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Argentina on the road to change after pro-business Mauricio Macri elected president

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Published: November 23 2015 - 5:44PM

Buenos Aires: Argentina voted for deep change on Sunday, electing the centre-right opposition leader Mauricio Macri to be president in a decisive end to 12 years of leftist populism, setting the stage for economic liberalisation, a warming of relations with the US and political reverberations across Latin America.

With more than 80 per cent of the run-off vote counted, the candidate of the ruling party, Daniel Scioli, conceded, saying he had called Mr Macri to congratulate him. At Mr Macri's headquarters, Cumbia tunes boomed, balloons were released and supporters danced and cheered for "Macri Presidente." Ernesto Sanz, a senator and ally, said, "Argentina won't be the same starting tonight."

"A wonderful new stage begins for Argentina," Mr Macri told his supporters in his victory speech.

The 56-year-old mayor of Buenos Aires is a wealthy businessman and former head of one of the country's most popular soccer teams. He has promised to lift currency controls and negotiate with hedge fund creditors to boost investor confidence amid the lowest reserves in nine years. He will also focus on cutting inflation, fixing the largest fiscal deficit in 30 years and luring back international investment dollars.

'Savage capitalism'

Mr Scioli and his supporters have warned that such policies, which they dismiss as "savage capitalism," will erode vital social welfare programs on which the poor depend and create an economy that caters to the rich. Mr Macri will govern with a minority in both houses of Congress, although he is bolstered by the surprise capture of Buenos Aires province in last month's election.

He also will have the support of many of the country's 32 million voters - 78 per cent of them took part on Sunday - who say they are tired of the rule of President Cristina Fernandez de Kirchner which they consider often dishonest.

"The government is constantly saying we live in paradise," said Santiago Canedo, 28, a law student who voted for Mr Macri. "They say one thing and then do the next. I'm optimistic that things will change."

Argentina, under Mrs Kirchner and her deceased husband Nestor for the past dozen years, has stood shoulder-to-shoulder with other leftists in the region, including the Castro brothers in Cuba, Nicolas Maduro in Venezuela and Rafael Correa in Ecuador.

Mr Macri calls his approach the opposite of Venezuela's "21st century socialism": "21st century development." He has threatened to have Venezuela ousted from regional bodies over its anti-democratic policies and human rights abuses.

Regional swing?

Those countries, as well as Brazil, rode a wave of commodity price highs - in oil, corn, soybeans - leading to a string of leftist victories. They are now suffering from the collapse of those prices and Mr Macri's victory in South America's second largest economy could augur a rightward regional swing, including stepped-up pressure to impeach President Dilma Rousseff of Brazil. Legislative elections are due in Venezuela on December 6 and the opposition is leading in all polls.

Mrs Kirchner, who will hand over power to Mr Macri on December 10, has used various levers to promote her policies, including seizing pension fund assets and the nation's largest energy company while increasing welfare programs and battling US hedge funds over defaulted debt.

There is skepticism in some quarters about Mr Macri's ability to govern. This is because he will not have a congressional majority and because he is not from the Peronist movement which has, in effect, ruled Argentina for the past seven decades using populist tactics of both right and left. One result of this election will be a crisis within Peronism as the movement charts its next moves.

"The first months, as a way of showing what's to come, are going to be very important to assuage some sectors that have doubts over Macri's capacity to govern," observed Lorena Moscovich, a political scientist at the University of San Andres in Buenos Aires. She said he needed to move quickly during his honeymoon period to push through the most painful changes. No non-Peronist has finished his term in office since the movement was founded in the 1940s by Juan Peron.

Peronism's future

Mr Scioli, who represented Mrs Kirchner's wing of the Peronist movement, won the first round on October 25 with 37 per cent to Mr Macri's 34 per cent. But he had been expected to do far better, taking the presidency with the 10 per cent spread required by law to avoid a run-off.

Instead, Mr Macri nipped at Mr Scioli's heels and then stole the momentum that is now sending him to the presidential palace known as the casa rosada, or pink house.

In anticipation of a Macri victory, the local stock market rallied to a record high. Investors continued to express enthusiasm about Argentina's economic future.

"It's probably the most obvious country in the world to make the transformation from where it is to where it could be to reach its potential with the least amount of struggle," remarked Tim Love, investment director of GAM, an asset management firm. "You've got it all and you've got a working democracy. This is a lay-up compared to the other frontier markets I deal with in the world."

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