tourism' referring to the virtual invasion of journalists and curious people on the site of events, affecting in different ways the operative crisis response (Rosenthal & t'Hart (Eds.):1998:200, Newlove et al, 2000:126). The Buenos Aires Blackout was apparently no scope however. While national media, as accounted for above, occupied large parts of their news broadcasting and of their newspapers to this event, a survey of international media reports indicates this notice gained little attention outside Argentina. In neighbouring Brazil, as in Uruguay, only short notices were published and in Chile, where one would expect the conflict with the Chilean electric company Enersis to be of interest, the issue was scarcely developed (Chatlani, 1999). While Enersis did figure in Chilean news during this period, it had nothing to do with the Buenos Aires events, but to the negotiations with Spanish Endesa on the selling of the company (Larraín, 1999a, 1999b, 1999c; English, 1999; Vera, 1999).

7.5 Politics of Symbols & Leadership

The symbolic dimensions of crisis management are becoming of increased interest to crisis management scholars, pointing at its importance Paul t'Hart (1993). Symbols are part of our daily life and human communication could hardly do without them. In crisis situations symbolic actions on part of the decision-makers and involved institutions can be of utmost importance as a means to demonstrate the gain of control over circumstances rather uncertain and sometimes perhaps completely out of control. A wide range of symbolic actions is observed in crisis management research. Governmental presence on scenes of disaster is relatively common, as in the Red River floodings in 1997 (Svedin, 1999) and the environmental disaster in Spain 1998 (Ullberg, 2001), where local and national politicians visited the affected areas by car, helicopter and plane. Other more spectacular examples are the Swedish killing of 21 British cows in 1997, which were potentially –although risk was

very small– contagious by the BSE disease (Grönvall, 1998:280); the so called Freezer project in the Auckland power outage, where the Mayor wanted to place a giant freezer in the affected area for the restaurant owners to store the food while the outage endured (Newlove, Stern & Svedin, 2000:138-139) and the Polish government's removal of hundreds of Christian crosses placed close to the Auschwitz museum by different catholic and orthodox activists. In the latter case the symbolics were in fact the very core matter of this Polish crisis (Sawicki et al, 1999). Symbolic actions are political in the sense that they deal with opportunities to gain control and credibility as well as risks to loose these. Symbolic politics is about representation and the right to represent. Thus it is a question of power: Who represents what and when?

In the Buenos Aires blackout, the lack of water, air conditioning, elevators as a consequence of the power outage, provided political and administrative institutions with opportunities to gain prestige and credibility. The GCBA was the central institution in palliating the social necessities, which was done without complications by the Civil Defence, emergency organisation *par excellence*. The confiscation and destruction of food in bad shape from restaurants and different grocery shops was accomplished in all affected areas with the GCBA Sub-secretariat of Alimentary Security in charge. Chief of Government, Fernando De la Rúa, could as head of the Buenos Aires administration enjoy the public confidence that this concern for the population generated and could visit affected parts of the city confident about his work. The issue of leadership is linked to the dimension of symbolics in crises. Boin & t'Hart pose the question whether the mission of the leader or decision-maker in a crisis is an almost impossible task, due to the gap between public expectation on the decision-maker and the 'real world' that the decision-maker lives in before, during and after a crisis (2001). Decisions and actions of leaders will inevitably be scrutinised and will have an important symbolic value. While the community expects leaders to prioritise public health, safety, and security, and should prepare for worst-case scenarios, research findings indicate that the high economic and political costs actually prevent political leaders from doing so (Ibid.). In the Buenos Aires case, the preparedness for an emergency such as the blackout was not really a prioritised issue, less in light of the severe economic, political and social problems the city and the entire country suffer at the moment. The fact that the city's Civil Defence had not a power outage considered as an emergency speaks for itself. The aspect of problem framing, as discussed in chapter 7.1, also shows that no worst-case scenario was constructed by any of the involved actors. The crisis developed in a way, however, that could be successfully manageable by political leaders. Communities often expect leaders to take charge of the crisis

management operations and exercise a clear leadership (Boin & t'Hart, 2001). This is particularly evident in Argentina, where patron-client relations, which requires a *patron*, that is, a strong leader, is a prevalent feature of the political system under 'normal' circumstances. Normally in a crisis response, however, there are multiple organisational networks involved, which requires co-operation, not top-down command. In the Buenos Aires Blackout the leadership of the crisis management was divided between the corporate and the state actors. Edesur assumed the role as the 'owner' of the technical problem and thus executed the management in line with this, while the regulating agency ENRE assumed its role as a supervisor, the GCBA Government as the principal relief organisation and finally the National Government as the ultimate guarantee in the dispute over indemnification and legal aspects in the electricity concession. All actors can be said to have acted in line with their functions, but only the GCBA Government was recognised a 'successful' leadership. Why? Well, it has precisely to do with symbolic dimensions. The affected clients in the city of Buenos Aires as well as the mass media and the political establishment required command and control of the situation, in order to feel safeguard. Edesur not only did not manage to solve the technical problem, they had severe communicational problems (see chapter 7.4) and leadership problems. The Edesur General Manager Jaime Manzano chooses a 'low profile', which cost him and the entire company credibility. In mass media declared the Edesur communication manager and other middle level managers, which symbolically interpreted by public opinion that the crisis within the company was not managed at top level, that is, it had not top priority. When GM Manzano did not appear in the National Congress to declare on February 24, as he had been 'invited' by the Chamber of Deputies, due to his "complete dedication to the crisis management" (Clarín, 24 February 1999a), this was perceived as a lack of will to assume responsibility. Also the ENRE working routines was symbolically interpreted as a lack of leadership. The public expectation was that the ENRE 'face the emergency' by taking 'immediate measures', why the routine procedures of sanctioning sometimes months after the incident was harshly criticised as we shall see below. The absence of the ENRE president Legisa was publicly questioned as a matter of lack of leadership, when the ENRE Board of Directors is a vertical decision making structure that functions also if not all board members are present (Interview with ENRE Vice President Devoto). The public and political pressure on ENRE more or less obliged the agency to assume an active leadership in the crisis management, determining for example extraordinary measures such as the 292/99 resolution. The political leaders, on the other hand, had better luck. The GCBA Chief of Government, Fernando De la Rúa, featured a decisive presence in the crisis management, as if he had the

situation under control. In reality he did nothing else but following the routines in a GCBA emergency response structure, embodied in the city's Civil Defence [DC]. As this organisation worked smoothly, co-ordinating work with other relief agencies, and everything 'worked out well', it was a grateful emergency situation to assume responsibility for. As a difference to the Mayor Les Mills in the Auckland blackout, De la Rúa did co-operate with Edesur in the crisis response, but he also saw to not to get publicly associated with the company as did Les Mills (Newlove et al, 2000:121). On the contrary, he publicly criticised the company for the lack of crisis management capacity, while his government through the DC saw to that the affected population was getting help, which perfectly responded to public expectation. The political opportunity this crisis provided for him, I would say, is indisputable. He was one of the presidential candidates for the elections later that year, why the blackout became a kind of symbolic support for his campaign. I would not dare to claim that this issue was decisive for his victory in the October elections, but surely it had some influence, as had the Auckland blackout for Les Mills in Auckland when he lost his mayoralty in the subsequent elections (Ibid.) In the Buenos Aires case it is likely that, competing with De la Rúa's political advantage, the sitting President Menem utilised the federal resources at hand in order to gain political support for his party³² (Clarín, 19 February 1999c). The traffic assistance of the Federal Police; the mobilising of generators and supplies of water of the Gendarmery and the Peace Force of the Cascos Blancos; and the social assistance of the National Secretary of Social Development were of big help to the population, but they had not been called for from the Buenos Aires Government. This even generated political disputes in the newspapers between De la Rúa and the Minister of National Affairs, Carlos Corach, about which government had supplied most inhabitants and with what means (Clarín, 25 February, 1999b). This was evidently a dispute of leadership, which located the National Government on the scene of events, something that President Menem was in need of. Menem and his faction within the ruling party was at this moment trying to accomplish, against constitutional law, a second re-election of the sitting president, which was not easy, although on Argentinean terms, maybe not impossible. The blackout was therefore of symbolic value also to Menem, as he in a sense had to show leadership and defend the privatisation model in order to gain further support.

The coming elections were in fact the motive for the crisis to take a turn towards political symbolism. Ideological discussions and political stances were on the daily agenda during this

³² Menem represents the Justice Party or the Peronism as it is commonly called after its founder, General Perón, while De la Rúa represents the Radical Party in the Alliance with the Frepaso Party that actually won the elections that year, making the

period, as we shall see in the following chapter. The blackout and the Edesur concession became of great symbolic value in these discussions, as it shed light on the processes of privatisation entailed during the two mandates of Menem. The economic politics in Argentina during the 1990s have been applied in a neoliberal fashion, of which privatisation of state companies has been an important piece. This has not been without contestation, however. Although many Argentines advocated for better services as the former SEGBA electricity services, for example, were really deficient with recurrent power outages, the privatisation has meant in most cases the acquirement of national firms by transnational and foreign investors. It appears that in spite of an ever more globalised world, issues like nationalism and national identity have not disappeared. Let us remember the altered discussions in Sweden and Norway on where to locate the headquarters of the joining telecommunications companies Telia (Sweden) and Telenor (Norway). Not only was this a corporate internal issue, but it also reached high political level and many Swedes and Norwegians ought to have had an opinion on this matter. This conflict over what appears to be a minor detail in the whole enterprise of the two corporations actually provoked the very failure of it. In a country like Argentina, where the political Right and Left historically have been united on the issue of nationness (Borneman, 1992),³³ the recent privatisation of the country's state companies, has been discussed partly in terms of imperialism, as transnational firms have acquired national firms. The Buenos Aires blackout, thus, put this issue back on the political agenda in the context of presidential election campaigns. Naturally, the discussions about the privatisation process also contained ideological elements. While left wing opposition politicians criticised privatisation as an economic politics strategy, centre and right wing opponents did not attack the model in itself, but the way it was accomplished, that is, 'the Menem way'. These latter accusations actually ended up in harsh criticism and even a legal denouncement on the ENRE, for lack of control on the private concessionaires. The augment in electricity tariffs that was programmed for months was declared and published in the middle of the crisis, which put the SEM – administrative instigator of 'the crime'– and the ENRE –the controlling organisation of the electric market– in a very bad position. How had the authorities the face to augment people's electricity bill when they did not even have light at that moment! This was symbolically very negative to the image of the government as for the company. Both the ENRE and the National Government were criticised by opposition for not taking responsibility for these consequences of privatisation (Clarín, February 18–27, 1999). An interesting turn in this 'blame game' is,

latter sitting president.

though, that when the president of Enersis, the Chilean shareholder in Edesur, questioned the ENRE resolution 292/99 and declared Edesur would not pay any fines or indemnities that were not considered in the concession contract. The ideological and party political accusations on a national level were then transformed into a rather unison front against Chile, an historical 'enemy' to Argentina. Sharing the Andean border, the countries have on several occasions been in armed conflict about territory. The last time in 1978 was over three islands in the southern Beagle Channel, a conflict that was aborted by the mediation of the pope. The Argentines and the Chileans do not, very generally speaking, have much for each other either, due to these historical conflicts and alleged cultural differences. That the Edesur main shareholder was of Chilean origin and even had the courage to oppose to Argentine legislation (the ENRE resolutions) therefore had a certain symbolic impact on the involved actors, not to mention the affected clients. In the worst of moments they felt suffering because of the Chileans! These, to the Argentineans, highly symbolic circumstances prompted symbolic actions, as the crisis lasted. The voices for annulling the concession of Edesur became more and louder as days passed. After the Enersis president Guzmán's declarations, the National Crisis Committee elaborated a decree of necessity and emergency in order to put pressure on Edesur to pay the extraordinary fines determined in the ENRE resolution. The symbolic importance of this decree was that the national government was supporting the ENRE's decision in spite of the legal doubts that were expressed by Enersis as well as local jurists. This action was symbolic also in the sense that it shed light on the issue of social responsibility in a contingency of this kind. Certainly, for local as well as national politicians in a state where corruption scandals are daily bread, it was a grateful opportunity to for once have a scapegoat from the corporate world to claim for responsibility.

7.6 Sequencing & Synchronicity

It might appear that when a catastrophe occurs, this is what is happening in the world at that moment. No contingency, however, takes place in a social or a political vacuum. The world keeps going around and other problems may turn up that require attention. This is what in crisis management research is called synchronicity, i. e. the occurrence of parallel or coincident events in the midst of a crisis that can have an impact on the crisis management (Stern & Nohrstedt, 1999). In the Buenos Aires blackout the fact that the power outage occurred in February meant that part of the involved decision-makers were on summer

³³ By 'nationness' is in synthesis referred to the collective sense and feeling of an inherent belonging to a nation (Borneman, 1992)

vacations. The Edesur Communication Manager Martini was in southern Argentina and was informed on the phone, as was the ENRE President Legisa who was in Europe at the moment. Their initial absence did not affect the response to the crisis, but was undoubtedly an element of disturbance in the crisis management. The ENRE board of directors is composed in a collegial manner, which give the entire board of directors decision making authority and, in the Edesur case, the Communication Manager was supplied for by the Press Chief, Ignacio Siscardi.

A second example of synchronicity that tensioned further the context was the augment in electricity tariffs implemented from February 1, meaning an augment of three to four percent for the client on the next electricity bill. The Argentine electricity tariffs are regulated every three months and normally at that time of year the tariffs decrease. This year, however, counted with little precipitation and a mayor use of thermal energy, which increased costs. When the SEM, in the midst of the blackout, published the augment, it had a very negative impact on public opinion. What would under 'normal' circumstances have passed relatively unnoticed, was in the light of the blackout an offence. Even if the SEM set the price, it was Edesur that had to face the fuelled annoyance of the people.

For the main Edesur shareholder, Enersis in Chile, the Edesur crisis in Buenos Aires came at a bad point in time. The Chilean company was since the year before negotiating its holdings with the Spanish electricity firm Endesa and was in February 1999 defining the terms of negotiation in a milieu of tensions and disagreements (Larraín, 1999a; English, 1999). On the evening of February 24 a shareholder meeting in the headquarters of Enersis in Santiago de Chile would vote the constitution of the new Enersis board. This issue had been preceded by a lot of speculations that the Spanish company would want to take control of the Chilean firm (English, 1999). The meeting was held the same evening electricity was restored in Buenos Aires. For the Enersis president Guzmán the Edesur crisis that escalated and came to require his participation thus occurred in a moment of high pressure, which can be assumed to have influenced the decisions made. It is interesting to note that while both these negotiations (in Santiago de Chile between Enersis and Spanish Endesa, and in Buenos Aires between Chilean Enersis, Argentinean Edesur shareholders and Argentinean State) were dealing with economic and legal-political transactions, what was also at stake was national pride. As discussed in chapter 7.5 the national symbolics involved in these circumstances were of importance. When it comes to Spain, the Latin American countries' relation to their *Madre Patria* (motherland) is in general somewhat complicated. While Spain is for the most recognised as the motherland, precisely, it is also common to complain upon the legacy of colonisation. The

investments made during the last decade by Spanish companies in the Latin American countries are in many cases seen as a kind of neo-colonialism. Thus, dimensions of nationalism and of cultural identity constituted synchronic circumstances influencing the crisis management.

Another example of synchronicity, although more than an event this was an important circumstance, was the upcoming presidential elections. The governing party, the Peronist Party, was negotiating the candidates, which is a public and quite scandalous affair in Argentina. Several governors wanted to postulate for the internal elections in April that year, while the stance of the sitting president Menem oscillated between supporting a new candidate from his faction and between presenting himself for re-election in spite of going against his own constitutional reform.³⁴ Not only was this an issue that required the attention of the sitting president –fact apart that this was not really a national concern that would have required his attention– but these political circumstances did prompt stances that had some impact on the decision making processes. The public and political claims on the ENRE and the entire Menem administration for harder measures against Edesur and the need for political credit, prompted the Secretary of Energy and Mining (SEM) to put claims on ENRE to provoke the execution of guarantees in the concession contract, which would prove the authority of the sitting government. It is important to note here that in Argentina the political administration at national, regional and local levels practice a system that imply changing not only the political decision making staff, but also parts of the administrative staff as a new candidate assumes power. Thus, political and administrative staff identifies closely with the government that provided them with a post and will generally defend its decisions as long as it belongs to the administration. The SEM pressure on ENRE and ENRE responding with the resolution 291/99 is therefore rather logical in this context.

As mentioned earlier, the GCBA Chief of Government Fernando De la Rúa was also a presidential candidate, although for the opposition. His position was rather similar to that of Menem, however, as whatever decision and action he would make in the crisis management, this would be scrutinised through the lenses of the presidential elections. From a political opportunity perspective, De la Rúa was fortunate enough to govern a successful crisis management, by which he could gain political credit to his campaign.

For Edesur the most important synchronicity was the structural and managerial changes within the company. Only one month before the power outage had an important

reorganisation of the different departments within Edesur been entailed, which had reallocated staff, resources and transformed important routines. The new organisational structure was not really of importance to the corporate decision making process during the blackout, but it seems to have influenced communication and action within the company however.

As stated earlier, crisis management is about decision making. According to the experience of crisis decision-makers, a crisis is not really perceived as such until after it is over, but is rather experienced by them as one problem after another to attend to (Stern, 1999:42-43). The first decision made generally affect the second and so on in a chain like manner. Bengt Sundelius use a tunnel as an analogy to crisis management in the sense that as the crisis (i.e. the tunnel) starts out there is a relative amount of options, but as time passes the tunnel narrows and the options are fewer, reaching the end of the tunnel with scarcely any option but to continue (1998:11). This is what is crisis management literature is called sequencing. There are some examples of sequencing in the Buenos Aires blackout, such as the Edesur decision to repair the burnt out cables in the first instance. This decision prompted the subsequent insistence on re-establish power supply through the same substation, which ultimately delayed the whole reconnection process.

Another example of sequencing are the decisions made by the ENRE, that started out in a routinely manner by calling Edesur's attention through resolution 222/99. As the blackout endured and the social and political situation transformed into a crisis, the ENRE made decisions that could only lead to harder and harder measures with Edesur. The execution of guarantees and annulling the contract was not entailed because the case never really reached the judicial circumstances, nor was any political actor probably willing to assume the consequences of the ceasing of the contract although political rhetoric claimed so. The 292/99 resolution was as close as the ENRE would reach and was way ungrounded.

7.7 Credibility

The issue of credibility is gaining attention in crisis research. Initiated scholars propose that there is an intimate link between the maintenance of legitimacy and crisis decision making, and that the interaction between these dimensions can have a decisive impact on communication, credibility and the decisions made (Hansén & Stern: 2001). Credibility is a socially constituted phenomenon and, as a crisis in itself, it can be a political resource.

³⁴ The constitutional reform was accomplished during the first mandate period of Menem, permitting re-election of president once. This was done in order to be able to be re-elected in 1995, which he was. In 1999, thus, he had already made use of this

Credibility gains and/or losses in the decision making process can have important symbolic consequences, which in turn affects the very crisis management. This phenomena can be found during the entire crisis process, which, for the sake of analysis, can be divided into four stages; **pre-crisis**, **crisis development**, **crisis response** and **post-crisis credibility** (Kuipers & Stern, coming) or, for the latter category, **accountability** and **learning** (Hansén & Stern, 2001). The division between these phases is certainly not clear-cut. Defining the crisis in itself as a process, different phenomena like credibility issues can have its beginning in the pre-crisis context but not have an impact on the crisis until the post-crisis phase. Hansén and Stern emphasise the importance of ‘faultfinding’ in the process of credibility. They mean that the prevailing degree of trust that exist between different actors is correlative to the faultfinding dynamics, that is, the positive or negative interpretation one actor will make of the other’s actions. The more trust, the less criticism and vice versa.

While the Buenos Aires blackout has not developed into a national trauma in the profound sense of the Swedish Prime Minister Palme assassination (1986) or the MS Estonia ferry accident (1994), the notion of credibility was an important feature of the whole crisis management. The pre-crisis credibility featured mainly two political-cultural phenomena; the distrust in the private corporation that only seeks profit and have no authentic interest in the public service it is accomplishing, and the distrust in the political establishment. For what the latter regards, the Argentine political life is stranded with coups d’état, populist discourses and corruption scandals. The last military dictatorship, with its 30,000 citizens disappeared³⁵ and ending with the Malvinas (Falklands) War, has left a deep social wound as large sectors of the Argentine society feel they were actually fooled by the military government. It is important to bear in mind that the image the military presented of their de facto regime was one of war against communist subversion and counterinsurgency in the name of God and the Fatherland. Many Argentineans, in fact, did not have the faintest idea about the abductions, the concentration camps, the torture and the executions that the military government actually accomplished.³⁶ On the other hand, while democracy has been installed in 1983, the state of things –above all the economy– has worsened, augmenting the rates of unemployment, poverty and social violence, while increasing the social differences. Local politicians are

possibility, but was ready to reform again in order to stay in power.

³⁵ ‘Disappearances’ in this sense refer to abduction, torture and, in most cases, death but concealing the dead bodies, thus making impossible the declaration of demise and burial ceremonies. This has been a rather common political strategy in military regimes such as the Latin American during the 1960’s and 1970’s, and also in European 20th Century colonies, such as the French government in Algeria in the 1960’s. This way political adversaries –and thus political opposition– to the regime were removed and ‘silenced’.

³⁶ To read more about the atrocities of the Argentinean military rule 1976-83 see for example the report of CONADEP (1983).

generally perceived to have dedicated more effort to increase personal fortunes than to their mandate as democratic representatives. These features have produced a generalised distrust in politicians and in political life, which became manifest in the power outage. Also, as previously discussed, the sense of loss of a collective good, like a state owned company, to a foreign private company which is presumed to care but for its own profit, had left its mark of distrust on the Argentineans. Summoning these two facts, the pre-crisis context was one of distrust on the crisis managers. The national government by the mandate of president Menem –socially represented as an outrageously corrupt administration– was the very instigator of the process of privatisation and was thus supposed to defend it, no matter what,

Once in the crisis development stage, the blame game was began. The hypothesis of Hansén and Stern (2001), that if decision makers are charged with failure to prevent the crisis, faultfinding is to be expected³⁷ is applicable in the Buenos Aires case. Edesur was accused with having reduced production costs by dismissing 2/3 of the staff that was inherited from SEGBA (Clarín, February 19, 1999d) and by reducing quality controls of material and substations (Zlotogwiazda, M. & A. Klipphan 1999:8-13). The substation where the shortcut and fire was produced was actually to be the crown jewel of the Edesur investments,³⁸ but once occurred the power outage, the company was charged with negligence in the transmission tests entailed, which finally caused the fire and the power outage. The substation was not adequately equipped, lacking the sand that normally covers the cables as an igniting prevention measure and lacking fire extinguishers; no emergency plan was employed; and the number of technicians present during the tests was insufficient (Ibid.). Also the ENRE was quickly distrusted in its functions. Accusations for not having controlled the installations in the Edesur substation before authorising transmission tests were raised against the control organisation (Clarín, February 19, 1999d). These early claims on Edesur and the ENRE did define the crisis as having been possible to avoid and responsibility fell hardest on these two actors, which would follow them through the whole crisis. In the crisis response phase the ENRE continued to be blamed for lack of control and lack of sanctioning power over the concession company Edesur. The judicial charge and the subsequent police raid at their respective headquarters were instances where the lack of credibility and the scrutinising of the crisis copers became explicit. Also when the ENRE executives were invited to the National Congress, by the second week of the crisis, they were harshly criticised by the deputies and

³⁷ 'Proposition 1: Crisis Development. To the extent that decision-makers are blamed for failure to prevent or mitigate the crisis, faultfinding dynamics in subsequent phases are more likely to be provoked.' (Hansén and Stern, 2001)

³⁸ The construction of the substation Azopardo Nueva cost US\$ 45 millions and was programmed to be inaugurated in February 1999 (Hechos, March/April 1999, p.7)

had great difficulties in explaining their competence as well as their legal tools and procedures for dealing with the crisis. Thus, in this case is applicable the hypothesis that when a decision-maker is charged with inadequate crisis response, faultfinding increases and legitimacy decreases.³⁹ The evaluation of the Edesur crisis management, on their part, became harder and harder. In spite of that the number of affected clients was reduced day by day and the company got closer to a technical solution, their credibility had already been consumed by the repeated promises of restored service that were never fulfilled. This loss of credibility illustrates the fifth hypothesis that ‘Crisis communication which heightens media and public expectations is likely to promote faultfinding and impose legitimacy costs if subsequent performance does not measure up.’ (Hansén & Stern, 2001).

The phase of post-crisis or accountability and learning has also featured dimensions of credibility losses in the Buenos Aires blackout. While the parliamentary hearings were entailed already on Tuesday, February 23, and an expert panel had been called for on Wednesday, February 24 by the ENRE (ENRE Resolution 297/99), in order to allocate responsibilities, accountability continued also once electricity was restored. ENRE resolved, the same day electricity was restored, on Wednesday, February 24, to entail a Public Audience⁴⁰ where all involved actors would have the opportunity to speak and make their claims (ENRE Resolution 298/99). This was held one month later at the ENRE headquarters. The different political and consumers defence organisations’ representatives again raised harsh criticism against Edesur, ENRE and the Secretariat of Energy (ENRE - Public Audience, March 30-31, 1999). Besides the charges raised in a federal court against the ENRE and Edesur by an independent lawyer during the first week of the crisis, which was also a loss of credibility to these institutions, a number of judicial charges were also made after the acute phase of the power outage. The Buenos Aires ombudsman handed in a collective charge against Edesur on behalf of all affected Porteños (Clarín, February 26, 1999) and Edesur made charges its providers of material, Pirelli Cables and Alstom, to the local justice (Edesur Annual Memory 1999). The Decree that was prepared by the National Government to reinforce the ENRE resolution 292/99 in case Edesur insisted on not paying the extraordinary fines, was in a way also an issue of distrust. Edesur had already claimed the ENRE resolution lacked legal sustains and important Argentine lawyers had also expressed their doubts on its judicial fundamentals. This lack of credibility on the controlling organisation

³⁹ Proposition 2: Crisis response. To the extent that decision-makers are blamed for an inadequate operative crisis response, legitimacy decreases and the disposition towards faultfinding (with regard to subsequent evaluations) increases. (Hansén & Stern, 2001)

⁴⁰ The Public Audience was set to March 8. This was postponed, however, through Resolution 299/99 to March 30.

could actually turn the whole thing over and make the Argentine state economically and politically responsible for the damages caused. The decree was therefore important in order to restore credibility for the state actors, although it never became necessary to actually apply it.

Hansén & Stern (2001) present a seventh hypothesis to be tested in future research on those crises that have developed into national traumas. They propose that when responsibility of a crisis and/or the management of it have not been allocated by the end of post-crisis phase, credibility losses and faultfinding are prone to become chronic. The Buenos Aires blackout was not developed into a trauma, even less a national one, but there are notions in this hypothesis that are plausible in this Argentine case. While it can be said that consensus has been achieved regarding the responsibilities in the power outage, these actors, mainly Edesur, suffered a severe credibility loss that endures until this day. As soon as there is a problem that has anything to do with electricity in Buenos Aires, the mass media is prone to publish huge headlines on the incidents. Both in the summer months of year 2000 and 2001, there were repeated outages of power in the midst of heat waves, which has brought media to ask if the nightmare of the 1999 blackout will be repeated. Also in 2000, due to a public denouncement by a family whose daughter died in leukaemia, Edesur and all other electricity companies were accused of using lethal materials in the transformers, being an environmental and public health problem. The media race was again haunting Edesur and EDENOR, which were obliged to recognise publicly the use of the harmful PCB in their transformers, producing severe negative effects on the surrounding environment and posing a severe health risk to the neighbours (Clarín, 20 October, 2000).⁴¹ The negative image of the company since the blackout has proved difficult to revert, indicating that the issue of credibility is of utmost importance in crisis management as in everyday work.

7.8 Expertise

Crisis research has shed light on the role of experts in crisis situations, a guild more or less central in decision making processes (Rosenthal & t'Hart, 1991; Newlove, Stern & Svedin, 2000). Among the different subjective apprehensions of the situation at hand, the expert is generally ascribed objectivity and capability of giving the right assessment and thereby

⁴¹ PCB [Polychlorinated Biphenyl] is an organic substance that has been widely used all over the world for construction of buildings and in electric components. The PCBs are viscous substances and is in electric transformers used as refrigerating material. PCBs affect the environment negatively, for instance by producing reproduction problems in fauna. PCBs are also proved to negatively affect human health, such as the nervous system and cognitive capacities, the immunological system and can plausibly lead to cancer (Swedish Environmental Agency, 12 February 2001; Committee on Remediation of PCB-Contaminated Sediments, 2001)

legitimising the decisions made (Sundelius et al, 1997:198). While a distinction can be made between inside and external expertise (Kärde, 1999), and between technical and socio-political experts (Newlove, Stern & Svedin, 2000:141) none of these are homogeneous groups, however. In the environmental crisis in Spain, 1998, the different scientific stances regarding values of contamination in soil and water even became headlines in the press, which invited to public as well as political distrust (Ullberg, 2001). In the Buenos Aires blackout there were many groups of expertise involved. While all involved actors counted on internal expertise, external specialists were also hired. Edesur, in its character of provider of electricity, naturally counts on engineers and technicians to attend technical matters. These were also the principal actors to assess on what solution to apply in order to reconnect the failed cables. When their solutions failed, however, ENRE as a surveying organisation, enabled its technicians to control and assess their Edesur colleagues. Thus, experts were assessing experts. The ENRE did not satisfy with this, however, but also hired a research team from the High Tension Laboratory of the La Plata National University (ENRE Annual Report 1999). They produced an exhaustive report on their analysis of the case and substantial information for the ENRE as well as for the SEM (ENRE Expert Report, May 1999).

While Edesur counted on sophisticated expertise in matters of electricity, the company did feel a lack on specialised staff in other management areas. When the Communication Department felt the situation was going out of hand, the decision to hire an external consultant firm in communication was made. The consultant Nueva Comunicación was considered to be the Argentinean top one firm in matters of communication (Dillenberger, & Curubeto, 1999:14). The consultant was an important support to Martini and his Communication Management in this pressed situation, suggesting new communicational strategies by which change the informative course.

Another external actor was involved in the crisis through Edesur. As the reconnections failed one time after another, Edesur finally concluded that there was a problem with the material. The provider of the cables that failed was the company Pirelli Cables and Edesur made this responsible for the failures. This prompted Pirelli to send their own experts from Italy to join the Argentine Pirelli staff in order to investigate the cables used and the causes of the accident (Clarín, February 20, 1999c). Their opinion –in spite of the risk for partiality– were of importance for the credibility of Edesur and resulted in Edesur bringing suit against Pirelli in order to determine responsibilities (Edesur Annual memory 1999:57), thus, forming part of the entire blame game.

7.9 Learning

As discussed in the theoretical chapter in this report, the issue of institutional dynamics is an important aspect of crisis management. To what extent is an institution a homogeneous actor and how does it shape individual thought and action? Organisational response to a crisis has a lot to do with learning (Lebow, 1981; March & Olsen, 1989; Sundelius et al, 1997; Stern, 1999). Learning is a cognitive process that relates to the human capacity of representing and making a meaning out of the world. Learning also has to do with memory and oblivion. For the purpose of crisis research it is interesting to see how institutions remember or forget previous experiences as part of a learning process (Sundelius et al, 1997:41-42). Now, as Newlove, Stern & Svedin pose the question (2000:151); Can an institution learn per se or is this a purely individual feature? In line with Newlove, Stern & Svedin (Ibid.) I hold there is systemic learning, which is entailed through the social organisation of the individuals that constitute the institution. As Mary Douglas remarks: "The whole approach to individual cognition can only benefit from recognizing the individual person's involvement with institution-building from the very start of the cognitive enterprise" (1985:67). Thus, learning is loaded into institutional memory or oblivion through social organisation, that is, decision-making structures, routines and norms, by which the individuals within this institution think, decide and act.

Newlove, Stern & Svedin divide learning processes into three categories; **pre-crisis learning**, **intra-crisis learning** and **post-crisis learning**, referring to prior personal and historical experiences (pre-crisis); the lessons learned during the particular crisis (intra-crisis) and the inquiries entailed afterwards a crisis (post-crisis) (2000:151). In difference with the Auckland power outage, in the Buenos Aires blackout there were recent historical analogies to draw upon in the crisis management – the very same New Zealand experience the year before. This case was not very known of by any of Buenos Aires actors, however. In Edesur, as well as in the ENRE and the SEM, the search for similar power outage crises began once the blackout in Buenos Aires was already a fact. Information on the mentioned Auckland case, the New York blackout in 1977 and the Canada ice storm in 1997 was gathered (Interviews with D. Martini, Edesur and A. Devoto, ENRE). The GCBA Civil Defence did not either have any knowledge of previous blackouts in that size. In fact, the DC did not even count power outages to their list of potential contingencies (Interview with Ruben O. Sanchez, Civil Defence). Fact is there is a local historical analogy. In August 1962 a ten days long power outage at SEGBA affected 25% of the Buenos Aires population as well as vast industrial areas, causing severe problems. This blackout and the management of it were not

recalled by any of the involved actors. It had occurred almost 40 years earlier, when many of the decision-makers were perhaps not even born, but this oblivion also sustains the idea that institutions forget. Thus, the blackout in Buenos Aires turned out to be an intra-crisis instance of learning for all involved actors. The DC –in spite of being the catastrophe organisation– had to co-ordinate all participating forces, from their own staff to the military and to the Federal Peace Force Cascos Blancos, distributing mobile generators, drinking water, ice, food in some cases, candle lights. The GCBA also organised the entire operation in attending lonely elders trapped in their departments and confiscating food in bad state. The ENRE, by sanctioning Edesur, had to create new jurisprudence for this kind of situations of contractual irregularity. While the clauses of execution of guarantees provided in the contract do contemplate the re-negotiation of concession, nobody that participated in the privatisation process had really imagined this could be put on trial. This experience shed light on the need for a clear legislation and terms of contract when it comes to the issue of responsibilities in a contingency. Finally, Edesur, who appeared as the mayor scapegoat in this crisis, learned several lessons on the way. The first was a matter of preparedness. A situation like this had been unthinkable to the company, why no action plan 'in case' existed. Many of the ideas on 'what to do next' were based on previous knowledge, like the technical solutions. The estimations of time to reconnect electricity, for example, were based on routine timetables for this kind of tasks (Dillenberger & Curubeto, 1999:13). As these did not work out, however, new solutions had to be created in the very moment the problems occurred. This later prompted the creation of a General Contingency Plan that will permit Edesur to better preparedness for crises in the future (Edesur Annual Memory 1999:17). The second lesson learned was the issue of communication and information. Important aspects such as what, when and where to process information and communicate with authorities, mass media and clients, were capitalised during the same crisis. This experience prompted, with the help of an external consultant, new communicational strategies in order to restore some of the public confidence.

In matters of post-crisis learning, the Buenos Aires blackout do not come close to the level of inquiries and scrutinising in the Auckland power outage (Newlove, Stern & Svedin 2000:154-160). No vast governmental report has been published, nor has Edesur published any particular document on the case, as a means of informing but also in order to capitalise the experience into learning. The Edesur staff magazine 'Hechos'⁴² did devote an entire number to the 'Azopardo event', but in rather general terms. The ENRE also informs on the

blackout in their Annual Report 1999, but is a general description. An event that served the purpose of post-crisis learning was the Public Audience held at the ENRE headquarters in the end of March 1999, approximately one month after the blackout. Here were all involved actors represented, including affected clients, and although the debate was very much held in terms of responsibility and indemnities, it functioned also as a forum for voicing important other aspects of the crisis (ENRE Public Audience, 30-31 March, 1999).

8. Conclusions & Considerations

This case study has aimed at analysing the management of the blackout that stroke parts of the city of Buenos Aires in February 1999, in order to know more about this particular case, but also to develop knowledge upon management of infrastructural contingencies such as a power outage. This is particularly interesting considering the high electricity dependency in modern societies and especially in urban settings. There are several conclusions to be drawn and many considerations to be made for the purpose of crisis management practice.

Infrastructural contingencies share with many other categories of crises the feature of putting not only a group of decision-makers at strain, but also large parts of populations in a direct manner. The interruption of electricity in an urban setting has an important social impact, be it for a couple of hours, for days as in the Buenos Aires case or for months as in Auckland. The level of social impact, and the cultural and political context in which this strikes, will in turn have an impact on the entire scene for crisis management. In Buenos Aires the 11 days of electricity outage left residents, shopkeepers, offices and industries without light, water, sewage, refrigeration, air conditioning, elevators, traffic lights, computerised systems, and other electricity dependant services in the midst of summer temperatures over +30°C. This required specific palliative measures and resources such as for example distribution of drinking water and mobile generators, and the personal attention of old people 'trapped' in their apartments. But it also required political response as the people affected invaded the streets, loudly protesting and burning car tires, claiming not only for the electricity supply to be restored but also for 'justice' as paying customers of a private company that offers a public service. This put hard pressure on both the Corporation as responsible for its affected clients, and on the State as the ultimate responsible for its affected citizens.

⁴² 'Facts'

Categorising crises as 'credibility crises', 'infrastructural crises', 'natural disasters', 'man-made catastrophes' and others, addresses the question of whether there are any substantial differences in their management when it comes to decision making processes. In line with the definition of 'a crisis' as a situation characterised by urgency, uncertainty and in which important values are threatened, there is no conceptual difference between any of the different crisis categories, as they all by definition share these criteria. The decision-maker in regard will have to make the decisions within this crisis context, be it due to a power outage, a currency crisis, a nuclear fallout, an unsolved murder case or a flood. What differs is rather the social impact, that is, its' kind of impact and its magnitude, which has to do with the threat to basic values. Following the social constructivist stance sketched in the theoretical chapter of this report, I hold that the values at stake, the social impact of a crisis and including the cultural perception of risk (an issue not explored in this analysis, but nevertheless an important aspect of crisis research) are socially and culturally constructed. With cultural variation in mind it could be pertinent to categorise the different values and the threats to them. While a currency crisis inevitably affects an entire nation (and most probably the global financial community in some way) and a credibility crisis such as the unsolved assassinate of the Swedish Prime Minister Olof Palme can produce national traumas, they pose no direct threat to such basic values as life, subsistence or death, just to name a few rather essential values to society and to societies, cultural differences apart. When the threat is direct, however, embodied in the lack of food or water, in disease, in the lack of sheltering or in death, the social impact is concrete and tangible, not to say inescapable, to affected individuals and to society at large. From a decision-makers perspective the magnitude of the social impact in this sense, and the reciprocal social and political pressure it produces, inevitably exacerbates the constraints on space and time for decision-making. The affected community and society at large want the pertinent decisions to have been taken 'the day before' and immediate response is required in light of people's concrete suffering. While there were no fatal victims in the Buenos Aires power outage, the social situation for the hundreds of thousands directly affected inhabitants was unbearable, which certainly put a particularly harsh pressure on the decision-making actors involved.

The issue of the social and political nature of any crisis cannot be dismissed and less when its complexity evolves in spheres of 'public' and 'private'; 'citizenship' and 'clientele'. While the idea and practice of citizenship is traced to the ancient Greek and its democracy, or to the French Revolution, the notion of 'the consumer' as a feature of the Modern State is more recent. The notion of 'the citizen' as an individual social role with rights and obligations

versus the State is nowadays including also the Market. Surely, this is a sign of our times, in which the practice of consumption is central of our post-industrial way of life and to the contemporaneous State, framed as they are by a global liberal market economy. On the other hand, the 'consumership' in this case refers to the consumption of Public Services and this is where the State remains on stage as former public service provider and as controller of the privatised services. 'The consumer' as a social role is in this regard tangling with the role of 'citizen'.

When it comes to crisis management in such a complex context, then, the issue of 'Who owns the problem?' becomes central and highly symbolic. In the Buenos Aires case the issue of responsibility allocation increased tension between the corporation and electricity provider (Edesur) on the one hand, and the Argentinean State embodied in the supervising agency of electric services (ENRE) and the National Government on the other. This escalated the very crisis as the solution of the problem (i.e. the power outage) was delayed, aggravating the social impact for every day in darkness.

The meanings of cultural and political symbols of our daily life are likely to be emphasised in a contingency, either exacerbating them or strengthening their positive force. What appears as a technical operative problem at first sight can easily transform into a social and political crisis with longstanding consequences. The values at stake will play an important role in this development. In the Buenos Aires case the corporate actor Edesur was defending a range of values, not only the reputation of the firm, but also the exchange value of the company's shares, an important sum of money in fines and the very concession of Edesur. Individual corporate actors were also defending their posts, fully aware of that nobody is irreplaceable. Also for the governmental actors, ENRE as well as local and national governments, important gains and losses were at stake. The electricity regulating agency ENRE's legitimacy as a newly constituted State bureau, whose *raison d'être* is control of service, was at risk. Simultaneously, at an individual level, the upcoming presidential campaign in the end of 1999 operated as a kind of synchronic circumstance and a window of opportunities for the Buenos Aires Mayor Fernando De la Rúa, candidate for presidency, as well as for the President Menem, whose intentions at that moment was to be re-elected. For the government, the issue of economic responsibility cannot have been of minor importance. Significant amounts of money in terms of fines to the affected clients were at stake and since the Argentinean state finances were at that point in a severe negative unbalance, the risk of having to pay these fines was threatening. Now, were these threatened values the reason for this event to develop into a long-term crisis? In my view, the economic aspect of the crisis was undoubtedly of

importance, but what was really a basic value in threat here, and what set the longstanding terms of the crisis, was the very model of Public Service in it self and the credibility of such a model. The process of privatisation of the Public Services in Argentina has served as an example of state structural adjustments for other countries, either as an inspiration or as a negative experience. The blackout and the crisis that was produced in its wake, thus, operated as a catalyst in a larger social and political process in Argentina in which the restructuration of the State, the processes of democratisation and the forces of the global market are central elements.

In face of this value complexity that in many ways determined the crisis management of the corporate and the public actors, is it possible to distinguish differences and/or similarities in their respective crisis management strategies? Both corporate and public actors in the Buenos Aires Blackout responded essentially in line with their respective tasks. That is, Edesur concentrated on restoring electricity, ENRE focused on the control and sanction of Edesur, the local government of the City of Buenos Aires and its Civil Defence helped the affected population out, and the National Government backed the measures of the ENRE and the Buenos Aires Government. For both corporate and public actors the initial problem framing was one of a short term, which delayed actions other than the repair of the burnt out cables. For all actors the level of decision escalated as the crisis developed. The Edesur Board of Directors came to take orders from the main shareholder Enersis in Chile and the ENRE was pressured from the Secretariat of Energy and from the National Government. All actors applied reactive media and communicative strategies, at least in the beginning. While the ENRE was harshly criticised in mass media, the 'head hunted' was really Edesur. A certain transparency featured the information provided by the company, but this was not sufficient to repair the loss of public credibility, as the information flow was confusing. The pressure on Edesur Communication Department was so hard and the communicative strategy had such a negative impact, that an external consultant firm was hired in to 'save' the situation, which was done by applying a proactive communicative stance. Also the public actors hired external expertise. In order to gather accurate information the High Tension Laboratory at the La Plata University elaborated a report of the events to the ENRE. When it comes to learning, both corporate and public actors in this case had to learn in an *ad hoc* manner in many senses, since it was the first time such a long power outage stroke them. Thus, in essence, it appears to exist more similarities than differences between the corporate and public crisis management, at least in this case.

Is this a surprising conclusion or could anything else have been expected? The spaces in which Corporate and State actors engage today are blurred and mixed with each other in the midst of legal frameworks, political conjunctures and cultural norms. It is therefore difficult to find generic and clear cut answers to questions such as if private ownership of a public service has any particular incidence in the management of an infrastructural crisis. In this case there were in essence no differences between the public and corporate actors in organisational terms. This has both empirical and theoretical explanations. Theoretically there are reasons to avoid separating the concepts of 'corporate' and 'public'. A basic premise of the cognitive institutional framework used here is that the social actors analysed are collective and institutional, be they small governmental decision making groups or large corporations. I have also emphasised my stance regarding individual action as institutionally contained and constrained. Now, categorising the Corporation and the Governmental Agency as diametrically opposed social actors and expecting opposed behaviour through the ideology that (supposedly) involve them will dismiss the theoretical approach. Instead Corporations and Governmental Agencies must be defined as essentially social institutions that embody the State and the Market, which are social, cultural, political and economic fields in which these institutions act and negotiate. Empirically it stands clear that these fields are (again, particularly in today's state of the State) not opposed nor juxtaposed, but rather interfacial, sharing unfixed boundaries and thus blending, 'invading' each others 'territories'. For the Corporation maximising profit would be its essential purpose, but it still remains an organisation that acts and profits, not only within a legal and political framework, but also by and within a network of social and cultural norms. On the other hand, the Governmental Agency that is supposed to be an impersonal, apolitical and 'neutral' institution is also contained and constrained by personal ambition, secret alliances, political loyalties and, of course, money. Thus, in the Buenos Aires case the social and political pressure on Edesur to assume responsibility for the losses of the affected clients, although this was beyond the clauses of the concession contract, responded to the cultural assumption that any company that provides (even in the market sense of the word, that is, sells) a public service, simultaneously holds a social responsibility. The Argentinean State, in turn, that had delegated public service to the Market through privatisation, was expected to act vigorously in a Keynesian manner, defending the interests of its citizens and the economy of the Nation and its sitting Government.

Finally, some short and concise key considerations for practical purposes that evolves from the analysis of the Buenos Aires case.

- When it comes to framing the problem: be careful with the setting of time frames. What appears to be a quickly solved problem can easily turn into a long-term crisis, as this case has put in evidence. Also be aware of the 'worst case scenario' approach versus the 'rosy-scenario' stance. A balance between the two must be sought, in order to gain public attention and credibility, but to avoid social unrest and legitimacy losses.
- Regarding symbolic values, again, social, cultural and political dimensions of a crisis cannot be dismissed. A crisis generates political and social responsibilities that are expected to be assumed by the decision maker/s. In the Buenos Aires power outage all involved actors were harshly reminded of this when street riots by affected Porteños began. Be aware that an overstatement of concern can be counterproductive, however, as in the Auckland power outage where the Mayor's concern was instead interpreted as covering up for the [failing] power company.
- The issue of credibility is intimately related to symbolics. This is a vital capital to the decision-maker and must not be wasted. There are gains to be made relatively easy. The losses that are risked, however, are very difficult to repair afterwards, which will have an important impact on the whole of the crisis management. In the Buenos Aires case the contradicting flow of information from Edesur produced an important loss of credibility for the company which only escalated the crisis. 'Thinking one step further' is thus recommended, although circumstances will probably difficult this intention.
- Communication is a vital process in crisis management. This evolves with the affected community and with the public in general; with other public and private institutions and organisations; with mass media; and within the same institution where the decision-maker acts. The necessity of 'knowing what is going on' is essential for all involved persons in a crisis in order to make decisions and to act upon them. As above exemplified, the lack of efficient and clear communication in the Buenos Aires crisis proved to be a vital and decisive issue for the entire crisis development. Thus, the decision-maker must be prone to constantly inform, and any communicative obstacles that might appear in a crisis situation should be avoided by the provision of several alternative channels.

The Buenos Aires blackout had no fatal victims, nor any severe material damages, and can on the whole be considered 'a successfully managed crisis'. The scrutinising of the case, however, puts in evidence several points of weakness of the crisis management capacity of these

particular actors in Buenos Aires and in Argentina in general. While scrutinising a case like this can help us to learn from past experiences, a systematic comparison with other cases of power outage would take us further in this learning process. This has been beyond the scope of this study, but will be undertaken in a near future. In light of society's increased electricity dependency world wide during the last decades, the study of crises in power production and supply is imminent and well justified. With a reciprocal purpose of making crisis research findings available to crisis management practitioners and vice versa, we need to know more about how social, political and economic actors intersect and interact in a 'high tech' context when this breaks down. The issue of 'private' and 'public' spheres for and in crisis management situations deserves to be challenged and compared with other studies on such contexts. Hopefully the findings from this case study will provoke questions and contests. That way new knowledge will be produced, which is the very essence of this task.

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Clar n www.clarin.com.ar

1999

16 February a) *Un incendio dej  a diez barrios sin electricidad* [A fire left ten city

areas without electricity]

b) *Historias de un d a complicado* [Histories from a complicated day]

17 February a) *Indemnizar n a usuarios afectados por el corte* [Clients affected by the

blackout will be indemnified]

b) *El apag n tampoco perdon  a los abuelos* [The blackout had no compassion with the elders]

c) *Sin luz, sin agua y con bronca* [Without light, without water and with

anger]

18 February a) *Edesur promete que desde hoy a ning n usuario le faltar  la luz* [Edesur promises that from today no client will lack electricity]

b) *Comienzan las demandas de los damnificados contra Edesur.* [The

- charges of the harmed Edesur clients begin]
- 19 February a) *Calles cortadas y velas encendidas.* [Blocked streets and lit candles]
- b) *Quieren que las sanciones para Edesur sean más duras.* [The DCOs want harder sanctions against Edesur]
- c) *Menem no quiere regalarle la protesta a la oposición* [Menem doesn't want to give away the protest to the opposition]
- d) *La luz no volvió y los cortes se extendieron a otros barrios* [The light did not come back and the blackout extended to other blocks]
- e) *Las promesas de la empresa, día a día* [The company's promises, day by day]
- 20 February a) *Pese a todas las promesas, ahora Edesur ya no sabe cuando volverá la luz.* [In spite of all promises, Edesur has no idea when lights will be back]
- b) *Los vecinos demostraron su furia con fogatas y cortes.* [The neighbours manifested their fury with street fires and blockades].
- c) *Todavía nadie sabe qué está pasando* [Nobody knows what is going on]
- d) *El Gobierno formó un comité de crisis* [The government constituted a crisis committee]
- 21 February *Todavía quedan más de 30 mil usuarios sin luz.* [There are still 30,000 clients without lights]
- 22 February *Edesur debería pagarle 60 millones a la gente.* [Edesur should pay 60 millions to the people]
- 23 February a) *Masivo retiro de formularios para reclamar por el corte.* [Massive fetching of fill in forms to claim for the blackout]
- b) *Reunión en Diputados.* [Meeting in the Deputies']
- 24 February *Admiten que tampoco hoy habrá luz para todos.* [It is admitted that there will not be light for everybody today either]
- a) *La Alianza le pegó muy fuerte al Gobierno por el corte de luz*
[The Alliance accused the Government for the power outage]
- b) *Edesur faltó a la cita y no dio explicaciones a los diputados*
[Edesur did not show up and gave no explanations to the Deputies]
- 25 February a) *Edesur no quiere pagar la multa de 100 millones.* [Edesur doesn't want to pay the 100 million-fines]
- b) *La pelea política por el apagón* [The political fight of the blackout]
- 26 February *Ahora recurren a un decreto para que Edesur pague.* [Now they turn to a decree in order to oblige Edesur to pay]
- 27 February *El Gobierno insiste en que Edesur deberá pagar la multa.* [The Government insists that Edesur must pay the fine.]
- 2000**
- 20 October *Aún quedan transformadores con una sustancia altamente tóxica.* [There are still transformers with highly toxic substances]

El País www.elpais.es

18 May 2001 Arias, J.
El Gobierno Brasileño anticipa el racionamiento de energía previsto para junio [The Brazilian Government anticipates energy rationing by the month of June]

Interviews and E-mail Communication

(Interview 28 June 2000) **Rubén O. Sánchez** Planning Chief, Civil Defence, GCBA, Buenos Aires, Argentina

(Interview 28 June 2000) **Luís V. Sbertoli** former Sub-secretary at Secretariat of Energy and Mining, Ministry of Finances, Buenos Aires, Argentina

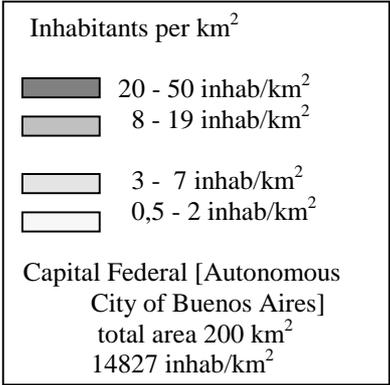
(Interview 11 September 2000) **Alberto Devoto** Vice President, ENRE, Buenos Aires,
Argentina

(Interview 12 September 2000) **Roberto Bonavota** Director Community Relations, Civil
Defence, GCBA, Buenos Aires, Argentina

(Interview 12 September 2000) **Daniel Martini** Communication Manager, Edesur,

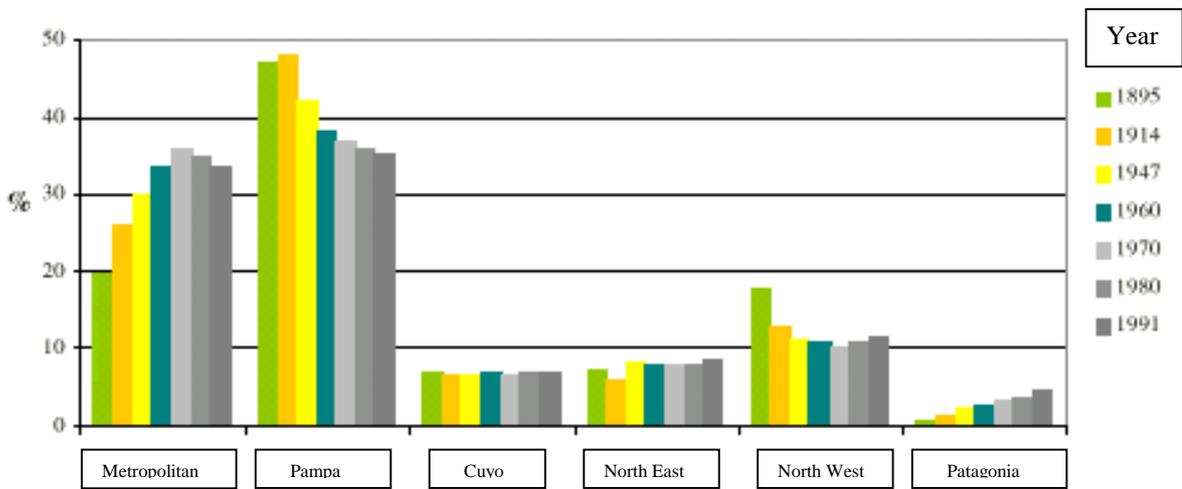


Population Density Argentina in 1991



Source: INDEC Argentine Republic (1991)

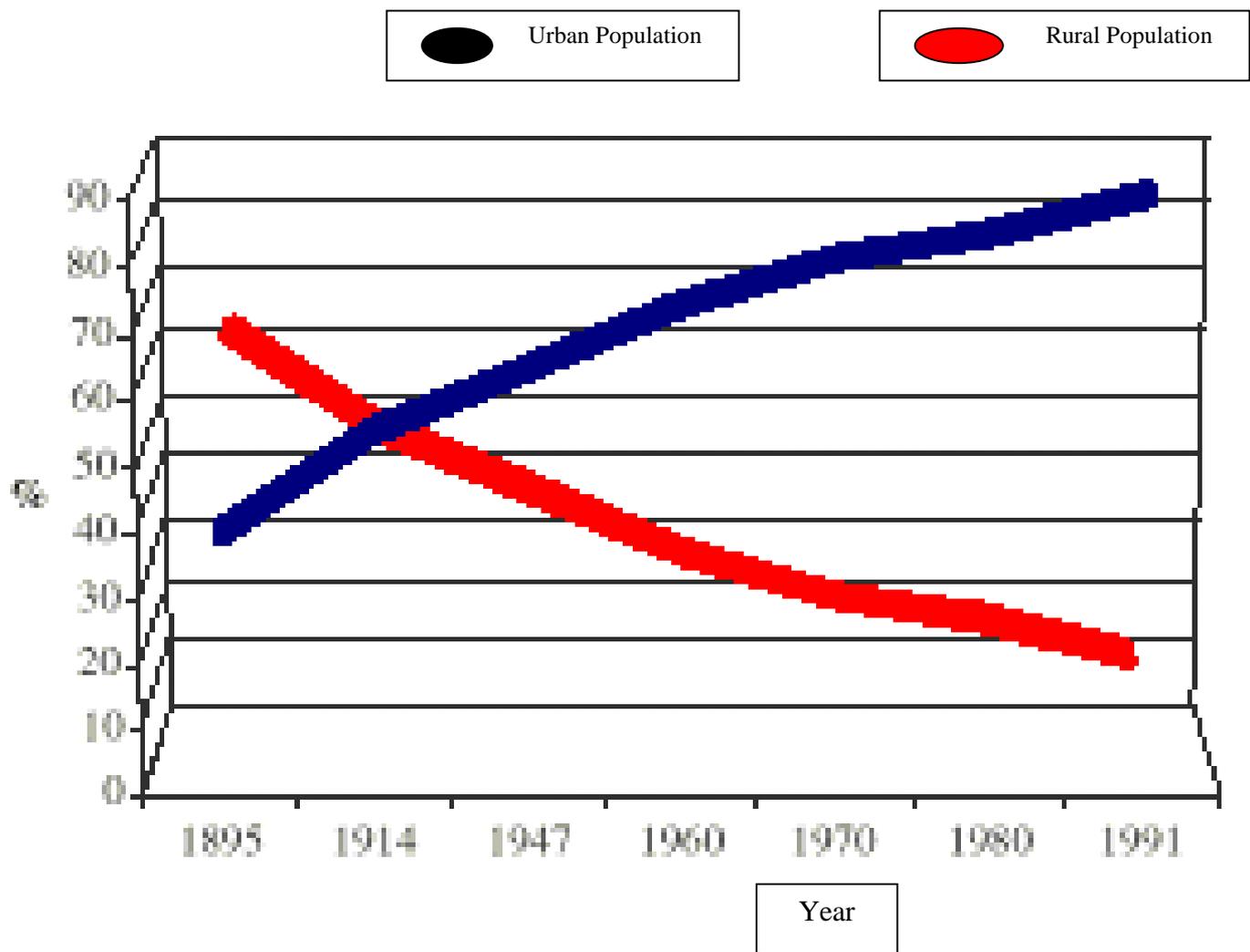
Development of distribution of population per region



REGIONS
Metropolitan: Capital Federal and Buenos Aires - **Pampa:** Provinces of Buenos Aires, Santa Fé, Entre Ríos, Córdoba and La Pampa - **Cuyo:** Mendoza, San Juan and San Luís - **North East:** Corrientes, Chaco, Formosa and Misiones - **North West:** Jujuy, Salta, Catamarca, La Rioja, Tucumán and Santiago del Estero - **Patagonia:** Neuquén, Río Negro, Chubut, Santa Cruz and Tierra del Fuego.

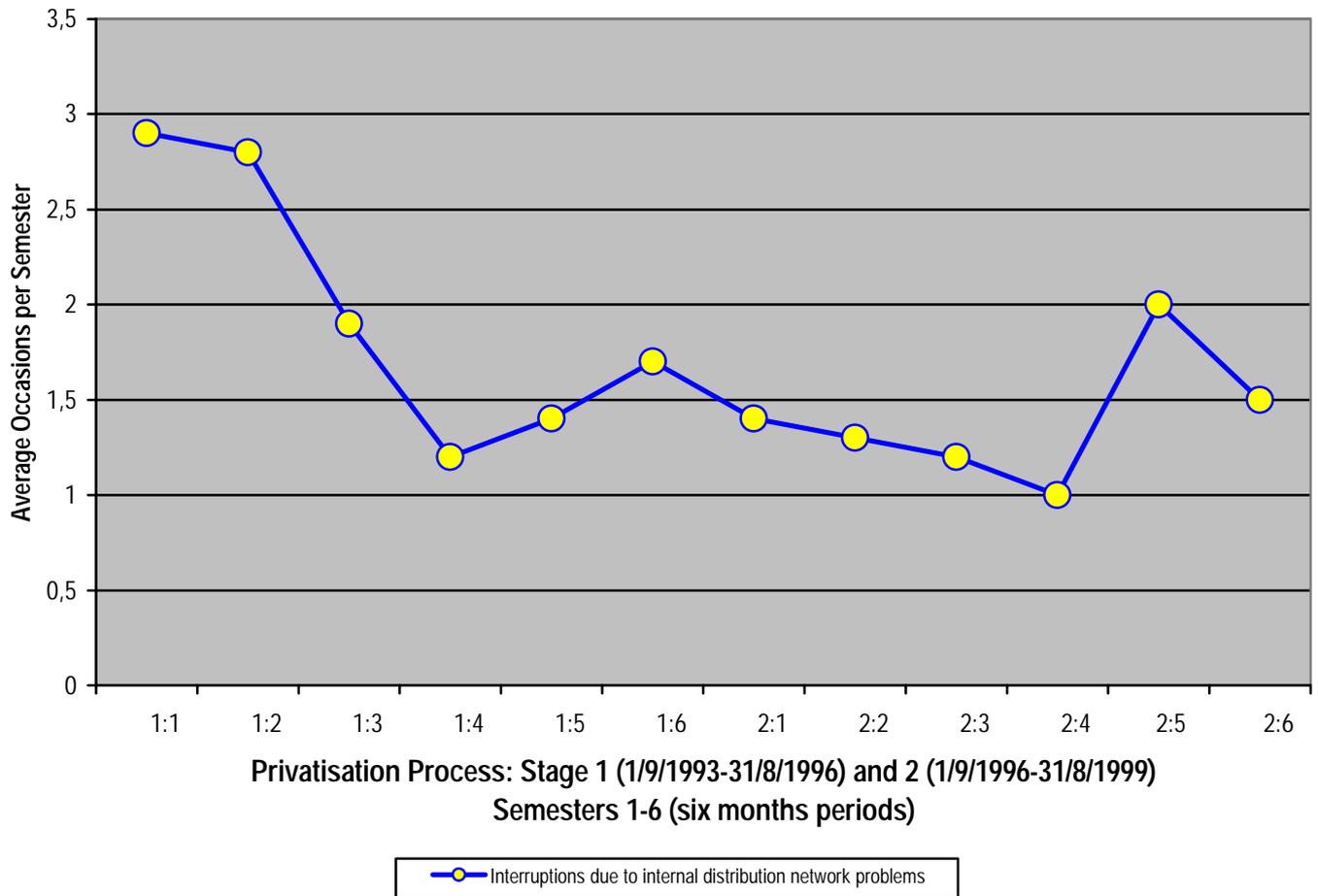
Source: INDEC Argentine Republic (1991)

Rural and urban population development in Argentina



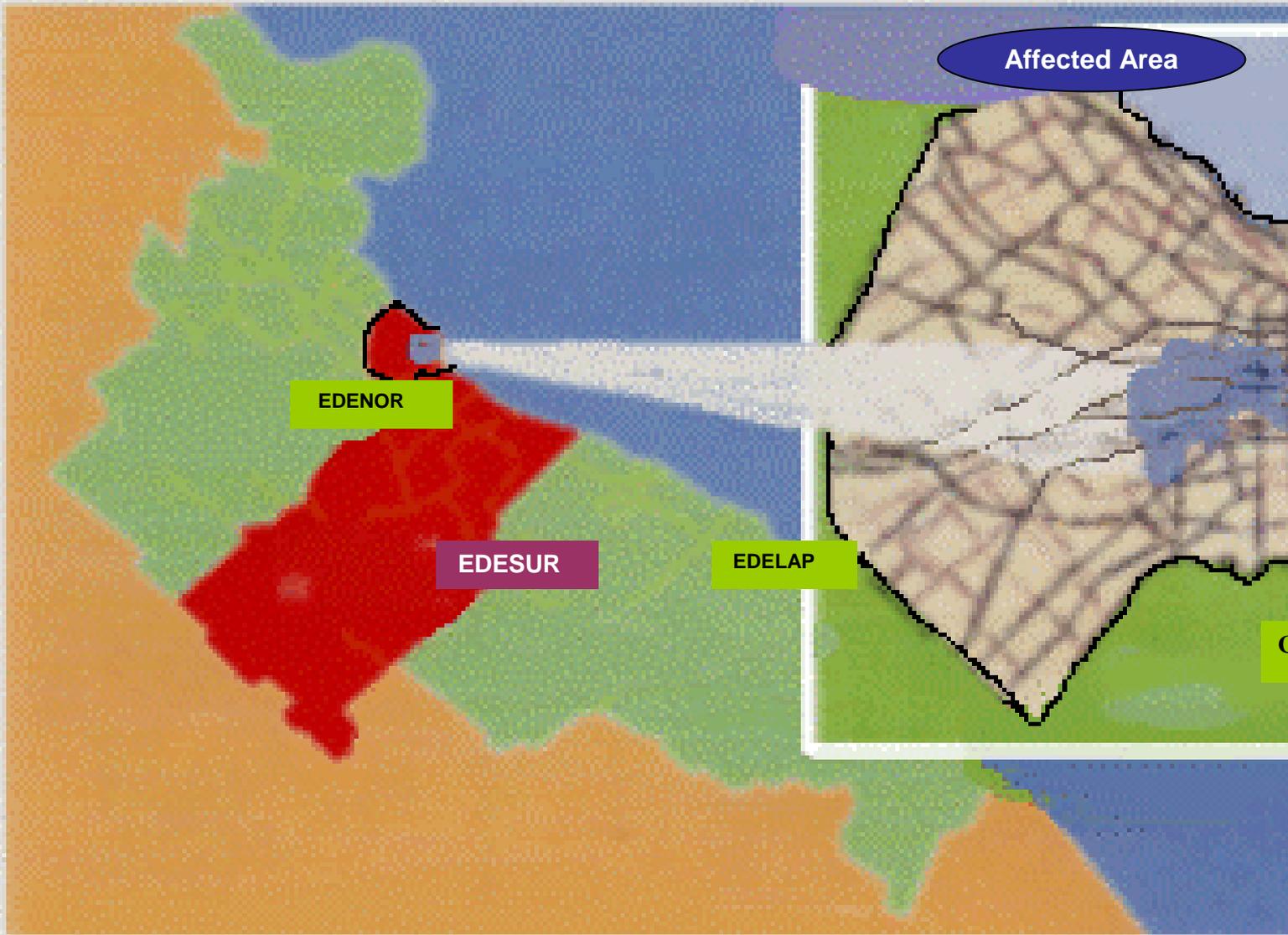
Source: IN

**AVERAGE FREQUENCY POWER INTERRUPTIONS EDESUR
1993-1999
(interruptions larger than 3 minutes)**

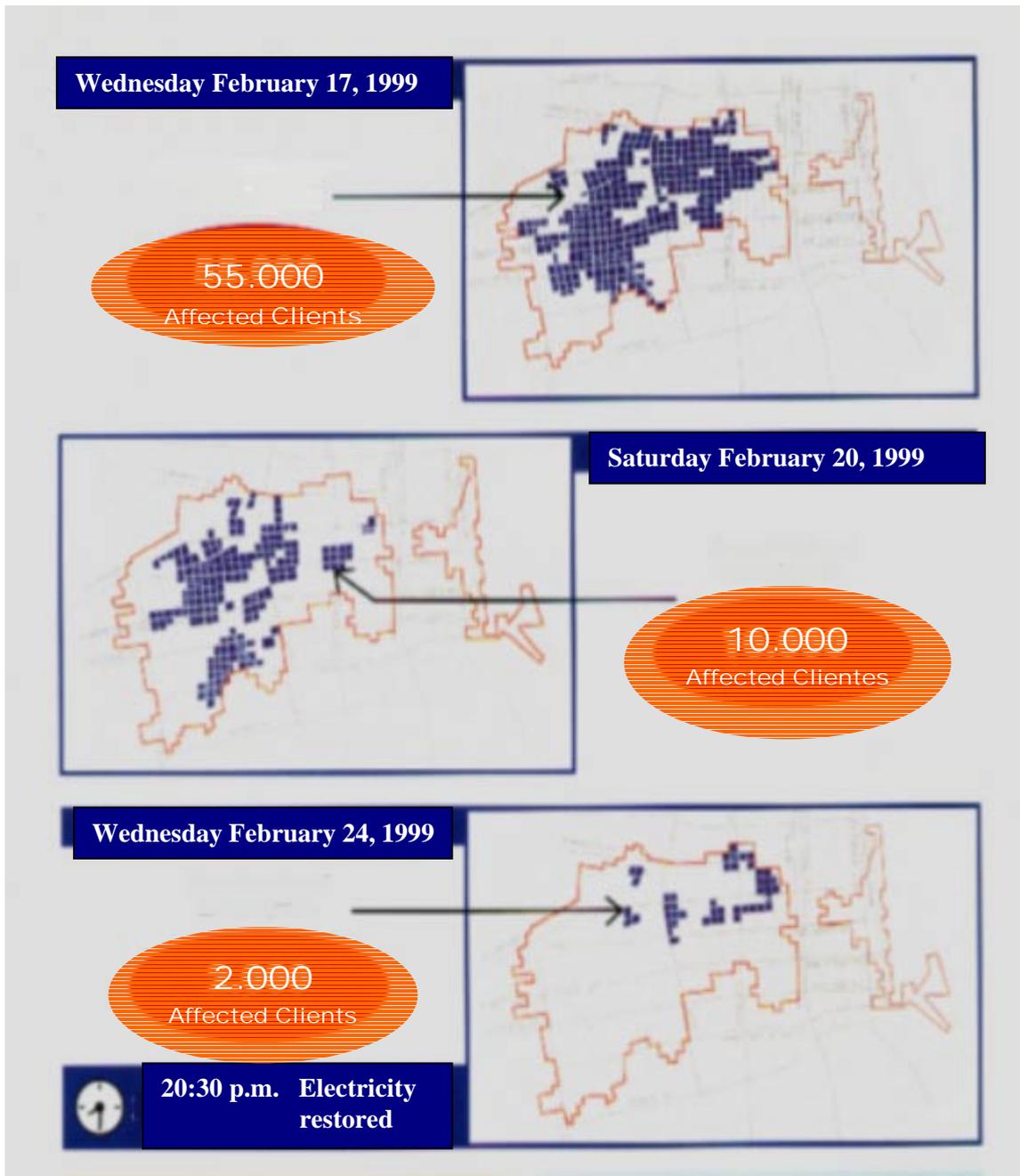


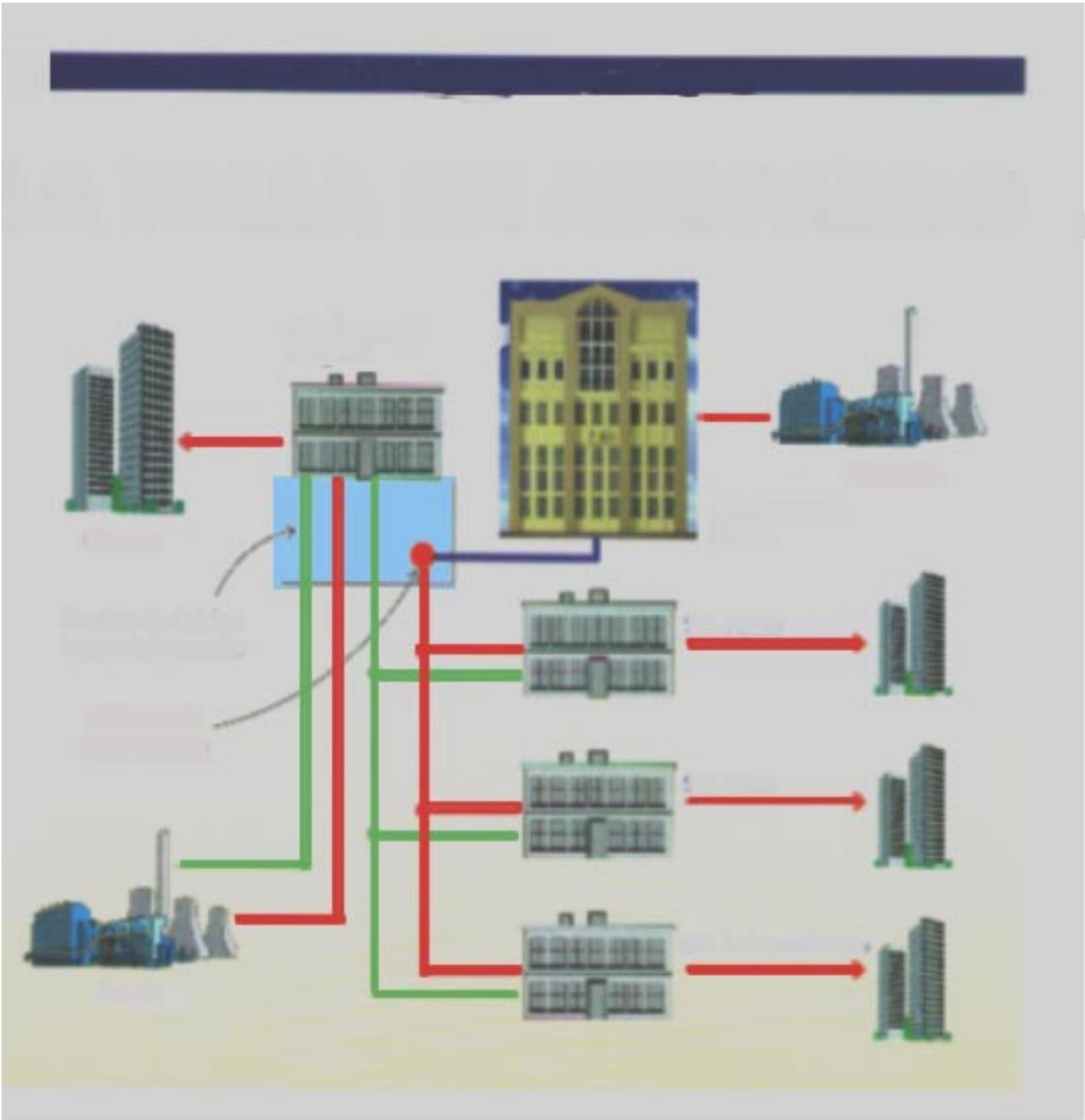
Source: National Electricity Regulation Agency Argentine Republic 1999

Electricity Concession Areas in the City of Buenos Aires and Suburbs

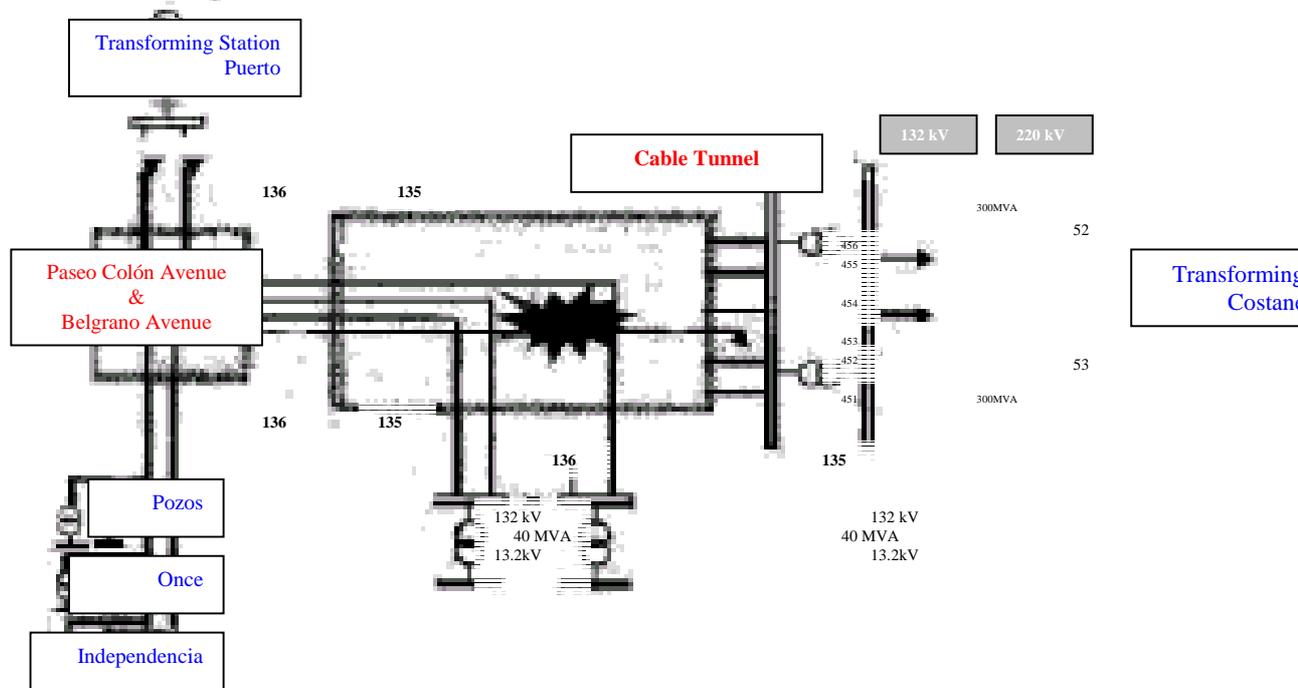


Affected Areas [February 17-24]



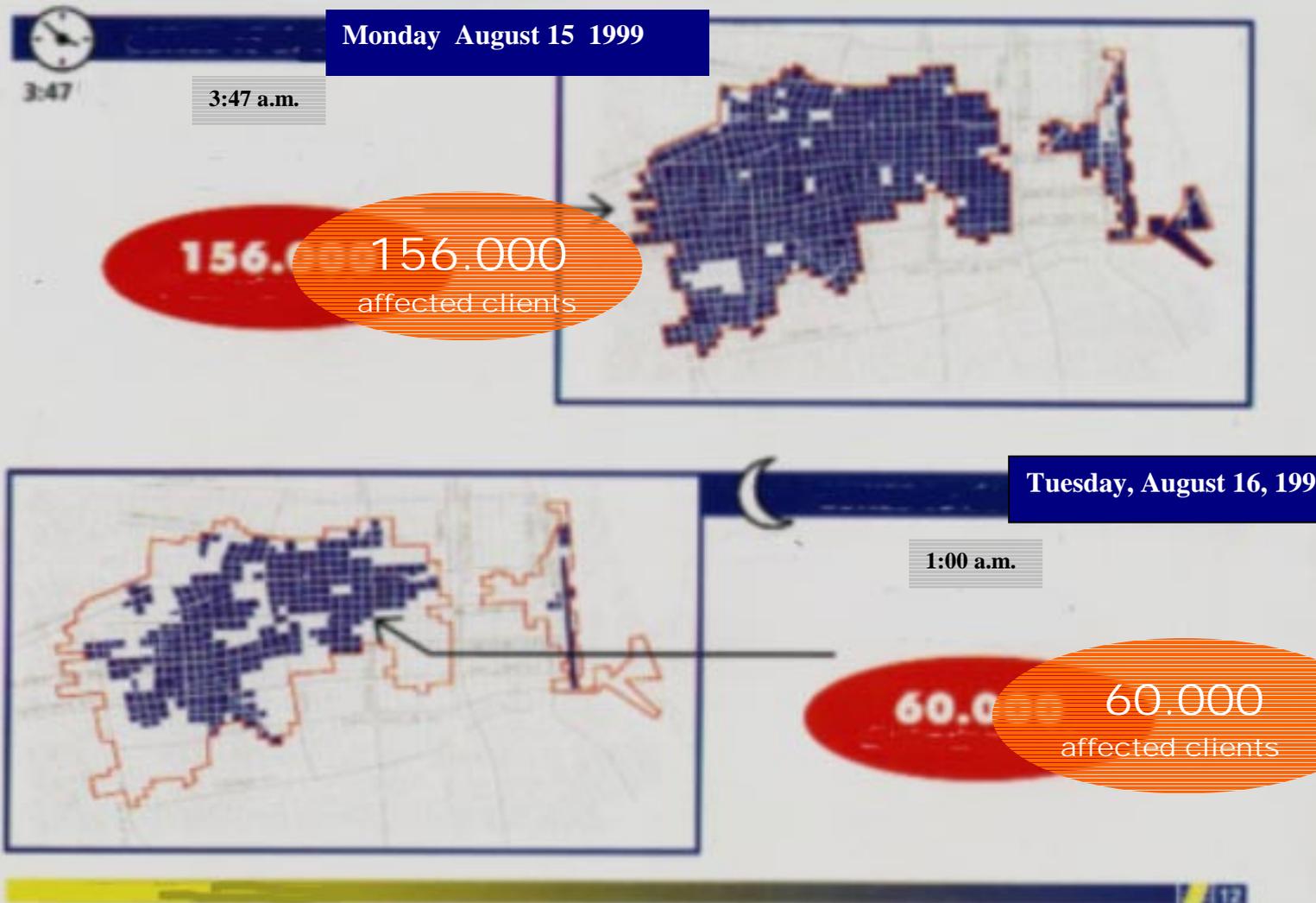


I: The Cable Failure



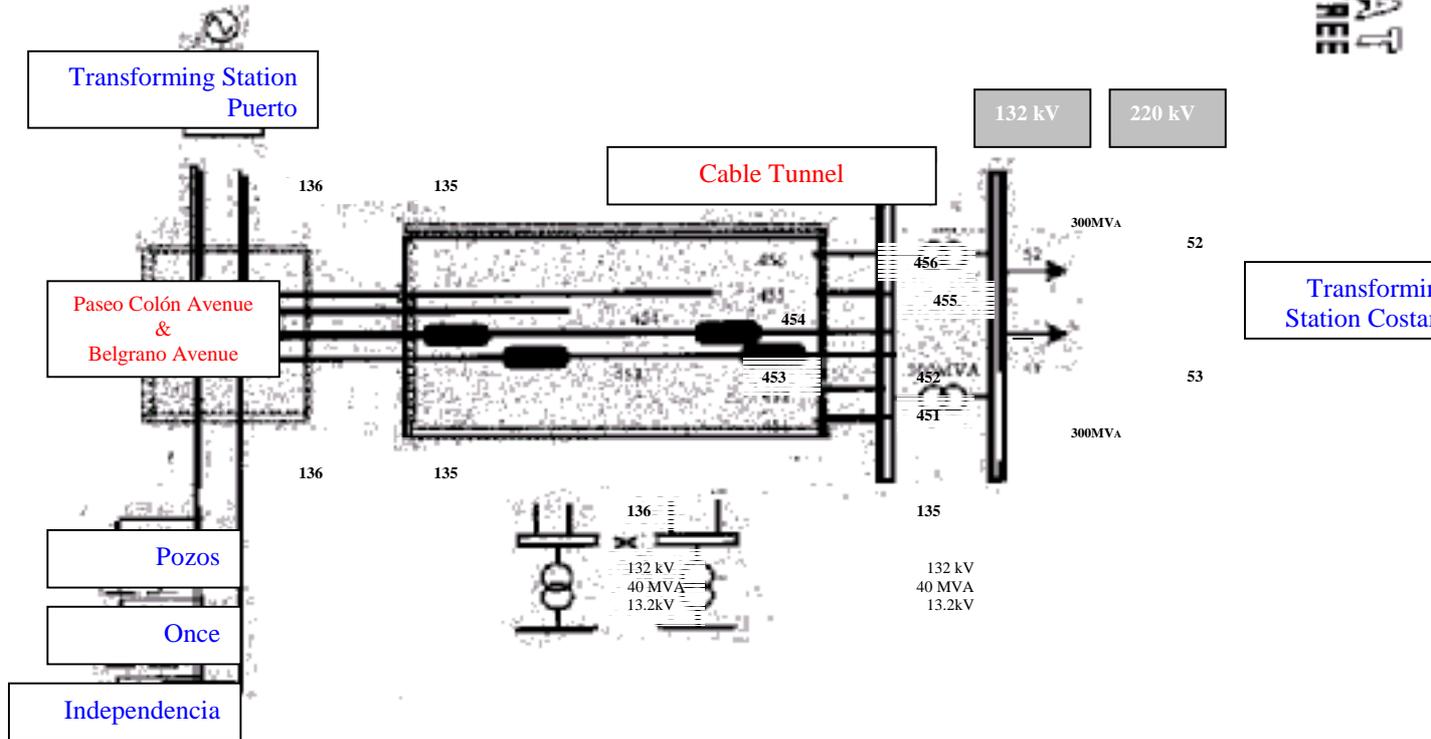
Source: IITREE-LAT
High Tension

Affected Areas [February 15-16]



Appendix VII
Source: Edesur 1999

II: Reconnection in the Tunnel



Appendix VIII

High Tension

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