

### III. Economics

# Will President Milei Be Awarded the Nobel Prize in Economics for Destroying the Argentine Economy?

by Dennis Small

March 25—In his classic [textbook](#) *So, You Wish to Learn All About Economics?*, Lyndon LaRouche, the world's foremost physical-economist of the last century, explained the requirements for candidates to be considered for the Nobel Prize in Economics:

“Since the Nobel Prize for economics was established, no candidate has been elected except that his ‘principal work’ in the field flourishes with abominable incompetence, and also until the incompetence has been affirmed by some national catastrophe somewhere caused by adherence to the doctrine.”

By all rights, Javier Milei, the circumstantial President of Argentina, is now a serious contender for the Nobel award.

His proud achievements in his first year in office (he was sworn in on Dec. 10, 2023), as reflected in official statistics published by INDEC (National Institute of Statistics

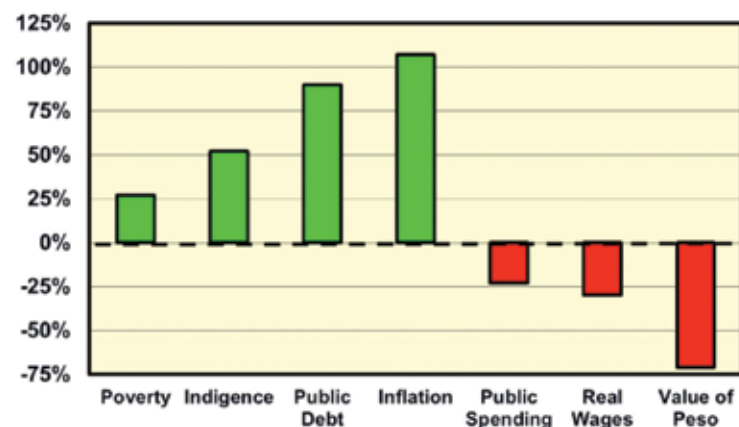


Javier Milei and Elon Musk hold a chainsaw during a meeting of the U.S. 2025 Conservative Political Action Conference (CPAC) in February. Argentina.gob.ar

FIGURE 1

#### Argentina: What Milei Achieved in a Year

(index 2023 = 100)



and Censuses), include the following (see Figure 1):

- Increasing national poverty by 27%, and indigence (extreme poverty) by 52%. At the end of 2024, 53% of the population, or 25 million people, were poor; 18% were indigent. Child poverty (0-14 years old) stood at a shocking 69% of that age group.
- Increasing the public debt (as a percentage of GDP) by 90%.
- Increasing inflation by 107%, from an already impossible 118% annual average when Milei took office in Dec. 2023, to a truly hyper-inflationary 245% a year later.
- Cutting the federal budget by 23% overall, especially in the areas of social services and pen-

sions (education spending was slashed by 42%; science and technology by 33%; transportation by 55%) – all in order to meet the demands of the IMF and international creditor banks to ensure debt service payments above all.

- Slashing average real wages by 30%.

- Imposing a “shock therapy” devaluation of 54% on his third day in office, followed by monthly devaluations of 2%, which left the peso worth 72% less at the end of the year. This unleashed a tidal wave of inflation in the country, which played a major role in driving millions of Argentines into poverty—exactly as intended.

And 2025 to date is looking even more “successful” for Milei’s banker-dictated measures.

To enforce such Schachtian policies, Milei has taken recourse to police-state measures of repression against protesters—including defenseless pensioners—under the bloody hand of Security Minister Patricia Bullrich.

Perhaps worst of all, Milei reversed the previous Argentine government’s commitment to join the BRICS, which offered a workable alternative of development, infrastructure building, and rising living standards, based on cooperation with the nations of the Global South. That decision, announced on Dec. 29, 2023 (less than three weeks after Milei took office), has left the country with no visible alternative to the genocide now being executed by our prospective winner of the Nobel Prize in Economics.

In fact, Milei was put in office and is being widely promoted internationally for the purpose of turning Argentina into a bloody example for any nation, whether of the North (such as the United States), or of the Global South, that may be considering breaking out of the Wall Street/City of London strait-jacket—as Argentina itself did under the consecutive governments of Néstor Kirchner (2003-2007) followed by the two terms of his widow Cristina Fernández de Kirchner (2007-2011 and 2011-2015).



Elon Musk speaking at the 2025 Conservative Political Action Conference (CPAC) in February.

CC/Gage Skidmore

As can be seen in Fig. 2, during the 12 years of the governments of the Kirchners, who fought tooth-and-nail against the IMF and Wall Street, and built significant infrastructure to industrialize the country, average real wages rose noticeably. Taking 2015 as an index of 100, wages rose from 68 in 2003 to 100 in 2015, a 47% increase. The bankers got back in control with Mauricio Macri, who applied straight neo-liberal economic policies from 2015-2019, and succeeded in cutting real wages by 25% in four years. Alberto Fernández, who had been Chief of the Staff in the first Kirchner government, lacked the willingness to fight shown by the Kirchners, and barely held the line against the banks, with real wages dropping another 12% down to less than

two-thirds of what they had been at the end of Cristina Kirchner’s term. Then, under Milei, real wages have been slashed again, and now stand at only 46% of what they were back in 2015.

The trend of the poverty rate is, not surprisingly, nearly a mirror image of what happened with wages. The poverty rate dropped by nearly half, from 50% to 26% of the population during the Kirchner administrations, and then the Macri government drove the poverty rate back up to 36% in just four years. Under Fernán-

FIGURE 2

### Argentina: Wages and Poverty

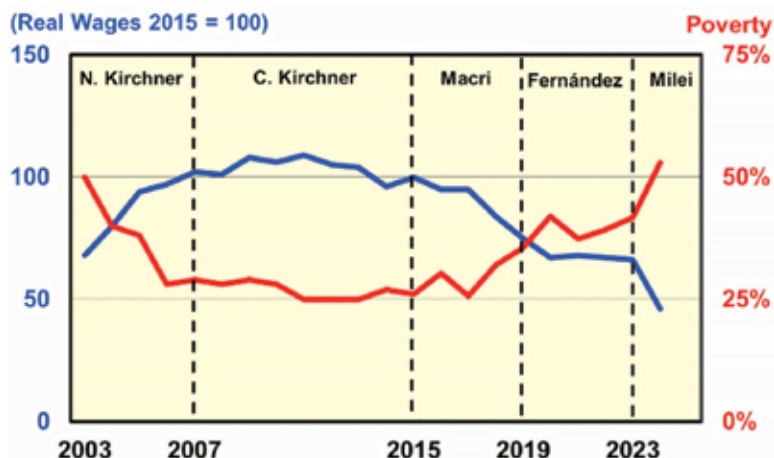
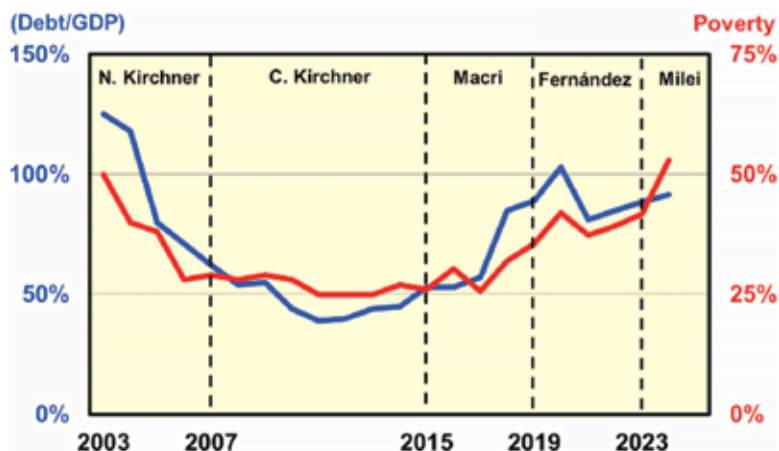


FIGURE 3

**Argentina: Poverty and Debt**

dez, poverty rose from 36% to 42%. And then when Milei came in, poverty skyrocketed back above 50%, as previously noted.

The public debt, domestic and foreign, is the mechanism that the bankers use for the looting process whose results can be seen in these graphs. As Fig. 3 shows, when the debt was deliberately reduced during the Kirchner years, and all dependence on the IMF ended, it became possible to invest in development, and poverty fell as a result. When the Argentine public debt increased, by demand of international bankers, then poverty rose with it.

**The Theory: ‘Abominable Incompetence’**

Javier Milei pronounces himself an “anarcho-capitalist” and a strict adherent of the Austrian school of economics, that is, the followers of Ludwig von Mises and his student, Friedrich von Hayek. Their theory is straightforward, and should hardly be described as “economics.” One adequate summary would be: “greed is good.” The argument is, that, if the state or any other authority would just get out of the way (or be removed), then individuals will each pursue their own personal benefit, and in this way society will be better off. This is sometimes referred to as “laissez-faire” capitalism, and its advocates include Adam Smith (with his “invisible hand”), David Hume, Jeremy Bentham, and in more modern times, Milton Friedman.

But the actual root of this argument traces back to the Anglo-Dutch “philosopher” Bernard de Mandeville (1670 -1733), whose *Fable of the Bees: or, Private Vices, Public Benefits*, argues shamelessly that everyone should be allowed to just let it rip and enjoy his

vices to the maximum, and a spontaneous order of society will result. Jeremy Bentham (1747-1832) merely repackaged Mandeville with some additional sophistry about a hedonistic “felicific calculus” to maximize pleasure and minimize pain, to come up with various treatises whose titles include “Defence of Usury” and “On Pederasty.”

Von Mises, Milei’s hero, praised Mandeville for “point[ing] out that self-interest and the desire for material well-being, commonly stigmatized as vices, are in fact the incentives whose operation make for welfare, prosperity and civilization.”

Wherein lies the axiomatic flaw?

Freedom and libertinism are not the same thing—even though adolescents often confuse the two. The State has a proper role to play in a society concerned with progress and development, which is to serve as the organized expression of the Common Good, or what the Founders of the United States referred to as the General Welfare in the Constitution. This is especially critical in economy, especially in controlling the issuance and direction of credit toward productive, not speculative activity.

The fact that some States are imperfect, or that corruption occurs and mistaken policies are also adopted, does not justify the elimination of the State and its role in the economy. That only serves to hand everything over to the financial Establishment, who then end up controlling the financial system while the duped population whoop and holler about how they are now finally “free.”

The image of Javier Milei brandishing a chainsaw with which he intends to chop the State down to size, is taken straight out of the outlook supplied by Mandeville’s *Fable of the Bees*.

Lyndon LaRouche provided a succinct [interview](#) on these matters which was published on June 20, 2010 by the Swiss website The Daily Bell, self-described as “A Daily Compendium of Free-Market Thinking.”

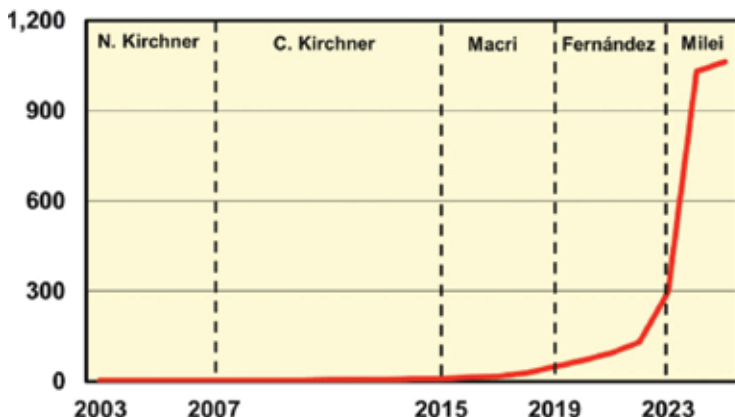
**Question:** What do you think of free-market thinkers and the Austrian economic school?

**LaRouche:** Implicitly, the school is a fraud in fact, and a disaster in effects.

**Question:** What do you think of marginal utility?

**LaRouche:** The dogma of an irrationalist form of late Nineteenth-Century cult.

FIGURE 4

**Argentina: Pesos per Dollar**

**Question:** What do you think of Adam Smith?

**LaRouche:** He is disgusting.

**Question:** What do you think of von Mises' great work, *Human Action*?

**LaRouche:** It is a childish concoction.

**The Practice: 'National Catastrophe'**

Javier Milei campaigned for the presidency brandishing a chain saw at rallies, with a savage gleam in his eye, to indicate what he planned to do to government spending—and to the lives of Argentines. When he was sworn in as President on Dec. 10, 2023, he hit the ground running and severely devalued the peso by more than 50%, as the international banking community had long been demanding. The results are shown in Fig. 4, which shows the peso-dollar exchange rate over the last two decades.

On the issue of the budget, Milei repeatedly swore

that he would free the Argentine people from the “omnipresent state,” which he vowed to do by dismantling the country’s important social safety net for the population, privatizing all state-run companies and institutions, and shutting down state-financed infrastructure projects. He insisted that he intended to rip the federal budget to shreds. “This is no time for gradualism, no time for weakness,” he said in one public address.

The long-term collapse of the national budget shown in Fig. 5 provides the context for Milei’s Nobel Prize-worthy achievements on this front. Using the year 2015 as the base year of 100 to index constant peso expenditures, we see that current expenditures declined gradually (14%) under both Macri and Fernández. But when Milei came into office, as promised he slashed current spending by more than 28% in one year, down to two-thirds of the 2015 level. (That same INDEC time series was unavailable for the period 2003-2015, so for purposes of comparison we generated an estimated total government budget index for that period, based on a different time series of budget spending as a percentage of GDP. Although not strictly comparable, it does provide useful context for the period of 2015 to the present.)

But it is in the capital budget category, which is the most critical for investments for the future growth of the economy, that we see the real savagery of the neoliberal policies. Macri cut the capital budget by a whopping 53%; and then Milei kicked the legs out altogether, bringing the capital budget down to less than 20% of what it had been in 2015.

This cuts directly into the areas that once made Argentina one of the developing sector nations with significant industrial and scientific capabilities, in areas such as nuclear energy and space exploration. This history, still fresh in the minds of many Argentines today, made it doubly important for Wall Street and the City of London to push Argentina over the cliff into indigence and servitude to the financial Establishment, to make it an example and reminder for any nation also sharing that commitment to progress.

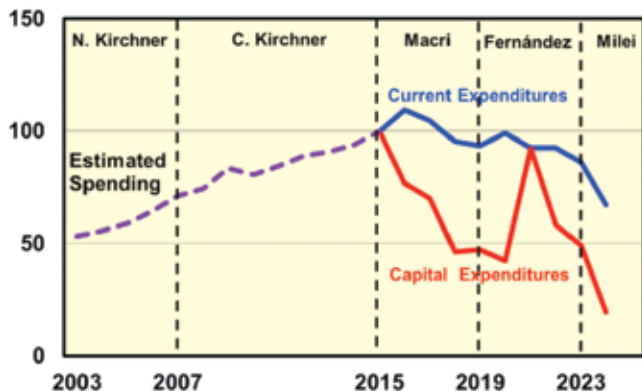
By the end of 2024, Milei had managed to generate a 1.8% fiscal surplus—achieved by gutting pensions, paralyzing public works, reducing subsidies, and freezing wages of state sector workers. Speaking to reporters on Jan. 11, 2025, IMF Managing Director Kristalina Georgieva lavished praise on Milei’s economic program as “the most impressive in recent history.”

In a Dec. 29, 2024 interview with *Forbes*, Milei

FIGURE 5

**Argentina: Government Spending**

(constant pesos, 2015 = 100)





spoke about what comes next. “We’re going to continue removing regulations. We’re going to advance with our agenda of privatizations and deepen labor reform.” He explained: “The chainsaw was the first phase. We made a first big [budget] reduction and now comes deeper things which isn’t just deregulating and getting rid of these [regulatory] obstacles but implies a bigger reform of the State which means making it even smaller.”

Once the labor reform is completed, he added, a pension reform will follow. This on top of the gutting of pensions already achieved over the course of 2024, which resulted in a third of all retirees, a half a million people, becoming newly poor in 2024. According to Argentine press accounts, in October of 2024, a minimum pension was 21% lower in real terms than it had been a year earlier. Programs that provide free medication to seniors have also been terminated.

And all of this, to please “the markets”—i.e., Argentina’s City of London and Wall Street creditor banks, and the IMF policeman of the current speculative trans-Atlantic financial order, all of whom have plenty of “skin in the game.”

The role of the IMF in the Argentine debacle is particularly noteworthy. It is not the case that it holds the largest part of Argentina’s foreign obligations—that distinction falls to the country’s bonded debt holders: foreign banks, vulture funds, and other predatory creatures which follow the Mandeville/Milei laws of the speculative jungle—but it is a policy bellwether. As Fig. 6 shows, Néstor Kirchner’s government inherited a debt to the IMF of over \$15 billion, and in the middle of a life-and-death battle against the vulture funds that had descended on Argentina, he decided to pay off the IMF debt in full, in order to reduce Argentina’s vulnerability to policy pressure from that quarter. When banker-boy Macri became President, he took out a walloping total of \$44 billion in loans from the IMF—with which he paid off the full pound of flesh that the vulture funds had been screaming for, and which served as the principal source of the \$86 billion in capital flight that left the country between 2015 and 2019, according to official figures provided by the BCRA (Central Bank of the Argentine Republic).

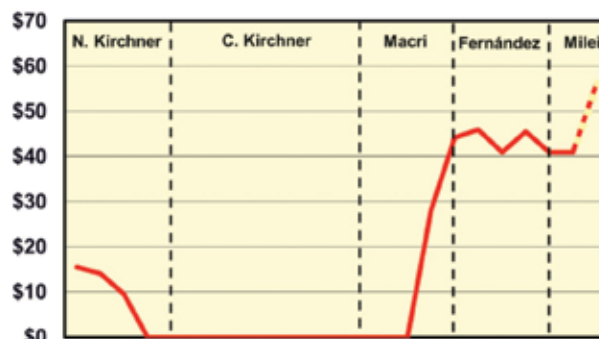
Fernández held off the creditor wolves and the IMF as best he could, with debt to the IMF dropping slightly to \$41 billion—which is where it stands today. Argentina is, by far, the IMF’s #1 debtor, representing 28% of all IMF debt.

But it won’t be stable for long. Javier Milei, who campaigned and entered office swearing repeatedly that

FIGURE 6

## Argentina: Debt Owed to the IMF

(billions of dollars)



he would never, ever increase Argentina’s indebtedness, in March 2025 has now applied to the IMF for a loan in the range of \$10-\$20 billion. The broken line in Fig. 6 reflects a possible increase of \$15 billion, a half-way point of what Milei is looking for.

Former President Cristina Fernández de Kirchner wrote a pointed open letter to Milei on March 9, 2025, in which she noted sarcastically: “Your Austrian School experiment failed you, you’re drowning because you lack dollars, and you’re throwing in the towel by asking the IMF for a loan.”

## Epilogue: Crazy, Crazier and Craziest

Who in his right mind would promote Milei’s Argentina as a model for any country, let alone the U.S.? BlackRock’s Larry Fink; DOGE budget-slasher Elon Musk; Treasury Secretary Scott Bessent; and more—that’s who.

Even his biggest fans and promoters recognize that Javier Milei is crazy—his nickname in Argentina is “el loco.” For example, Milei owns five cloned dogs, which he refers to as his children, and he claims to speak regularly with their long-dead progenitor, Conan, who, he says, provides him guidance from the afterworld. Milei has named four of Conan’s clones after Austrian school luminaries: Milton (in honor of Milton Friedman, Nobel laureate), Murray (in honor of Murray Rothbard, the founder of anarcho-capitalist economics), Robert and Lucas (both named after Robert Lucas, Jr., Nobel laureate).

Yes, Milei’s relationship to his dogs is flat-out crazy. Crazier still is his magical belief in the Austrian school of quack economics. And craziest of all are those who, in the U.S. and elsewhere, would take Milei as a model for the kinds of policies that should be imposed in the U.S.