

BRIEFING

Argentina: A change of course

Author: Jesper TVEVAD

On 22 November 2015, Mauricio Macri, candidate of a coalition named 'Let's change' (*Cambiamos*), was elected president of Argentina. He will assume office on 10 December.

Macri received 51.4 % of the vote in the second round of the presidential elections.

His election ends 12 years of Peronist governments.

On 10 December 2015, Mauricio Macri will assume the presidency of Argentina for four years, replacing President Cristina Fernández who has been in power since 2007. Macri, who has been mayor of the city of Buenos Aires since 2007, was elected to the post in the second round of the presidential elections on 22 November 2015, when he received 51.4 % of the vote, against 48.6 % for Daniel Scioli of the governing Front for Victory (*Frente para la Victoria*, FpV).

Macri was the candidate of a coalition named 'Let's change' (*Cambiamos*), which included his own centre-right 'Republican Proposal' (*Propuesta Republicana*, PRO). He is the first elected president in more than a century not to come from one of Argentina's two dominant political forces, the Peronist Party and the Radical Civic Union (*Unión Cívica Radical*, UCR). Macri's election ends 12 years of Peronist governments under President Néstor Kirchner (2003-2007) and his wife and successor, Cristina Fernández; it may also spell the demise of 'kirchnerism' (*kirchnerismo*), a broad popular movement representing the legacy of the Peronist tradition. However, parliamentary and provincial elections on 25 October confirmed the FpV as the strongest sector of the Peronist movement and the single most important political force in Argentina.

1 The electoral results

Around 26 million Argentines voted in general elections on 25 October 2015 and the second round of the presidential elections on 22 November. This was the first time a presidential election in Argentina went into the second round since the *ballotage* was introduced in 1994. In the recent vote, the second round was necessary because none of the candidates fulfilled the conditions for being elected in the first round: gaining at least 45 % of the votes or 40 % with a margin of at least 10 % over the second most-voted candidate.

The ticket for Mauricio Macri and the candidate for vice president, Marta Michetti, was the most-voted one in 8 of Argentina's 23 provinces and the city of Buenos Aires. Its share of the vote ranged from 71.5 % in the province of Córdoba to only 27.9 % in the province of Santiago de Estero.

Figure 1:

Results of the presidential elections, 25 October and 22 November 2015 (provisional results with 99.17 % of votes counted)

Candidate	Party / Coalition	Votes
Second round, 22 November 2015:		
Mauricio Macri	'Let's change' (<i>Cambiamos</i>)	51.4 % (12 903 301)
Daniel Scioli	'Victory Front' (<i>Frente para la Victoria</i>)	48.6 % (12 198 441)
Blank votes		305 229
Null votes		331 589
Total (participation: 80.3 %)		25 738 560
First round, 25 October 2015:		
Daniel Scioli	'Victory Front' (<i>Frente para la Victoria</i>)	36.1 % (9 338 449)
Mauricio Macri	'Let's change' (<i>Cambiamos</i>)	33.3 % (8 601 063)
Sergio Massa	United for a New Alternative (<i>Unidos por una Nueva Alternativa</i>)	20.8 % (5 386 965)
Others		7.2 % (1 857 658)
Blank votes		2.6 % (664 739)
Null votes		199 446
Total (participation: 81.2 %)		26 048 320

Source: Dirección Nacional Electoral (<http://www.resultados.gob.ar/inicio.htm>)

Macri's victory owes much to the high number of votes he received in urban centres, particularly in the capital Buenos Aires and the second largest city, Córdoba.

Despite Macri's final victory in the presidential elections, the 25 October parliamentary and provincial polls showed that the Peronist movement remains the principal political force.

Macri's victory owes much to the high number of votes he received in urban centres, particularly in the capital Buenos Aires and the second largest city, Córdoba. In these two cities, Macri obtained almost 1.5 million more votes than Daniel Scioli, more than offsetting the majorities Scioli gained in 15 provinces. In fact, the margin of Macri's victory in the city of Buenos Aires—around 573 000 votes—alone constituted some 80 % of the overall difference between the two candidates. Scioli was the preferred candidate in the province of Buenos Aires, where almost 9.5 million voters participated in the polls, but there he won by a relatively narrow margin of 207 000 votes.

Macri's second-round win was expected. Although he came second in the first round, Daniel the lead candidate, Scioli, had managed only a surprisingly small lead over Macri. Macri's final victory was not as conclusive as predicted by many opinion surveys, but the result confirmed that he and his promise of change attracted many of those voters who, in the first round, had supported the third most-voted candidate, Sergio Massa. Massa ran for a centrist political alliance that included Peronist sectors opposed to the ruling FpV. Overall, Macri gained 4.3 million additional votes between the first and second rounds, while Scioli added 2.9 million.

Despite Macri's final victory, the 25 October polls demonstrated that the Peronist movement remains the principal political force in Argentina.

Candidates representing different Peronist factions gained 58 % of the vote (down from 68 % in 2011). In addition to Scioli, the candidacy of Sergio Massa was supported by Peronist factions opposed to the FpV. A second 'dissident' Peronist, Alberto Rodríguez Saa, received 1.6 % of the vote. Cumulatively, different Peronist factions have a large majority in Congress.

Provincial elections were held in 11 of Argentina's 23 provinces, with candidates standing for the FpV or allied forces winning six of these ballots. Other Peronist forces won in three provinces. The candidates of the *Cambiamos* alliance won in two provinces. However, one of them is the most important of all: Buenos Aires, home to close to 40 % of Argentina's population, where María Eugenia Vidal became the first non-Peronist governor since 1983. Finally, in the first direct election of Argentina's 43 members of the Mercosur Parliament (*Parlasur*), which was also held on 25 October, the FpV won 26 seats, followed by *Cambiamos* with 12.¹

2 Congress

After the 25 October Congress elections, the Front for Victory (*Frente para la Victoria*, FpV), currently in government, remains the largest bloc in the new Congress, although it lost its absolute majority in the Chamber of Deputies.

Macri faces the challenge of mobilising support in Congress for the new government's legislative proposals. The most likely scenario is that he will try to establish a coalition with the Peronist factions opposed to President Cristina Fernández and the FpV.

In addition to the first round of the presidential elections, about half the seats in the Chamber of Deputies (130 out of 257) and a third of the seats in the Senate (24 out of 72) were renewed on 25 October. The outcome of the parliamentary elections means that the new president will not be backed by a clear majority in neither of the two houses of Congress.

The FpV and its allies remain the largest bloc in the new Congress, but the coalition lost its absolute majority in the Chamber of Deputies. Of the 257 seats in the House, around 117 went to the FpV and allied parties and movements, 26 fewer than were held in the previous legislature. Winners of the elections to the Chamber of Deputies were the leading parties in Macri's electoral alliance, the new president's own PRO, which won 26 additional seats in the Chamber and now holds 41, and the UCR and allies, which now have some 50 seats, 20 more than in the previous legislature. In the Senate, however, the FpV and its allies actually strengthened their position. By gaining 2 additional seats, the coalition preserved its absolute majority and now has 42 of 72 seats. The parties supporting Macri have only 15 Senators.²

Macri therefore faces the challenge of mobilising sufficient support in Congress for the new government's legislative proposals. In addition to seeking the support of the smaller provincial parties and individual members of Congress, he will most likely try to establish a coalition with the Peronist factions opposed to Cristina Fernández and the FpV. Statements made by Sergio Massa during the electoral campaign indicate that this may indeed be a viable option. However, gaining a working majority in the Senate would

¹ 19 members of Parlasur were elected in one nation-wide circumscription according to the parties' votes in the presidential elections and 24 were elected in each of the 23 provinces and the City of Buenos Aires.

² The many deputies and senators elected for provincial parties and the different composition of the electoral coalitions in different provinces make it difficult to indicate the exact strength of the party groups in the Congress. Indications of the composition of the Congress vary widely from one source to another.

likely require the support of some parts of the FpV bloc. Such support may be forthcoming if the loss of the presidency leads to fundamental re-alignments within the Peronist camp, including the FpV. In general, parliamentary debate and alliance-building will become more important and the role of the Congress is likely to be strengthened.

3 Outlook

The new government is likely to take measures to liberalise and open up the economy.

The new government will seek strengthened links with the USA and the EU, and may well push for trade liberalisation in Mercosur.

Macri has announced that he will ask for Mercosur's 'democratic clause' to be invoked against Venezuela.

Macri has stressed the need to advance towards a Mercosur-EU free trade agreement. Overall, the change of government appears an opportunity for renewed relations between the EU and Argentina.

The greatest immediate challenge for the new government is the economy. Economic growth has been sluggish since 2012, and GDP is expected to grow by only around 0.4 % in 2015 and to contract by 0.7 % in 2016. Export revenues have diminished substantially in the last five years, partly due to weaker demand from Brazil and China and partly to declining commodity prices. Official inflation rates have passed the 20 %-mark, the public deficit is growing and international reserves have declined.

The new government will likely address these and other problems through measures to liberalise and open the economy, including by reducing state subsidies, adjusting the over-valued currency and dismantling capital and foreign exchange controls, import restrictions and export taxes. Macri's government is also widely expected to seek an agreement with the 'vulture funds' (*fondos buitres*) that hold unpaid debt in Argentine bonds; this would make it easier and less expensive to raise funds on international capital markets. However, economic policy changes are likely to be implemented gradually, both for political reasons and in order not to provoke imbalances.

Argentina's foreign policy may change substantially. Macri has stressed the need to diversify external relations and to strengthen the country's international role. Although relations with regional partners – in first place Brazil – will remain a priority, the new government will seek better, stronger links with the USA and the EU. In Latin America, the change of government may have a significant impact on the Mercosur bloc. With Macri as president, Argentina may join those Mercosur countries seeking to give a renewed push to trade liberalisation and to negotiating trade agreements with third countries and regions. In this regard, Macri has spoken in favour of the convergence with the Pacific Alliance (*Alianza Pacífica*) and stressed the need to advance towards a Mercosur-EU free trade area. Politically, in a major turn from Cristina Fernández's government, Macri has denounced the Venezuelan government's violation of democratic rights and announced that he will ask for Mercosur's 'democratic clause' to be invoked against Venezuela, a step which could lead to the country's suspension from the regional bloc.

Mauricio Macri's clearly-stated support for a trade deal with the EU may improve the prospects for the EU-Mercosur agreement ahead of the expected change of offers for market access to take place before the end of 2015. In recent years, relations between the EU and Argentina have been subdued, strained by trade disputes and tensions over the expropriation in 2012 of the majority stake of the Spanish company Repsol in the Argentine YPF energy company. Against that background, Argentina's change of government appears an opportunity for revitalising bilateral relations.