



Elections in Argentina

Dr Stuti Banerjee *

The presidential elections in Argentina have been sent to a 'run-off' after neither of the candidates secured a majority vote to win the poll outright. The run-off on 22 November will be the first time an Argentine election will be decided by a second round¹.

Centre-left candidate Mr. Daniel Scioli, a former Vice President supported by President Cristina Fernández de Kirchner, took 35.7 percent of the votes with 84 percent of balloting stations tallied, against 35.3 percent for Mr. Mauricio of the Macri Propuesta Republicana party (PRO), the mayor of Buenos Aires. Mr. Sergio Massa (Renewal Front) got the remaining votes. It is being speculated by political analysts in Argentina that he could play a key role in deciding the winner of the next round of elections.

In another setback to the Victory Front and Justicialist Party (FPV-PJ – Peronist) led by President Kirchner, Ms. Maria Eugenia Vidal won the elections to become the first ever female Governor of Buenos Aires, ending thirty years of rule of the Peronist party by defeating Mr. Anibal Fernandez, Mrs. Kirchner's Chief of Staff.

The elections will bring an official end to 12 years of "Kirchnerismo," the political movement popularly named after President Cristina Kirchner and her late husband, Mr. Néstor Kirchner. After winning two four-year terms in 2007 and 2011, Mrs. Kirchner is

constitutionally barred from seeking a third consecutive term. The campaign has been dominated by a number of key issues. Among these are the country's worsening economic situation; social and agricultural policy; and, of particular concern among Argentines, security and crime.

President Kirchner's two terms have been characterised by populist social welfare programmes, nationalised industries and centralised power. These have reduced unemployment rates and encouraged more spending on pro-poor policies. However, critics point out that it meant that Argentina has defaulted on debts and inflation has remained high at about 25 percent. Due to the controversy surrounding statistics from Argentina's Instituto Nacional de Estadística y Censos (National Institute of Statistics—INDEC) to measure indices like inflation, poverty, growth or unemployment, the credibility of the office has reduced and its future will have to be charted afresh. As per the International Monetary Fund's (IMF) World Economic Outlook Report (2015)², Argentina's GDP would remain stagnant until 2017, seeing a growth of 0.1 percent for 2015 and throughout 2016.

The economy remains the focal point of the election campaigns. The imposition of currency controls, the inability of Argentina to generate funds from the international market, the seizure of private assets, nationalisation of its pension schemes, national airline, the main oil company YPF, and a second default on debt owed to the funds, have left the country more isolated than ever. Companies, especially from the United States are sceptical of the market as they are unable to transfer their profits outside of the country. There are also some fears regarding the growing proximity to China. The main manufacturers' association, Unión Industrial Argentina (UIA), and the exporters' lobby, the Cámara de Exportadores de la República Argentina (CERA) have been vocal of their criticism of the various Argentina-China economic agreements signed by President Kirchner. They feel that the agreements allow contracts to be assigned directly to the Chinese companies without competitive bidding, when China is offering funding at subsidised interest rates. Labour Unions have also expressed concerns over jobs; they fear that China would bring its own labour for the various projects.

While Mr. Scioli has stated that Argentina would follow the current economic policies, Mr. Macri has stated that he would cut subsidies to some projects funded by the government and his government would improve Argentina's relations with the international community to better finance its economic reform processes. Economists in Argentina agree that irrespective of which party wins the elections, the next government needs to lift foreign-exchange and import controls, stabilize reserves, undertake fiscal adjustment to reduce the deficit, and regain access to external markets.

The economic issue is also linked to the foreign policy of the nation. Mr. Scioli has made it clear that he would continue with the current policy of the government and strengthen relations with Russia and China. Mr. Macri, on the other hand, has expressed support for better ties with the United States and the European Union. Ties with the United States are strained at present due to a ruling in the Federal District Court in Manhattan (2012), which stated that Argentina could not service the debt it restructured in the years after its 2001 default if it did not pay the litigating holdout creditors, in full, at the same time. Argentina refused to accept the ruling stating that the hedge funds were being used to exploit its economy and keeping it out of global lending markets. Mr. Macri has promised that he will negotiate with the creditors to find a solution to the problem; Mr. Scioli has expressed the opposite view.

Another issue that has figured prominently on the campaign agenda of all three candidates has been the proposals to combat drug activity and drug-related violence in Argentina. They have all particularly focused on militarizing drug policy by increasing the role of state security forces in the fight against drug trafficking. All three candidates also agree on the need for creating a new federal agency to investigate drug crimes.

Argentina has had periods of robust growth in the past century with its people being wealthier than most Latin Americans, and its standing as one of the world's most vibrant economies. It is towards this goal that the new government has to work.

**Dr Stuti Banerjee is Research Fellow with the Indian Council of World Affairs
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¹ To win the presidency, a candidate needs to take 45 percent of the votes or at least 40 percent with a 10 percent lead over the runner-up. Failing that, a secondary runoff vote is conducted.

² IMF Report can be downloaded from <http://www.imf.org/external/pubs/ft/weo/2015/02/>