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OPINION

Argentines Have Lost Faith in the State – to the Benefit of Javier Milei



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Nov 13, 2023

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November 19 is the day of the run-off election between Peronist Sergio Massa and anarcho-capitalist Javier Milei in Argentina. In years to come, Argentina could be governed by a passionate pro-capitalist. This would be a sensation, but this sensation would be the result of a fundamental change in the attitude of Argentines toward the market economy and the role of the state, which has been on the horizon for some time.

I have studied the libertarian movement in 30 countries over the last two years, but in none of these countries have I encountered such a strong libertarian movement as in Argentina. Normally, when their country is in a serious crisis, large numbers of people tend to gravitate to the far left or far right of the political spectrum, but in Argentina, libertarians are the beacons of hope, especially for young people. Among voters under the age of 30, a majority voted for Milei.

The elections are taking place against the backdrop of a dramatic economic crisis and an inflation rate of over 100 percent, one of the highest in the world. There is probably no country in the world that has descended so dramatically in the last 100 years as Argentina. In the early 20th century, the average per capita income of the population was among the highest in the world. The expression “*riche comme un argentin*” – rich as an Argentine – was a commonly heard expression at the time. Economically, Argentina’s history is one of inflation, hyperinflation, state bankruptcies and impoverishment. The country has experienced nine sovereign bankruptcies in its history, the most recent of which was in 2020. A tragic story for such a

proud country that was once one of the richest in the world. Inflation has been in double digits every year since 1945 (except in the 1990s).

Argentina has been run down by statisticians for decades and is now one of the most economically unfree countries in the world. In the Heritage Foundation's 2023 *Index of Economic Freedom*, Argentina ranks 144th out of 177 countries – and even in Latin America, only a few countries (especially Venezuela) are less economically free than Argentina. For comparison: Chile, although its position has worsened since the socialist Gabriel Boric came to power in March 2022, is still the 22nd most economically free country in the world and Uruguay is 27th (the United States is 25th).

But as far as the popular opinion is concerned, many Argentines have simply had enough of left-wing Peronism and are turning away from the statism that has dominated their country for decades. In a survey I conducted last year, Argentina was among the group of countries in which people were most supportive of the market economy. From April 12 to 20, 2022, I commissioned the opinion research institute Ipsos MORI to survey a representative sample of 1,000 Argentines on their attitudes toward the market economy and capitalism.

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First, we wanted to find out what Argentines think of the market economy. We presented respondents in Argentina with six statements on the market economy in which the word capitalism was not used. It turned out that statements in favor of a stronger influence of the state elicited support from 19 percent of respondents and statements in favor of more market freedom gained approval from 24 percent. In Argentina, the statement “In a good economic system, I think the state should only own property in certain areas; the lion’s share of property should be privately owned” received the highest level of approval. And the statement “Social justice is more important in an economic system than economic freedom” received the lowest approval.

We conducted the same survey in 34 other countries and found only five countries (Poland, the United States, the Czech Republic, South Korea and Japan) in which approval of the market economy was even stronger than in Argentina; in 29 countries, approval of the market economy was weaker.

In addition, all respondents were presented with 10 terms – positive and negative – and asked to choose which they associated with the word ‘capitalism,’ as well as 18 further questions on capitalism. The level of support for capitalism was not as high as in the first set of questions on the market economy, where the term ‘capitalism’ was not used. But even when the word ‘capitalism’ was mentioned, our survey found only seven out of 35 countries in which the image of capitalism is more positive than in Argentina, in contrast to 27 countries in which people have a more negative opinion of capitalism than in Argentina.

This explains why an avowed fan of capitalism such as Javier Milei, Professor of Austrian Economics, has a chance of winning the elections in the country. Milei entered the election campaign calling for the abolition of Argentina’s central bank and for free competition between currencies, which would probably lead to the US dollar becoming the most popular means of payment. He also called for the privatization of state-owned companies, the elimination of numerous subsidies, a reduction in taxes or the abolition of

90 percent of taxes and radical labor law reforms. In the education sector, Milei has called for funding to be switched to a voucher system, as previously proposed by Milton Friedman.

Incidentally, Argentina is also an example of the important role played by think tanks in paving the way for intellectual changes, which are then followed by political changes. In Argentina, for example, these include *Fundación para la Responsabilidad Intelectual* and *Fundación para la Libertad or Federalismo y Libertad*. I have come across libertarian think tanks in 30 countries, but they are seldom as active as the ones in Argentina. It will be interesting to see whether the seeds they have sown will bear fruit on November 19.

Rainer Zitelmann is a historian and the author of the book *In Defense of Capitalism*.