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Agustin Marcarian, Reuters

Argentina's New Horizon

Analyzing the Post-Runoff Election Landscape

Prepared by

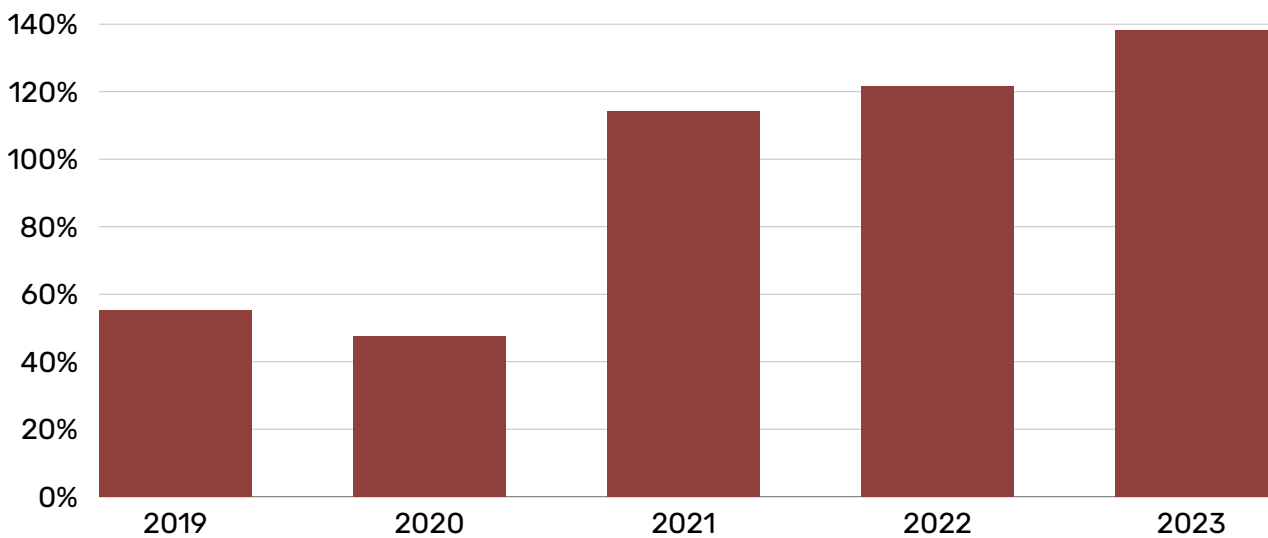
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Executive Summary

Javier Milei's ascent to Argentina's presidency heralds a bold pivot to **libertarian anarcho-capitalism**. His audacious reforms, including scrapping the central bank and ushering in dollarization, aim to quell Argentina's economic tumult and sky-high inflation. Milei's agenda also tackles deep-seated social ills and gender disparities, while reshaping foreign ties, notably warming up to Israel and advocating non-interventionism. This radical overhaul promises economic rejuvenation but also risks stirring social and geopolitical tumult.



Revolutionary Anarcho-Capitalism



Inflation rates for Argentina from 2019 - 2023

Argentina, a developing upper-middle income country with a varied industrial base and abundant resources, ranks as Latin America's third and South America's second-largest economy. However, it grapples with economic volatility, notably a surging inflation rate that has recently escalated to 140%.

Javier Milei's economic strategy for Argentina, outlined pre-election, centers on drastic libertarian and anarcho-capitalist changes. The plan includes several policies.

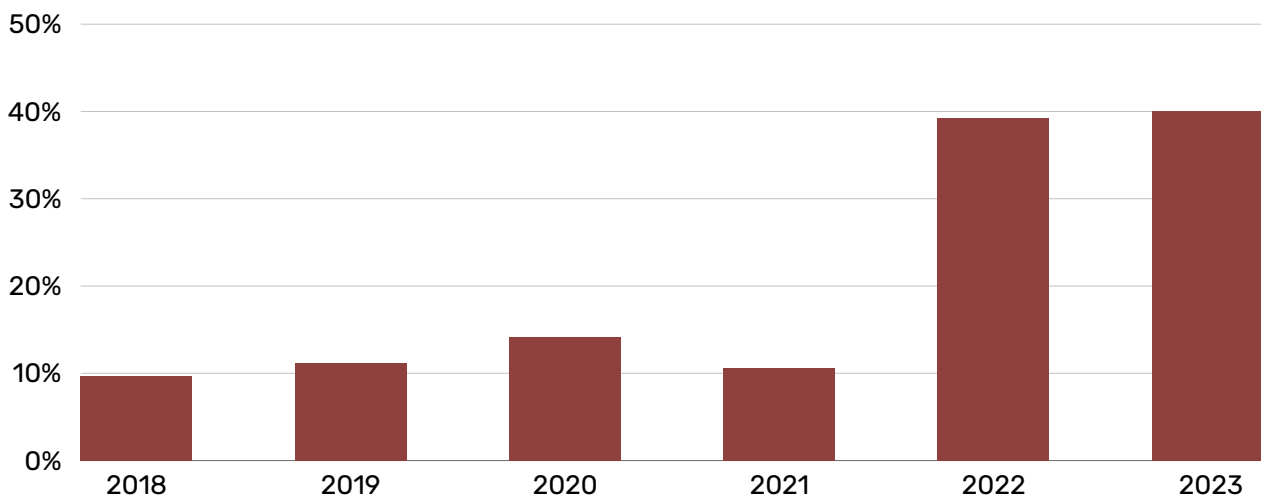
Milei suggests that the process of dollarization and closing the central bank could take between 9 to 24 months, depending on various market conditions and available financial resources. He advocates for a drastic reduction in public spending and state intervention, aiming to decrease the fiscal deficit to zero within the first year of his term.

Additionally, Milei proposes extensive deregulation and liberalization measures, including opening up the economy to foster competition and innovation.

Policy	Likelihood	Impact
Dollarization and Central Bank Elimination	High	Stabilizing (High)
Drastic Reduction in Public Spending	High	Disruptive (High)
Economic Deregulation and Liberalization	High	Dual-edged (Moderate)
Zero Fiscal Deficit Target	Moderate	Challenging (High)
Global Economic Context Dependency	High	Vulnerable (High)



Libertarian Social Reform



Poverty Rates for Argentina from 2018 - 2023

Recent socio- economic assessments reveal a concerning scenario in Argentina, marked by persistent economic inequality and a high poverty rate. The Gini coefficient, a widely used measure of income inequality, stands at 0.42, indicating a significant disparity in income distribution among the population.

Javier's plan to disrupt the ongoing socio-economic crisis encompasses several key changes with varying probabilities and potential impacts. Below, each of Javier's social policies are assessed.

Policy	Likelihood	Impact
Social Welfare System Reformation	Moderate	Moderate
Addressing Gender Gap	Moderate	High
Reducing Economic Inequality	Moderate	High

Geopolitical Realignment

Javier Milei's foreign policy, rooted in libertarian and anarcho-capitalist views, suggests a shift in Argentina's alliances and diplomatic priorities, potentially affecting relations with China, Brazil and Mercosur. He proposes non-violent, diplomatic solutions for the Falklands/Malvinas dispute and favors unilateral trade openings over regional agreements. Milei's approach may lead to new global alliances based on ideological alignment, impacting Argentina's regional dynamics and influence.

Foreign Policy Aspect	Likelihood	Impact
Foreign Policy Stance and Alliances	High	Moderate
Relationship with China and Brazil	High	High
Mercosur Stance	Moderate	High
Falklands/Malvinas Issue	Moderate	Moderate
Global Geopolitical Realignment	High	High



Industry Agenda

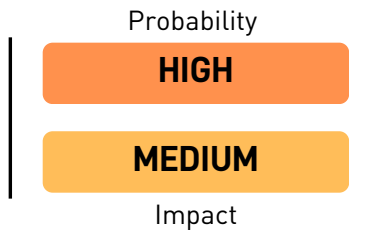
Argentina's economy, with its diverse and well-integrated industrial sector contributing 20.3% to GDP and manufacturing at 15%, will face a transformative period under Javier Milei's policies. Key industrial areas like Córdoba and Buenos Aires focus on sectors ranging from auto parts to food processing. However, the country's manufacturing trade deficit, signals economic challenges.

Policy	Likelihood	Impact
Economic Liberalization and Industrial Sector	High	Moderate
Trade and Foreign Policy Realignments	Moderate	Moderate
Foreign Investment Dynamics	Moderate	High

Milei's plan for economic liberalization is poised to boost industrial productivity and attract foreign investment, albeit with risks of economic disruption. Trade and foreign policy realignments carry moderate potential for opening new markets but may strain relationships with traditional partners. Additionally, a more business-friendly environment is expected.

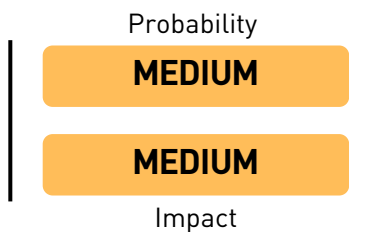
Assessment

Climate Revisionism



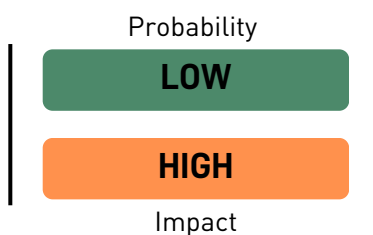
Milei's skepticism towards anthropogenic climate change suggests a high likelihood of policies favoring economic growth over environmental protection. This stance may yield positive short-term economic results but poses long-term environmental risks, including resource depletion and pollution, potentially leading to negative impacts on public health and global environmental positioning.

Legal Domestic Transformation



Milei's plan to halve government ministries aligns with his libertarian views and could enhance governance efficiency and transparency. However, this approach faces medium probability due to potential resistance and complexity in implementation, with impacts varying between improved anti-corruption measures and challenges in legal reforms.

Military Disentanglement



Milei's controversial views on military history carry a medium probability of causing societal discord and could impact the military's public perception and historical accountability. A low probability of increased military involvement in internal security could conflict with democratic norms, while the very low risk of a military coup, though unlikely, would have a high impact on democracy and stability.



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