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WINDS *OF* CHANGE

Advancing Liberty in Argentina and the Americas

More than 700 advocates of liberty from across Latin America and the United States gathered in Buenos Aires September 1–2 for Winds of Change/Vientos de Cambio, a two-day conference focused on the free market ideas that are reshaping the region's future. Co-hosted by Reason Foundation, Libertad y Progreso, and Archbridge Institute, the conference provided a forum for sharing ideas, examining reforms, and building the relationships that are advancing economic change and individual freedom across the Americas. Speakers included Argentina's President Javier Milei, Minister of Deregulation Federico Sturzenegger, Minister of Economy Luis Caputo, and Deputy Minister of Economy José Luis Daza. All conference presentations are online at latamsummit.org.

Javier Milei, President of Argentina

Javier Milei was elected Argentina's 14th president in December 2023 after a career as an economist, author, and outspoken media critic of the country's political establishment. As the world's first elected libertarian head of state, he has implemented sweeping economic reforms to reduce government spending, curb inflation, and expand economic freedom. His beloved English mastiffs are named in honor of his favorite economists Murray Rothbard, Milton Friedman, and Robert Lucas, Jr.

We are going to face an election year in which all the campaign promises have been fulfilled. All the campaign promises from the midterm elections were kept, and we are going to end up with less inflation, more growth, more jobs, better wages, less poverty, and fewer people living in extreme poverty.

And then Argentini-ans will be able to compare the failed model, with its veneer of sentimentality and emotionalism, with someone who speaks as best they can, sometimes swallows their "s" sounds, occasionally uses unorthodox language, but who achieves a great

many results.

I trust Argentini-ans and I believe we are going to win, we are going to be able to confirm the change, we are going to embark on this path that will make Argentina a developed country in 20 years, one of the world's leading powers in 30 years, and the largest country in the world in 40 years.

That's why, as I always say, God bless the Argentini-ans, may the forces of heaven be with us, and long live freedom, damn it, long live freedom, damn it, long live freedom, damn it! Thank you all very much."

Javier Milei, President of Argentina

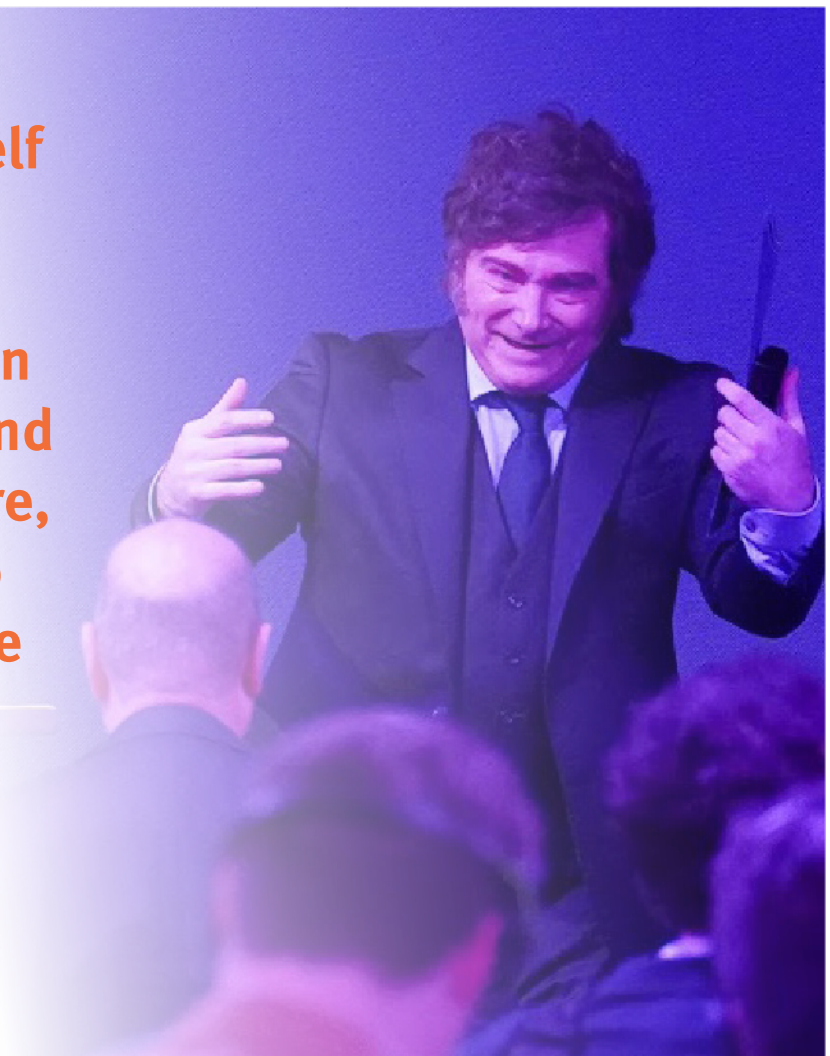
If I had to sum it up in one sentence, “you can’t beat populism by being populist.” That is, there’s no substitute for good policies, no substitute for doing things morally right, no substitute for implementing fair policies. And what we have to do is stay the course and let the Argentinians choose. What could be better than for Argentinians to have, for the first time, a real menu of options where ideas and results can be showcased? Because if there’s one thing this government has demonstrated, it’s that we’ve delivered on every single promise we’ve made. We went into the midterm elections having fulfilled all our campaign promises, and not only that, we fielded our party for the first time in 24 districts and won in 16 of them, beating the damned Kirchnerists by 17 points.

Therefore, good policies are not negotiable, and it will be up to Argentinians whether they want to return to the past, whether they want to embrace failure again, or whether they want to continue with this transformation

that will make Argentina great again.

Having said that, there’s a very important issue that has to do with results. One of the most demanding things is convincing society to be free. It seems unbelievable, but it’s the hardest part of any idea, embracing the ideas of freedom. In fact, one of the greatest feats in the history of humanity regarding freedom is narrated in the second book of the Torah, or the second book of the Pentateuch, the Book of Chemot, or Exodus, which tells the whole story of the exodus, the entire departure of the Hebrew people from Egypt. And the reality is that, of course, when you imagine it, you think, well, everyone left. And that’s a whole other issue, because it wasn’t like that: only one in five left. This is important: there were people who preferred to remain in slavery, while they secured their homes and food. And only one in five decided to leave; and furthermore, even after they had crossed the Red Sea and were walking toward the promised land, they were still complaining about how hard the journey was.”

“When I presented myself in debates, I introduced myself as a libertarian economist specializing in economic growth with and without money. Therefore, I said that I knew how to lower inflation, which we are doing, which we are achieving, and also that I knew how to grow an economy.”

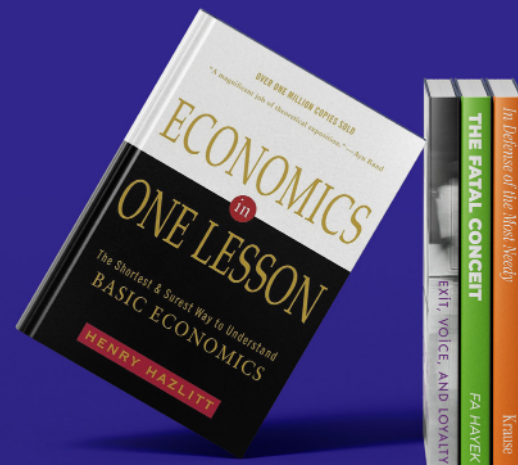




“If you’ve been waging the cultural battle for a while, one of the biggest challenges you face as a policymaker is that you then have to take those ideas to the elections and you have to achieve results.”

Books cited by President Javier Milei during his speech:

- *Economics in One Lesson* by Henry Hazlitt
- *Exit, Voice, and Loyalty* by Albert O. Hirschman
- *The Fatal Conceit* by Friedrich von Hayek
- *In Defense of the Most Needy* by Martin Krause



I spoke with our legislators, and one of the things we did was give each of them a copy of Henry Hazlitt’s *Economics in One Lesson*. And this is interesting because what does it say? What is the difference between a good economist and a bad economist? A bad economist looks at only one market and one period, while a good economist does general equilibrium; they don’t just look at one market, but at all markets, and not just in one period, but across time. That is, across several periods. In other words, they look at the effects both laterally and forward.

So, when I tell you, well, there’s going to be technological progress, there’s going to be a

technological shock. And you put that inside the general equilibrium model, well, look, the day Edison invented the light bulb, well, candle makers had to go bankrupt. And we’re quite happy with light bulbs, so to speak. So, it’s obvious there’s going to be a reallocation of resources. In fact, what was Schumpeter talking about? Creative destruction. The day you generate technological progress where you create a better quality product at a better price, someone is going to go bankrupt. And then what do you want, to prohibit technological progress? We’re going to be in trouble if we do that. But, well, we have an abundant Luddite crowd here.”

“Who among you, in your wildest dreams, would have imagined that in two and a half years of government we would have carried out 17,000 deregulations.”



When we took office, we had a fiscal deficit in the treasury of five percent of GDP. We campaigned with a chainsaw, and I said we were going to reach a zero deficit. Not a fake zero deficit in the primary sector; a zero deficit in the financial sector. And they said it was impossible, that we wouldn't achieve it, that we'd be lucky to get it down to a negative one percent of GDP by the end of our term. Well, since they defined it as impossible, what did we do? We said: we're going to make it possible. We planned to do it in a year. Thanks to that giant that is our Minister of Economy, Luis "Toto" Caputo, we achieved it in the first month of our administration.

Not only that, we wiped out the quasi-fiscal deficit of 10% of GDP in 6 months, and we did it without expropriation. We didn't implement a Bonex Plan, we didn't impose a corralito, a corralón, or an Alcatraz. We didn't pressure anyone to renegotiate the debt; we did everything through the market, respecting property rights. Therefore, when others come and talk about comparative speeds, it's quite unfair. Because if you expropriated, if you had corralitos, corralóns, you trapped the entire system... well, look, we did it respecting property rights. That's no small difference. We did it without the hyperinflation that would have eroded the value beforehand, that would have done all the dirty

work. And we did it that way because, in that way, we prevented poverty from reaching 90%. So, we were the truly empathetic ones.

And clearly, this has consequences. Because the flip side of having achieved fiscal balance—I don't know if you remember, but some said that the surplus was a lie, and those who didn't say it was a lie said we had under-executed budget items, or that we were accumulating debt, or that they acknowledged the achievement but said it wasn't sustainable. Well, we're going into the third year and we still have fiscal balance, and we're going to continue having fiscal balance. And as long as I'm President of the Nation, there will continue to be fiscal balance.

And that has consequences. Because it means the debt-to-GDP ratio is not growing. And when we look at the net public sector deficit, when we took office it was around 100%, and today it's below 40%. The country risk, which was around 3,000 basis points, is at 500 basis points. But if you consider the risk of this administration, the country risk is 80 basis points. So, with those levels of country risk, if we manage to win reelection and leave the opposition behind, we're going to start growing at rates of 7 and 8% per year, and in 30 years we're going to become one of the world's great powers."

Luis Caputo, Minister of Economy, Argentina

Luis Andrés “Toto” Caputo has served as Argentina’s Minister of Economy since 2023. He was secretary of finance from 2015 to 2016, playing a leading role in negotiating agreements with holdout creditors that helped Argentina exit sovereign default. Before entering government, Caputo held senior trading roles at JPMorgan and Deutsche Bank, specializing in Latin American and Eastern European markets.

Even things that sometimes go unnoticed, such as falling into hyperinflation, are also almost a political decision. When we fell into hyperinflation in 1989, the Alfonsín government had a consolidated deficit of 10 points: 7.5 points in the Treasury and 2.5 points at the Central Bank.

We fell into hyperinflation. I started working around that time, in 1989. After that hyperinflation came the Bonex Plan. For those who are younger and don’t know what the Bonex Plan consisted of, one day you woke up and, if you had a deposit of, say, one million pesos—let’s call them pesos today—you discovered that you had 250,000. You had been given a 10-year bond, and 75 percent of your savings had been taken away in a single day.

That did not happen because depositors got together and told the government, “You know what? We think the situation is difficult, so take 75 percent of our savings.” No. It was a political decision to move against private property.

If you had sectors where you clearly had an

enormous comparative advantage (which were also generators of foreign currency) and you had penalized them in order to protect others that were perhaps less efficient, then of course they will grow at different speeds.

In Argentina, it is like having Messi, Di María, and Enzo Fernández and putting them on the bench. So you are missing a huge opportunity, and then you complain that you don’t have good soccer even though you have the players sitting on the bench.

Now, when you put them on the field, people say, “Well, but these guys play at a different speed.”

Yes, of course. They are Messi, Di María, and Enzo Fernández!

The advantage is that now you have more soccer.

Well, it is the same thing with the economy.

There is nothing wrong with saying that some sectors are growing at different speeds. What is wrong is presenting that as something negative.

The fact that {some} sectors are growing the way they are is positive for the rest of the industries.”



“It is fundamental. Respect for private property, the sanctity of contracts, and institutions is what will consolidate this process.”

José Luis Daza, Deputy Minister of Economy, Argentina

José Luis Daza is Argentina's Deputy Minister of Economy. He founded Capital Management, an emerging-markets quantitative macro hedge fund, and led emerging markets research at JPMorgan and Deutsche Bank. He was also an advisor at the Inter-American Development Bank and representative of the Central Bank of Chile in Asia.

I have to thank Toto, President Milei, the entire economic team, and really Argentina for giving me an opportunity to participate in what is an epic undertaking, possibly the most important transformation taking place in the world today.

It is a transformation that is becoming an example worldwide. The whole planet is watching us. We have just arrived from the G20. The admiration for Argentina is absolutely broad-based and universal. The week before, I was in Tokyo. The admiration for and awareness of Argentina in Tokyo are unprecedented, and the truth is that this is happening practically everywhere we go.

There is no relationship between the level of interest, admiration, and awareness surrounding Argentina and Argentina's size in the world economy or its share of world trade. I believe it has to do with principles, with ideas, with ideas of freedom.

For me, the most important change under President Milei—or the most important changes, beyond the implementation of the entire macroeconomic program—are the principles President Milei declared. Principle number one: restoring the rule of law in Argentina. Restoring the rule of law in all its manifestations, including its physical manifestation: the streets, no more roadblocks, and the idea that nobody has the right to interrupt the normal functioning of Argentines' lives.

And from the first day there was respect for the sanctity of contracts. I have said this many times. For me, the most important change took place on day one, when the economic team—I wasn't there, so this is not to my credit; they were there, the people sitting in this row—encountered what was truly a macroeconomic hell and decided to confront that hell against the advice of practically every economist.

“Argentina occupies a special place in the G20 because right now Argentina is the only G20 country with an external surplus, a fiscal surplus, and growth above the G20 average.”





“Milton Friedman said that government has three principal functions. The first is to provide for national defense, to enforce contracts between individuals, and to protect citizens from crimes against them and their property. That is what the state has to do.”

Federico Sturzenegger, Minister of Deregulation, Argentina

Federico Sturzenegger is Argentina's Minister of Deregulation and State Transformation. He was president of the country's Central Bank from 2015 to 2018 and served as a national congressman. Sturzenegger has taught at UCLA, Harvard, and Torcuato di Tella University, published nearly 50 peer-reviewed articles, and authored eight books. He was also chief economist of YPF and president of Banco Ciudad de Buenos Aires.

Two years ago, I put forward the hypothesis that Argentina was trapped in its own Bermuda Triangle. We had essentially built our own Bermuda Triangle, a labyrinth of economic regulations that prevented economic growth, together with a completely oversized state that, in the name of progressivism, had left 70 percent of Argentine children living in poverty.

We argued that Argentina needed to break out of that system and change course. Well, two years have now passed. So it is truly gratifying to be able to come back after two years and tell you what happened and why, today, these winds of change, this possibility of change for Argentina, are blowing much more strongly.

Let's take stock. Today we arrive here with 17,000 deregulations under our belt.

Remember that each deregulation means that there was something in a legal instrument that required the private sector to do something, and that requirement was removed.

We arrive here today having seen the economy grow 6.7 percent during the first year of Javier Milei's administration, 3.5 percent in the second year, and, as Agustín mentioned, expectations now indicate that the economy will grow nearly 3 percent this year, around 2.7

percent, and 3 percent next year.

In other words, Javier Milei will have presided over economic growth in all four years of his administration.

A fiscal surplus was achieved in the first month and has been maintained throughout the entire administration. Look, a fiscal surplus is a little like losing weight. Getting into shape is one thing, and maintaining that weight is another. This is a government that not only acted quickly to get the state's finances into shape, but has persisted systematically in that effort, without letting up for a single minute.

That is why we are now entering our third year of fiscal surplus, with one particularly striking characteristic: for the first time in its history, Argentina is experiencing a growth process led by exports.

If I look at GDP figures and compare the beginning of 2023 with the beginning of 2026, exports grew six times faster than output. This is absolutely unprecedented in Argentina and gives this growth process tremendous sustainability.

The fiscal surplus was achieved not by raising taxes, but quite the opposite, by lowering taxes and reducing spending.



“The good thing is that this time it’s not like that Simpsons episode where you have two candidates, and when you take off their masks, it’s the same person; I mean, it was the party of the state against the party of the state, only one was polite and the other was uncouth.”

— Javier Milei, President of Argentina