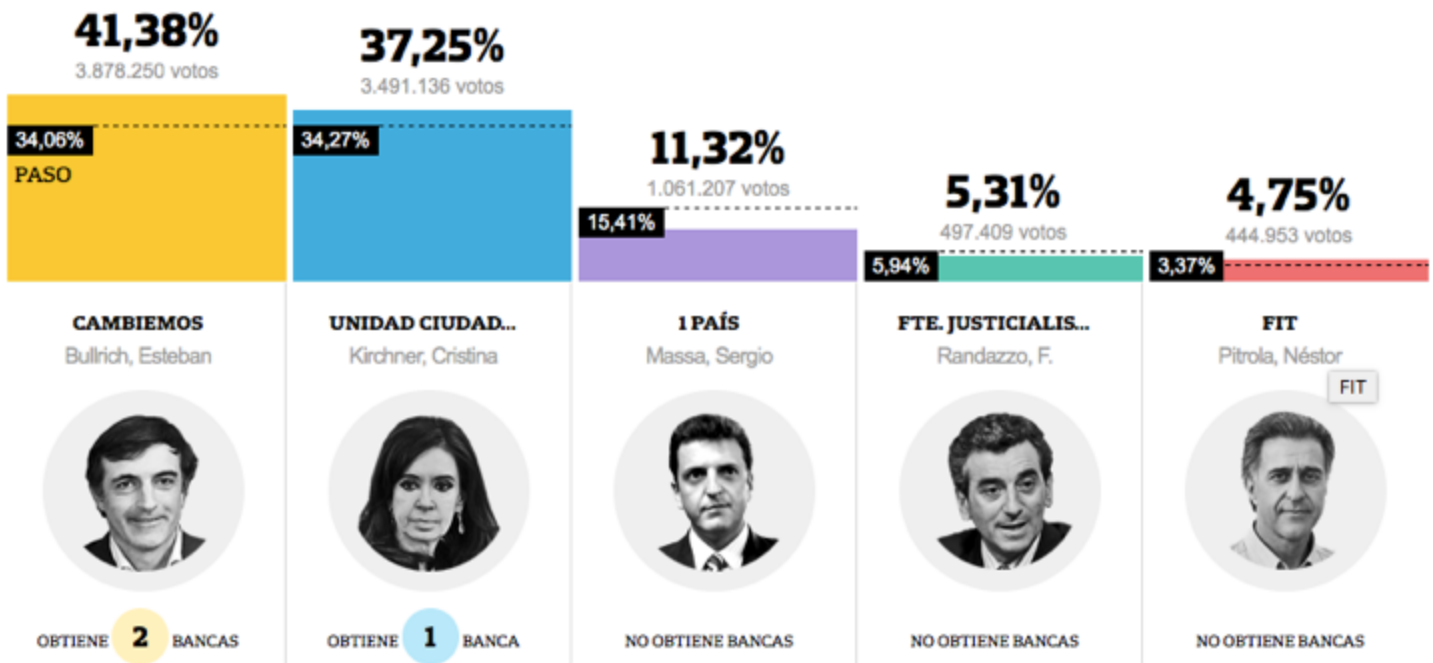


# SPECIAL MIDTERMS WEEKLY ASADO

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*Gracias, gracias, gracias: Cambiemos's shot at cambio*



(Source: LA NACION)

President Mauricio Macri's Cambiemos coalition exceeded expectations in Sunday's midterms, and that wasn't easy; favorable polls had inflated hopes among supporters. The former Buenos Aires mayor overcame more than high standards. Before the vote, the country was riveted by the discovery of the corpse of Santiago Maldonado, an activist that

Amnesty [says](#) was “presumably forcibly disappeared.” Yet Mr. Macri triumphed, emerging with stunning political capital, though without a majority in either house of congress.

For anyone keeping score: At play in the midterms were half the seats in the Lower House and a third in the Senate. Cambiemos gained 21 seats in the Lower House, and will control 107 of 257 seats, compared to 67 for allies of former President Cristina Fernández de Kirchner, who lost ten House seats in the midterms. In the Senate, Cambiemos picked up nine seats, and will control 24 of 72 seats, whereas Ms. Fernández de Kirchner’s movement is clinging to ten seats, after losing eight. In both houses, *Cambiemos remains outnumbered by the opposition*. In the Lower House, 127 seats are in the hands of Fernández de Kirchner’s movement (67), traditional Peronists (38) and supporters of former presidential candidate Sergio Massa (22). In the Senate, *kirchneristas* (10) and traditional Peronists (23) will hold 33 seats.

So, why all the excitement? After all, Argentine voters typically give a boost to a new president in the midterms, as we noted in our pre-election [podcast](#) following our [panel](#) on the midterms. The results were big news because of Mr. Macri’s outsized reform ambitions, and the fair winds and following seas he’ll now enjoy as he reshapes an economy that suffocated under 12 years of populist, statist and protectionist rule.

First, there are the practical advantages. Cambiemos won all five of Argentina’s most populated districts, Buenos Aires City, Buenos Aires Province, Santa Fe, Córdoba and Mendoza – the first movement to do so since 1985. In all, the coalition won in 13 of 23 provinces, including Peronist strongholds such as Chaco, La Rioja and Salta. (To add insult to injury for the opposition, Cambiemos also won in Santa Cruz, the Kirchner home base that is governed by former President Néstor Kirchner’s sister, Alicia.) In the closely watched contest in Buenos Aires Province – home to 40 percent of Argentines – Macri ally Esteban Bullrich defeated Ms. Fernández de Kirchner, 41 percent to 37 percent. The extra seats in both houses will make negotiations easier as Mr. Macri advances expected reforms on taxes and education, as well as controversial legislation making it easier to hire and dismiss workers.

Second, there is the intangible advantage of momentum. Mr. Macri started his presidency, in late 2015, to a background chorus chanting, he’ll-never-last. Now, he’ll enter negotiations “*desde una posición de fortaleza*,” facing unions, traditional Peronist lawmakers and governors that are “*muy atentos al poder*,” analyst Rosendo Fraga observed. “The Argentine public took the long view and overwhelmingly endorsed Macri and his pro-growth agenda,” former U.S. Ambassador Noah Mamet told us. “Expect better economic, financial and social progress in the months and years ahead.”

Third, the new conventional wisdom is that Mr. Macri is the strongest candidate in the 2019 presidential election. It is hard to overstate the significance of that changed perception; as Mr. Macri moved into the Casa Rosada, many questioned whether a non-Peronist could even govern Argentina, let alone the founder of a new political party – the Republication Proposal (PRO) – that hardly existed outside the capital. Today, Citi says six more years of Mr. Macri’s reforms is the “baseline” scenario. That projection reflects more than Wall Street wishful thinking; in Argentina, a successful midterm election often presages reelection. In the meantime, reelection optimism reinforces Mr. Macri’s amplified political stature domestically, and it could help unlock foreign investment from those who were doubtful Mr. Macri would improve his standing in the legislature, as analyst Mariano Turzi [observed](#). Support from foreign investors would in turn further strengthen Mr. Macri, who performed well on Sunday despite a sluggish economic recovery and stubbornly high inflation.

Following the election, Mr. Macri danced with his wife, Juliana Awada, at his Palermo campaign headquarters, and tried to [put to rest](#) the chronic sensation that Argentina is always on the verge of an economic crisis. “Today, the winner was the certainty that we can change history forever,” he said. In other words, he is not throwing away his [shot](#). His ally, Buenos Aires Governor María Eugenia Vidal, was in a similarly upbeat mood. “We are the generation that will change, for real and forever, this province,” she said.

Mr. Macri’s opponents cautioned against overconfidence. They’re right. Ms. Fernández de Kirchner still earned a Senate seat, giving her parliamentary [immunity](#) and a platform to wage an insurgency against Mr. Macri’s reform agenda. Nationally, her movement earned 21 percent of votes, finishing second, and the government’s austerity platform will continue to make a juicy target. True, Mr. Macri benefits from Ms. Fernández de Kirchner’s prominence, as it divides the opposition. But by outperforming her Peronist rivals – including the governors of Córdoba and Salta – she kept her strident, leftist outrage at center stage.

That said, I'll forgive Mr. Macri his dancing. I'd hate to be a scrooge, not while La Nación columnist Carlos Pagni has [bestowed](#) on Mr. Macri "*el derecho a fantasear con la reelección*" (perhaps even in a first round) and his fellow analyst, Joaquín Morales Solá, has [declared](#) Cambiemos's reform agenda the "*resultado auténtico de la monumental crisis de 2001*," and the high-volume Kirchner years as a last gasp of the "*viejo statu quo*." At the very least, Mr. Macri – Argentina's first non-Peronist, non-Radical, non-military head of state in 70 years – has managed to establish a bona fide new political movement in a country that had resisted the trends that saw the emergence of disruptive new movements throughout the region, such as the Frente Amplio in Uruguay, Chavismo in Venezuela and Fernando Lugo in Paraguay. That's not bad for a low-key plutocrat who inherited an economy on the verge of collapse and rewarded voters with higher energy and transportation prices and a still-hypothetical promise of prosperity around the corner.

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