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The Implementation of the Austrian School of Economics in Argentina: Javier Milei's Concept of Freedom and the Role of the State

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Austrian School of Economics, Javier Milei, State Intervention, Free Market Economy, Currency Stability, Argentina.

This study examines the implementation of Austrian School economic principles in Argentina under the vision of economist and politician Javier Milei. Utilizing qualitative and comparative methodologies, the paper analyzes Milei's advocacy for minimal government intervention, free market policies, and the abolition of the central bank. Key findings reveal that Milei's proposals align with Austrian economics' emphasis on market freedom and scepticism of state roles, yet they represent a radical adaptation to Argentina's economic crises, including inflation, debt, and welfare dependency. The research identifies practical challenges, such as socio-political resistance and inequality risks, suggesting that modified, gradual reforms may balance economic efficiency with social stability. These insights contribute to understanding the feasibility and socio-economic implications of Austrian-inspired policies in Argentina.

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INTRODUCTION

The groundwork for modern Austrian economic thought began in the late 19th century with the school of Austrian economics. Central to the Austrian School are thinkers such as Carl Menger, Ludwig von Mises, and Friedrich Hayek, who view subjective value and spontaneous market order as more powerful than any other theory, further assuming that minimal government will produce efficient results. These ideas are especially relevant when people are on the side of economic freedom and limited state intrusion. Currently living in Argentina, economist and politician Javier Milei has championed these principles, blaming Argentina's modern economic woes inflation, debt, and reliance on welfare for too much government control and centralized banking. Milei's call for Austrian-inspired reforms stirs a rancorous debate about whether that is the right way for the country's economy to go (Simond, 2024).



Created with Chatgpt: Milei, Chainsaw, Argentina

The objective of the Paper

This paper examines Milei's interpretation of the Austrian principles related to freedom, markets, and the state. It further compares Milei's ideas with core Austrian theories and evaluates their applicability and implications within Argentina's economic context, focusing on the potential benefits and challenges of implementation.

Research Questions

This analysis is guided by three key questions:

- How closely do Milei's economic views align with Austrian School principles?
- What are the parallels and differences between Milei's concept of freedom and the views of Menger, Mises, and Hayek?
- What practical challenges might arise in implementing Milei's proposals in Argentina?

Structure Overview

The paper is organized as follows:

- **Theoretical Foundations of Austrian Economics:** Austrian core ideas and historical context overview.
- **Analysis of Milei's Economic Views and Concept of Freedom:** The author will analyze Milei's ideas, ranging from his views on freedom, markets, and the state.
- **Research Methodology:** Literature review and case studies outline research methods.
- **Comparative Analysis of Milei and Austrian Theories:** Emerging comparison of commonalities and contrasts.
- **Practical Implementation Challenges in Argentina:** Explorations of the challenges encountered in implementing Austrian-inspired policies.
- **Critical Reflection and Conclusion:** The author will reflect on how Milei's proposals might work, how truly feasible they are, and their potential influence on Argentina for a long time in the future.

Using this structure will fully analyze the possible chances and limitations of applying Austrian principles in Argentina.

THE AUSTRIAN SCHOOL OF ECONOMICS: THEORETICAL FOUNDATIONS

Historical Background

Founded in late 19th century Vienna, the Austrian School of Economics presents a one-of-a-kind way to perceive markets, individual decisions, and limitations of government intervention (Collins, 2021). The subjective theory of value was first introduced by Carl Menger, whose work, *Principles of Economics* (1871), was so important that the field of economics is now little understood in a formal sense without it (Harpe and Endres, 2023). According to the prevailing labour theory of value, value is according to effort in production, but Menger, contrary to that, argues that value is subjective; it is based on individual preferences and some unique needs (Harpe and Endres, 2023). For example, the value of a glass of water is different when a person is in a desert or a river. It became a fundamental Austrian economic principle of this subjective view of value.

Ludwig von Mises and Friedrich Hayek further developed Austrian ideas following Menger (Vanberg, 2023). According to Mises's influential book *Human Action* (1949), governments interfere in markets because he thought such interventions would change natural market functions and create inefficiencies (von Ahnen, 2020). He especially criticized socialism for the absence of economic calculation. Having been formed through supply and demand in a free market, Mises argued that a socialist economy cannot allocate resources properly because it simply does not have the information prices provide (von Ahnen, 2020). Hayek further developed the ideas, synthesizing these first ideas and spending effort on understanding the diffusion of knowledge in society. In *The Road to Serfdom* (1944) and "The Use of Knowledge in Society" (1945), Hayek claimed there was too much information to be gathered for all by a central authority to make efficient economic decisions. He noted that knowledge is decentralized, we have bits of information about

our needs and ourselves all over the place (Boettke, 2019).

Core Theories

Nearly every basic theory of Austrian School economics is still the basic theoretical foundation for libertarian and free market thought.

Subjective Value Theory

Austrian economists insist that value is a subjective thing predicated on the judgment of an individual rather than an intrinsic characteristic. Austrian economists, however, did not bind a value to labour or costs, as in classical economics, but rather maintained that value is established by subjective differences, so prices are the expression of individual preference. This theory is very important for the behaviour of the consumer, explaining why people put different values on the same goods and services (Yu, 2020; Rapp et al., 2024).

State Intervention Critique

One of the fundamental tenets in the practice of Austrian economics is their refusal to accept governmental intervention as a saviour. Austrian economists believe that the less the hand of government is in the market, the better the market is probably for that is, Austrian economists believe that price controls, tariffs, and so on do a disservice to the balancing of supply and demand, and that leads to shortages or surpluses (Antal, 2022). Especially Mises thought that the role of government should be restricted to defending property rights, enforcing contracts, and guaranteeing peace; economic activity should be done in the market (Whyte, 2019).

Free Market Theory

Austrian economists think people allocate resources better by choosing through a free market. It is an innovation process that competition pushes us into and must bring us to serve our consumers better (Boettke et al., 2022). This theory is supported by Hayek's concept of "spontaneous order" as markets organize themselves through countless individual actions

and produce outcomes for society, for which there can be no central oversight. According to Austrian economists, government attempts to regulate or rectify the market often cause undesirable outcomes (Cardell, 2022).

Modern Relevance

Austrian economics is, however, relatively small in institutional influence, but it has nonetheless impacted the thoughts and policies of economics. Austrian principles have informed discussion of central banking, market regulation, and welfare. Today, Austrian economists explain to us how inflation, bubbles, and recessions are due to the central bank's interference and policies (Garcia-Vaquero et al., 2020). One of the central tenets of the Austrian tradition of economics is fierce opposition to central banking, particularly to institutions such as the Federal Reserve, which controls the money supply and interest rates (Baker and Rangeley, 2023). According to Austrian economists, central banks make artificial economic cycles by setting interest rates too low to attract excessive borrowing and create those bubbles (Baker and Rangeley, 2023). So when these bubbles burst, recessions happen. For reasons like this, Austrian economists call for a return to the gold standard or some other sort of private money (HAFFNER, 2023).

Austrian economists likewise reject the idea of a planned or government-managed economy. The knowledge problem dealt with by Hayek is that no system of centralized control can really perform the work of making decisions for society, given its dispersed character in information nodes (Hancock, 2024). Austrian economists regard market-based, decentralized solutions that make use of individuals' knowledge as better than overall controls (Arnon, 2022). Austrian economics has been a popular topic among libertarian and free market movements worldwide (Farmer, 2023). Austrian ideas have been championed by figures like Ron Paul in the United States, who joined the call for limited government, lower taxes, and free markets (Malherek, 2022).

JAVIER MILEI'S ECONOMIC VIEWS AND CONCEPT OF FREEDOM

Overview of Javier Milei

Javier Milei, an Argentine economist and politician, has attracted attention in Argentina's political sphere for his sweeping enthusiasm for promoting free-market economics (Morresi et al., 2023). An economist whose focus is Austrian economic theory, Milei became famous for speaking out about Argentina's long-running problems with high inflation, high debt, and economic malaise (Debre, 2024). Argentine's economic views, strongly influenced by the Austrian School of Economics, have attracted a growing following among young people who are angry at a country that sits on the brink of economic collapse and bursts of inflation. Milei's platform consists of economic reform and a break from the stranglehold of state-run economic policies that have defined Argentina's approach for decades (Simond, 2024). He says these policies have brought on too much government intervention, devaluation of the currency, and economic suffering for many Argentines (Lambertucci, 2023). When he runs for office as a candidate, Milei says he will radically change the Argentine economic system by shrinking the government, dismantling the central bank, and focusing responsibility on the individual, not on government welfare programs. Both of his views are known to be a blend of Austrian economic principles, classical liberalism, and libertarian ideals, which makes him an unusual presence in Argentine politics (Pineda, 2023).

Milei's Key Proposals

Milei's view of the role of government and formulas guiding free market behaviour is derived from his belief in a minimal state and a free market economy. Below are some of his central positions:

State Intervention Critique

Milei thinks Argentina's economic problems stem from government intrusion into the economy (Nessi, 2024). For example, he argues that

government interference in markets—e.g., regulation, subsidies, and price controls—all disrupt the functioning of (natural) markets and produce inefficiencies (Lambertucci, 2023). According to him, with the heavy injection of government talk, the public sector has grown to such an extent in Argentina that today, there is a high degree of bureaucracy and corruption. Milei believes that a large, active government distorts prices, inefficiently redistributes resources, and squelches the economy from thriving (Nessi, 2024). Milei sees limits on the role of the state as a way to make markets run more efficiently. He says private individuals and businesses are more able to make economic decisions on the basis of profit and efficiency, not politics (Nessi, 2024). Austrian economists would suggest that the government ought to be limited to defending private property, enforcing contracts, and protecting citizens' security, which is precisely what Milei is suggesting the government's role should be (Sabatini, 2024).

Central Bank Critique

Milei reportedly wants to scrap Argentina's central bank as one of the most extreme proposals he made (The Economist, 2024). Milei says the central bank's policies caused Argentina's rampant currency volatility and inflation. He also says that the central bank's manipulation of interest rates and control over the money supply have contributed to artificial economic cycles—rapid growth followed by a sharp recession (The Economist, 2024). These cycles, says Milei, have impoverished the currency of the Argentine peso, devaluing the peso and diminishing the purchasing power of the Argentinian people (Grinspan, 2024; The Economist, 2024). Milei wants a free-market currency system with the U.S. dollar as legal tender rather than a central bank (Grinspan, 2024; The Economist, 2024). He thinks that either dollarization or some similar system will stabilize the economy by taking away a government's ability to print money as it sees fit. This proposal directly borrows inspiration from Austrian thinking, which is very much opposed to central banking, which it argues distorts the

economy. Milei, like Austrian economists such as Mises, says that money created by a central authority ultimately leads to inflation and seeks to help address that in Argentina (Grinspan, 2024; The Economist, 2024).

Social Regulation Critique

Milei also opposes social welfare programs, which he says only foster dependency and stifle personal initiative. Welfare programs, he says, were meant to help the needy, but they are creating a cycle in which people become dependent on the state and do not work at becoming self-sufficient (Grinspan, 2024; The Economist, 2024). Milei believes that an overreliance on government aid breeds a tepidness on self-reliance and personal responsibility, both considered vital components of a free society. Milei calls for pulling back or restructuring social welfare programs in order to make Argentina a smaller state, allowing its citizens to depend on themselves and the private market for support. He imagines a political order and society in which individuals tend to their welfare and security, with a substantially diminished reliance on the state to supply the funds (Grinspan, 2024; The Economist, 2024). This position is consistent with the general tenet within Austrian economic thought that minimum government role results in more responsible and independent people. Milei says that only by removing state interference in social life will Argentina build a more dynamic and resilient economy (Grinspan, 2024; The Economist, 2024).

Concept of Freedom

Milei's proposals are, at the core, different from other proposals in that they are based on a concept of freedom that is distinct from many others in the freedom space and that is focused on economic liberty and limited government. Freedom, in Milei's ideology, means being able to exercise personal choice and be free from state interference (Heinisch et al., 2024). The idea is a product of the Austrian thinkers, namely Ludwig von Mises, who considered freedom to be possible if the people were free to exploit their interests in a

market not subject to government control. Milei emphasizes his concept of freedom, which is centred around a high priority on private property rights and voluntary transactions (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024). Milei argues that the best way for Argentina to avoid becoming an authoritarian country is to limit government power, and by doing so, Argentina can create a society that empowers its citizens. Milei's framework does not merely float a policy preference in favour of economic freedom; it is a moral imperative (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024). The second, a free market, where individuals are free to act without state limitations, honours human dignity and agency, says he. His proposals speak to a larger worldview that celebrates freedom and self-reliance and believes that people should be free to construct their economic destiny (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024).

RESEARCH METHODS

In this paper, the author examined Javier Milei's economic ideas in relation to Austrian economic principles, using literature-based analysis, qualitative content analysis, and case analysis.

Literature-Based Analysis

Analysis based on the literature is based on primary and secondary sources on Austrian economics. Foundational works in the primary literature of Austrian economics are not bound to Carl Menger, Ludwig von Mises, and Friedrich Hayek, whose value theories, market dynamics theories, and the limits of government intervention form the core of Austrian economic thought. At the same time, academic interpretations and critiques of Austrian theories offer a wider context. The analysis also takes mileage to look closely at Milei's writings—his books, speeches, articles, and anything he's written to articulate to the world his ideas about free market economics, state interference, and individual liberty. These materials offer a review of how Milei's positions stand with or against conventional Austrian economics.

Qualitative Content Analysis

The thematic consistency between Milei's ideas and the principles of the Austrian School is assessed using qualitative content analysis. This means analyzing Milei's public statements, political policies, and writings to form key themes and arguments for his vision. In comparison with the principles emphasized by the Austrian economists, this appraisal would assess to what extent Milei's championship of themes of this nature positions him close to Austrian ideals, including subjective value, spontaneous order, and scepticism in relation to the role of the state intervention.

Case Study Analysis

The analysis of the case study examines Argentina's present economic setting together with examples from nations that have encountered comparable free-market reforms. By comparing Argentina's economic challenges, such as high inflation and large government debt, with the results of countries that did pursue market-oriented reform, this approach facilitates the contextualization of Milei's proposals. This comparative analysis allows us to anticipate the potential gains and losses of applying Austrian economic reform in Argentina, putting Milei's proposal in a real-world context. By employing these combined methods, it is possible to elucidate the alignment of Milei's ideas with the principles of Austrian economics and assess their potential implications for Argentina's socio-economic landscape.

ANALYSIS OF PARALLELS BETWEEN MILEI'S IDEAS AND THE PRINCIPLES OF THE AUSTRIAN SCHOOL

Javier Milei's economic outlook has many applications to the Austrian School of Economics but is adapted to fit Argentina's specific economic setting (Matesanz, 2023).

Private Property and Free Market

One of the leading tenets of Austrian economics is that, in order for an economy to function well, it must be radically autonomous and based on

private property. Carl Menger, Ludwig von Mises, and Friedrich Hayek, Austrian economists, say that the free market allows everyone to determine what to do based on their preferences, and the result happens to be efficient without government intervention (Turowski and Machaj, 2023). Therefore, people distinguish property as crucial for economic calculation because it grants the individual incentives to make use of resources wisely and economically. Milei shares these Austrian beliefs, which are based on the free market and private property. He promotes an open, free market where businesses and people work autonomously and are free from government interference (Matesanz, 2023). Milei argued free markets stimulate innovation and efficiency because competition has a way of goading people and companies into finding ways to innovate and meet the demands of consumers (Matesanz, 2023). He says Argentina's economy would flourish with less state control and bureaucracy, which he says stymies growth and entrepreneurship (Matesanz, 2023). Milei echoes Austrian ideas that it's when you promote privatization and deregulation that it brings virtually all the goods of economic freedom and, thus, prosperity and social progress. Besides his belief in the free market, Milei champions private property rights; he sees them as an integral part of individual freedom and an integral part of economic stability. He contends that when people have secure ownership of their property, they're more likely to invest and contribute to economic growth (Matesanz, 2023).

Role of the State

A principle of the complete opposite kind, another great Austrian principle, was that of a minimalist role for the state. Austrian economists state that government intervention can play havoc with the natural order of supply and demand and results in inefficient allocation of resources and complications that are not intended to occur. Mises, for instance, contends that well-intentioned government interference actually drives prices wrong and finally results in the misallocation of assets (Haeffele and Storr, 2019).

All other activities in the economy are left to the private sector; Austrian theorists generally believe the state's main roles should be the protection of property rights, the guarantee of contracts, and the formulation of public order (Haeffele and Storr, 2019).

While Milei, like many other people, shares the vision of limited government, his views on the role of the state are much more radical in addressing Argentina's specific struggles in the question of the economy (Haeffele and Storr, 2019). Milei said that a web of entangling government bureaucracy, widespread social programs, and heavy public spending have drawn Argentina into economic stagnation (Matesanz, 2023). He believes the Argentine government has grown too powerful and too intrusive, leaving the country too dependent on welfare, so domestic incentives to work and innovate break down. Milei's solution is to slash state spending, privatize state-owned enterprises, and all but scratch from the state's welfare programs. He sees this as a way to let Argentina's economy operate more easily within Austrian principles of market autonomy and individual responsibility (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). Unfortunately, while Milei has historically been a proponent of ending the state, his position is more radical in its cold shoulder toward stopping Argentina's social safety net (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). Austrian economists like Hayek did not deny that welfare as a safety net has a small role in extreme cases — actually, it was meant to prevent social instability (Haeffele and Storr, 2019). But for the most part, Milei rejects this populist notion, offering instead complete individual responsibility (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). This suggests that his interpretation of the Austrian approach to the state gives physical manifestation to libertarian ideals by minimizing the role of the government to the least amount possible.

Consistencies and Deviations

Austrian Principles Consistencies

In terms of allied ideas, many aspects of Milei's ideas are indeed consonant with Austrian economics, including his call for market autonomy and his rejection of government interference (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). For example, Mises and Hayek shared the idea that the central bank of Argentina represents a serious, dangerous issue for centralized monetary control (Hancock, 2024). For many years now, Austrian economists have railed against central banks, who they argue create cycles of 'artificial booms' followed by inevitable busts through their meddling with interest rates and money supply (Newman and Siron, 2022). Like other candidates, Milei's proposal to get rid of the central bank in Argentina seeks to stop inflation caused by an excess printing of money — something that has bedeviled Argentina (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023).

Milei's critique of state intervention mirrors Austrian arguments that the government is inefficient. However, he thinks Argentina's government has gone too far when it comes to grabbing a slice of the action — from utilities to transportation — and that the country needs to privatize to make things more efficient (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). This fits the Austrian line that the state is not as good at allocating and delivering services as the private sector. Milei reflects the Austrian view that economic progress comes from individual action, not centralized planning. And he is in the ranks who advocate for market-driven solutions (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023).

Argentina's Economic Realities: Deviations

Although Milei is perhaps a bit too literal with his Austrian principles and German Libertarian principles generally, his ideas are adapted to fit Argentina's particular economic setting and,

therefore, not strictly an Austrian thought. Milei's emphasis on privatization, including his proposal to privatize national health and education systems, is much more extreme than what Austrian economists are traditionally for. Austrian theory supports privatization in principle but is mixed on when public services need some sort of basic public oversight (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). Milei's hard line against welfare programs is another deviation. Austrian economists, especially Hayek, would also concede that a low level of social degeneracy, that is, a minimal safety net, might be essential to the maintenance of social stability in a large, free-market economy (Hancock, 2024). But Milei wants a near-complete elimination of social safety nets and says welfare programs create dependency and kill work incentives (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). Strikingly, this position is designed for Argentina's exceptionally high levels of welfare spending and economic dependence on state support, but more rigorously than Mises or Hayek might have contemplated.

Examples of Adaptation

From an economic viewpoint, Milei's plan indicates how Austrian ideas can be tailored to fit Argentina's special economic circumstances. For example, his push for privatization was more than general Austrian advocacy for a smaller government: Argentine state-owned industries and historically inefficient public services were to be tackled by this. As he sees it, this is a process of privatizing these services by giving them to private operators that, in his view, should be better equipped to manage resources and offer quality service to the public (Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Nessi, 2024; Sabatini, 2024). Another part of the plan is the privatization of state-owned businesses, which includes privatizing inefficient state-owned businesses, such as energy, transport, and utilities, creating competition and better quality. One of Milei's objectives and one he aims to achieve is to implement dollarization, or replacing the peso

with the US dollar, to combat chronic hyperinflation and bring the economy back on track. Yet this reform is a matter as much of economics as of strategy, as in the footsteps of Austrian monetary stability (Nessi, 2024), as Argentina's currency policy gears itself toward global standards. Just as, say, the reform of the welfare system that Milei has been pursuing also seeks to extend targeted aid and direct transfers to the needy instead of broad subsidies. This change aims to offload some fiscal responsibility and to encourage personal responsibility, the very likes of which are Austrian beliefs. Milei's plan also involves closing redundant agencies while reducing public sector size through measures that will bring about a falling deficit, with the private sector assuming a greater role. Perhaps one can easily recognize this is an adaptation of Austrian principles, which ensures that the government does not overly present itself in an economy, so entrepreneurship and market forces can do the job of their development. To remove obstacles to trade and investment, his tax reform is intended to abolish productivity-hindering taxes like export duties to stimulate economic growth (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). In addition, Milei's economic reforms are based on the liberalization of the energy sector. He wants to alleviate Argentina's energy crisis by cutting subsidies, opening markets, and luring private investment while rallying for efficient production. Lastly, Milei wants to decentralize the Treasury so that financial destinies are shifted to the provinces to improve the efficiencies of spending and accountability and allow local governments to better attend to their people (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023). Like Argentina's massive social spending, Milei's plan for reforming the country's welfare safety net is equally unsustainable. After all, Milei's hard line is now being tweaked to allow Argentina to loosen its fiscal purse string; Austrian economists believe in personal responsibility. This approach demonstrates that while various Austrian economic principles are applicable in a wide range of situations, they may not be fully suitable for the

specific context of Argentina. Javier Milei has shown openness to revising and adapting these principles to align more closely with the unique economic and social realities of the country (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023).

PRACTICAL CHALLENGES OF IMPLEMENTATION IN ARGENTINA

If implemented in Argentina, Javier Milei's economic reforms would overcome only a few challenges.

Current Economic Context

Argentina's economic problems are long-standing and very ingrained. Stateside, one of the country's central issues is inflation, which has long been among the highest rates in the world. By 2023, Argentina's inflation rate hit 133.5% and also eroded what purchasing power remains, increasing prices for goods and services fast (Artuffo, 2023; Statista, 2023). This inflationary pressure is being attributed to excess money printing by Argentina's central bank, which has dumped money to pay for its government and service national debt. Another issue is overdue national debt. Argentina has repeatedly defaulted on its debt and relied on an international bailout each time, most recently from the International Monetary Fund (IMF) (Makoff, 2024). It was a burden on Argentina's economy; the government was unable to spend money on crucial parts like infrastructure, social services, and other areas needed for growth because the nation had a debt beyond what was bearable (Makoff, 2024). Moreover, there remain strong social inequalities: many people live in poverty or live in precarious economic positions. Cars, food, and fuel, as well as petrol, gas, and diesel, are of necessities life that are provided for free in the absence of social mobility and high unemployment rates, coupled with deficiencies in basic education access and expanding costs of living, many Argentines live and depend on government programs to subsist (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023).

Impact Analysis of Milei's Proposals

Abolition of the Central Bank

Of all Javier Milei's proposals, the abolition of the Argentine Central Bank is one of the most controversial. Milei argues that the Central Bank has contributed significantly to Argentina's inflation crisis through excessive money printing, continuously devaluing the national currency. His plan calls for abolishing the Central Bank to stop state-controlled money production, stabilize the currency, and reduce inflation (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024). As an alternative, Milei proposes dollarization, which involves introducing the US dollar as legal tender. He considers that such a measure could effectively contain inflation and promote economic stability (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024). The abolition of the central bank would make it possible to control inflation through external monetary stability and limit the government to budgetary spending covered by actual revenues. This could, in theory, reduce inflation rates by eliminating the possibility of creating new currency units uncontrollably. Dollarization has already shown positive results in other countries. An example is Ecuador, which adopted the US dollar in 2000 and subsequently experienced a significant drop in inflation (Castillo-Pance et al., 2021). Milei bases his proposal on such experiences to underpin the effectiveness and sustainability of this approach in Argentina.

Reduced State Interventions and Deregulation

Deregulation in the economy has the potential to do several things, including increasing the volume of business activity, increasing competition in the economy, encouraging innovation, and increasing productivity. Javier Milei argues that if regulations were less stringent, Argentina could expand its economy and attract local and foreign companies. This would, in turn, create employment and foster economic development

(Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024). One possible effect deregulation may bring is reduced business costs, allowing firms to employ more people. Milei wants to boost the Argentine economy by encouraging adaptability and overcoming bureaucratic obstacles. Every solution has its drawbacks, and in this case, deregulation has concerns; where social inequality exists, there would also be social instability. Easing the regulation of employment laws would mean that there would be an increase in job insecurity, which legal provisions aimed at safeguarding will have been relaxed, leading to a greater reach of precarity. In addition, deregulation may worsen the already existing unequal distribution of wealth as big corporations and rich investors are the ones likely to soar high as they enjoy the relaxed regulations more than small-scale businesses and poorer populations (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024).

Comparative Country Analysis

Reflecting on other countries that have implemented similar free-market reforms helps one better understand what the potential outcomes would be with Milei's proposals. Chile, Estonia, and New Zealand provide examples of countries that have followed market-oriented policies with mixed results, giving Argentina some lessons to learn.

Chile: The 1970s and 1980s were years of free market reform in Chile, including the privatization of state-owned businesses, trade liberalization, and deregulation. The first set of reforms raised economic growth significantly, decreased poverty levels, and attracted foreign investment. The Chilean case suggests that for Argentina, rapid market reforms should be backed up by actions to tackle inequality (Bersch, 2023; Ahumada and Torres, 2020)

Estonia: Following independence from the Soviet Union in 1991, Estonia took radical free market measures, including tax simplification,

deregulation, and privatization. The result of these policies was a transformation of the Estonian economy and, at the same time, made it one of the most developed economies in Eastern Europe. Estonia's experience is again telling that clear planning is needed to take advantage of apparent momentum and the chill of gradual transition, as well as the benefits of moving infrastructure at the same time as deregulation (Miklos, 2021; Randall and Berlina, 2019).

New Zealand: In the 1980s, New Zealand began conducting a series of free-market reforms in the deregulation of industries, reduction of subsidies, and privatization of state assets. New Zealand's experience suggests to Argentina that a balanced approach to market reforms—combining deregulation with support for low-income groups—may be more sustainable (Starr, 2019; Littlechild, 2019).

REFLECTION AND POSSIBLE ALTERNATIVES

Criticism of Milei's Radical Proposals

Milei's approach is one of the most heavily criticized because his proposals are too radical for the economic context of Argentina. Social programs, subsidies, and central banking have long been used to solve Argentina's economic problems, primarily high inflation, poverty, and unemployment. If these supports are suddenly removed, you can expect a whole lot of social unrest and poverty level to grow sky high as a good portion of the Argentines are dependent on the Brazilian welfare programs to meet their basic needs. Austrian principles entail economic freedom, but some critics say the shift could create social inequalities while some vulnerable populations get left without safety nets. There's another major issue with Milei's proposal to abolish the central bank. A few economists worry, however, that that could backfire, that Milei's solution to address inflation and stabilize the currency is overly simplistic. Argentina's lack of a central bank allows it to lose control of monetary policy and further limits its capacity to make monetary policy responses when faced with

economic crises (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024).

Modified Approaches

New Zealand and the U.K. are very independent countries, but they also have independent central banks which control inflation very well. Independent central banks, while the risks are present when abolishing the institution entirely, would allow Argentina to have currency stability. Gradual deregulation is yet another alternative. Instead of sweeping the regulations overall, Argentina could selectively cut out barriers in a few important sectors in an effort to create investment and growth. Some examples include simplifying cumbersome bureaucratic processes necessary to start a business or easing rigid rules on labour to help stimulate economic activity without shredding sacrosanct rights for workers. Argentina would gradually deregulate, evaluate each change to see what impact it has, and make necessary policy adjustments to mitigate economic shock. It might be a better question when it comes to social welfare for Argentina to reform rather than eliminate its welfare programs (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024). A targeted approach focusing on infrastructure that helps people make the transition to employment may reduce dependency while helping to provide that support where and when it is needed. If done rightly, welfare-to-work programs have been implemented successfully in countries like the United States and the United Kingdom. They would help with the transfer from welfare to work without abruptly pulling support (Nessi, 2024; Sabatini, 2024; Grinspan, 2024; The Economist, 2024; Matesanz, 2023; Pineda, 2023; Debre, 2024; Simond, 2024).

Future Perspectives for Argentina

In the long run, Argentina may benefit and find it challenging if it adopts a more market-oriented framework. On the one hand, free market reforms can induce foreign investment, promote business

growth, and improve efficiency in areas of priority importance. A stable economic environment with a lower inflationary level and less government intervention could enable long-term growth, amidst which renewed opportunities for entrepreneurs and investors are created. The risk of social unrest and even resistance to further reforms cannot be discounted if Argentina does not work out policies for reducing income inequality. In addition, if reforms are not carried out consciously, the country could experience short-run disruptions such as higher unemployment and poverty. For this transition to proceed, social stability would need to be maintained to a precise degree through market reforms coupled with targeted support for vulnerable populations.

CONCLUSION

Summary of Results

This research has examined whether radical free-market reforms proposed by Javier Milei, an Austrian-inspired Argentine policymaker, could be feasible, evaluating equally their positive and negative impacts. Milei's ideas are very Austrian—minimal state intervention, deregulation, and reliance on free markets—and Argentina's economic realities mean it may not be able to adopt all of those ideas.

Answers to Research Questions

Alignment with Austrian Principles: Milei adheres to Austrian principles when they are reflected in his economy, especially total independence of markets and distrust of state interference. Yet his radical proposals include abolishing the central bank, well outside the usual Austrian recommendations.

Parallels and Differences with Austrian Thinkers: Milei's ideas of freedom clearly reflect the Austrian mindset but are taken to the extreme, especially with regard to welfare and monetary policy.

Practical Challenges: Milei's policies' main problems are social instability, loss of monetary control, and increasing inequality. Still, however,

some of those risks could be moderated through modified, gradual reforms.

It raises questions about what may become Argentina's new economic policy point of reckoning. That could be used to nudge policymakers toward free market options over the old state-centered tradition. The possibility to find a way to Argentina's proselytization of Milei's economic freedom, which is at once balanced, shallow, and discrete at exploiting the distinction between the two dimensions of economic freedom, in the name of social stability, is something that has great potential to get the country closer to a more viable and inclusive economic future.

Future Prospects for Argentina: Scenario Analysis

The consequences of applying the market-based reforms posed by Javier Milei cannot be ignored in Argentina's future. Different scenarios which allow for varying political and economic contexts can be constructed to illustrate their potential impacts. Such scenarios enable an appreciation of the possible dynamics and show how reforms could apply to particular circumstances.

Scenario 1: Political Stability and International Support

Milei's reforms have great potential to enhance the economy considerably given the current political stability in the local and global contexts that support the changes made.

Possible effects:

- Dollarization could boost international investor confidence, effectively curb inflation and increase macroeconomic stability.
- Comprehensive deregulation and targeted privatization could encourage foreign direct investment and increase the competitiveness of the Argentine economy.

Risks:

- Even though economic development may occur, the growth may not always be coupled

with social development, which can lead to an increase in social tensions.

Scenario 2: Political Instability and Social Resistance

Milei's reforms could have far more negative consequences in an unstable political context.

Possible effects:

- Resistance to the abolition of the central bank and the reduction of social programs could lead to protests and unrest.
- The uncertainty could undermine investor confidence, resulting in a decline in foreign investment.

Risks:

- An intensification of social instability might considerably impede or even halt the reform process altogether.

Scenario 3: Gradual Reforms with Social Compensation

There could be practical situations whereby, considering social realities, reforms can be implemented in stages to achieve economic and social development.

Possible effects:

- The economy may develop further while not bringing shocking changes to society through painful social pains by implementing selective and partial privatization.
- An autonomous central bank would help ensure the stability of the monetary system, and a reduction in long-term dependence might be achieved through gradual cuts in social programs.

Risks:

- Slow implementation might push back anticipated economic gains and also render the reforming exercise politically unpopular.

Conclusions from the Scenario Analysis

The Argentine case study suggests that gains can be made through an approach organized to balance reforms in economic and social aspects. The approach should also attempt to establish a reasonable equilibrium between the freedom of the market economy and social order so as to win the confidence of both the local populace and the international community.

Future Prospects for Argentina

The reforms suggested by Milei pose serious ideological questions in seeking to redefine the economic policy paradigm in Argentina. These reforms offer an incentive for policymakers to shift from traditional centralized forms of economic management to market-driven ones. A synthesis of Milei's conception of liberalism with the exigency of order could well define Argentina's quest for a more inclusive and stable economy.

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