



# American Rhetoric

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## Javier Milei



### ***Address at the 54th Annual Meeting of the World Economic Forum***

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Special address by Javier Milei, President of A...



**[Translated from the official Spanish language text  
appearing on the President's government website. See  
transcription note at page bottom for clarification.]**

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Good afternoon. Thank you very much

Today I am here to tell you that the West is in danger; it is in danger because those who are supposed to defend the values of the West find themselves co-opted by a vision of the world that -- inexorably -- leads to socialism, and consequently to poverty.

Unfortunately, in recent decades, motivated by some *bien-pensant* desires to help others, and others by the desire to belong to a privileged caste, the main leaders of the Western world have abandoned the model of freedom for different versions of what we call *collectivism*.

We are here to tell you that collectivist experiments are never the solution to the problems afflicting the citizens of the world, but rather -- on the contrary -- are their cause. Believe me, there is no one better than we Argentines to testify to these two issues. When we adopted the model of freedom -- back in 1860 -- in 35 years we became the world's leading power, while when we embraced collectivism, over the last 100 years, we saw how our citizens began to systematically impoverish themselves, until they fell to 140th in the world.

But before we can have this discussion, it will be important, first, to look at the data that supports why

not only is free enterprise capitalism not only a possible system to end world poverty, but the only system -- morally desirable -- to do so.

If we consider the history of economic progress we can see how, approximately, from the year zero to the year 1800, the world's GDP per capita, practically, remained constant throughout the entire reference period. If one looks at a graph of the evolution of economic growth throughout the history of humanity, one would be looking at a graph in the shape of a field hockey stick, an exponential function, which remained constant for 90 percent of the time, and then shoots up exponentially from the 19th century onwards. The only exception to this history of stagnation occurred at the end of the 15th century, with the discovery of America. But apart from this exception, throughout the entire period, between the year zero and the year 1800, GDP per capita, at the global level, remained stagnant.

Now, not only did capitalism generate an explosion of wealth from the moment it was adopted as an economic system, but if one analyzes the data one can see that growth has been accelerating throughout the entire period. During the whole period -- between the year zero and 1800 -- the growth rate of GDP per capita remained stable at

around 0.02 percent per year. That is to say, practically no growth. From the 19th century, with the Industrial Revolution onwards, the growth rate rises to 0.66 percent. At that rate, in order to double the GDP per capita, it would take 107 years of growth.

Now, if we look at the period between 1900 and 1950, the growth rate accelerates to 1.66 percent per year. We no longer need 107 years to double GDP per capita, but 66. And if we take the period between 1950 and the year 2000, we see that the growth rate was 2.1 percent per year, which would mean that we could double the world's GDP per capita in only 33 years. This trend, far from stopping, is still alive today. If we take the period between 2000 and 2023, the growth rate again accelerated to 3 percent per year, which implies that we could double our [world] GDP per capita in the world in only 23 years.

Now, when we study GDP per capita from the year 1800 to the present day, what we observe is that, after the Industrial Revolution, the world's GDP per capita multiplied by more than 15 times, generating an explosion of wealth that lifted 90 percent of the world's population out of poverty.

We must never forget that -- by the year 1800 --

about 95 percent of the world's population lived in abject poverty, while that number dropped to 5 percent by the year 2020, prior to the pandemic.

The conclusion is obvious: Far from being the cause of our problems, free enterprise capitalism as an economic system is the only tool we have to end hunger, poverty, and destitution across the planet. The empirical evidence is unquestionable.

That is why, since there is no doubt that free market capitalism is superior -- in productive terms -- the leftist doxa has attacked capitalism for its morality issues, for being -- according to them -- say its detractors, that it is unjust. They say that capitalism is bad because it is individualistic and that collectivism is good because it is altruistic, with others. Consequently, they strive for *social justice*. But this concept, which -- from the First World -- has become fashionable in recent times, has been a constant in my country's political discourse for more than 80 years.

The problem is that social justice is not just. It does not contribute to the general welfare. On the contrary, it is an intrinsically unjust idea because it is violent; it is unjust because the State is financed through taxes and taxes are collected in a coercive

manner. Can any of us say that we pay taxes voluntarily? This means that the State is financed through coercion, and the greater the tax burden, the greater the coercion, the lesser the freedom.

Those who promote social justice start from the idea that the whole economy is a cake that can be distributed in a different way, but that cake is not given; it is wealth that is generated, in what -- for example -- Israel Kirzner calls a process of market discovery. If the good or service offered by a company is not desired, that company goes bankrupt unless it adapts to what the market is demanding. If it generates a good quality product at a good, attractive price, it will do well and produce more.

So the market is a process of discovery, in which the capitalist finds the right course as he goes along.

But if the State punishes the capitalist for succeeding and blocks him in this process of discovery it destroys his incentives and the consequences of this is that he will produce less and the cake will be smaller, generating harm for society as a whole.

Collectivism -- by inhibiting these processes of discovery and hindering the appropriation of what has been discovered -- ties the entrepreneur's

hands and makes it impossible for him to produce better goods and offer better services at a better price. How can it be, then, that academia, international organizations, politics and economic theory demonize an economic system that has not only lifted 90 percent of the world's population out of the most extreme poverty, and is doing so at an ever increasing rate, but that is also fair and morally superior.

Thanks to free enterprise capitalism, today, the world is at its best. There has never been, in all of human history, a time of greater prosperity than the one we live in today. The world today is freer, richer, more peaceful and more prosperous than at any other time in our history. This is true for everyone, but in particular for those countries that are free, where they respect economic freedom and the property rights of individuals. For those countries that are free are 12 times richer than the repressed ones. The lowest decile of the distribution of free countries lives better than 90 percent of the population of repressed countries, has 25 times less poor people in the standard format,<sup>1</sup> and 50 times less in the extreme format. And if that were not enough, citizens of the free countries live 25

percent longer than the citizens of repressed countries.

Now, in order to understand what we are defending, it is important to define what we are talking about when we speak of *libertarianism*. To define it, I take up the words of the greatest hero of the ideas of freedom in Argentina, Professor Alberto Benegas Lynch, Jr., who says:

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*[Classical] Libertarianism is the unrestricted respect for the life project of others, based on the principle of non-aggression, in defense of the right to life, freedom and property, whose fundamental institutions are private property, markets free from state intervention, free competition, division of labor and social cooperation, in which it is only possible to be successful by serving one's neighbors with goods of better quality or a better price.*

In other words, the capitalist is a social benefactor who, far from appropriating the wealth of others, contributes to the general welfare. In short, a successful entrepreneur is a hero. This is the model we are proposing for the Argentina of the future, a



model based on the fundamental principles of libertarianism: the defense of life, liberty and property.

Now, if free enterprise capitalism and economic freedom have been extraordinary tools to end poverty in the world; and we are today at the best moment in the history of humanity, why do I say then that the West is in danger?

I say that the West is in danger precisely because in those countries where we should defend the values of the free market, private property, and the other institutions of libertarianism, sectors of the political and economic establishment, some [due to] errors in their theoretical framework and others for ambition of power, are undermining the foundations of libertarianism, opening the doors to socialism and potentially condemning us to poverty, misery, and stagnation.

Because it must never be forgotten that socialism is always and everywhere an impoverishing phenomenon that [has] failed in all the countries where it was tried. It was an economic failure. It was a social failure. It was a cultural failure. And it also murdered more than 100 million human beings.

The essential problem of the West today is that we must not only confront those who, even after the fall of the [Berlin] Wall and the overwhelming empirical evidence, continue to strive for impoverishing socialism, but also our own leaders, thinkers and academics who, under a mistaken theoretical framework, undermine the foundations of the system that has given us the greatest expansion of wealth and prosperity in our history.

The theoretical framework I am referring to is that of neoclassical economic theory, which designs a [set of instruments] that, unwittingly, ends up being functional to state meddling, socialism, and the degradation of society. The problem of the neoclassicals is that since the model they fell in love with does not map against reality, so they attribute the error to alleged market failures instead of revising the premises of their model.

Under the pretext of an alleged market failure, regulations are introduced that only generate distortions in the price system, which impede economic calculation, and consequently savings, investment, and growth.

This problem essentially lies in the fact that even supposedly libertarian economists do not understand what the market is, for if it were

understood it would quickly become clear that it is impossible for there to be such a thing as market failure.

The market is not a supply and demand curve on a graph. The market is a mechanism of social cooperation where there is voluntary exchange [of rights of ownership]. Therefore, given that definition, market failure is an oxymoron. There is no market failure.

If transactions are voluntary, the only context in which there can be market failure is if there is coercion. And the only one with the capacity to coerce in a generalized manner is the State, which has a monopoly on violence. Consequently, if someone considers that there is a market failure, I would recommend them to check whether there is State intervention in the middle. And if they find that there is no State intervention in the middle, I suggest they do the analysis again because it is definitely wrong. Market failures do not exist.

An example of the supposed market failures described by the neoclassicals is the concentrated structures of the economy. However, without functions that exhibit increasing returns to scale, the counterpart of which are the concentrated

structures of the economy, we could not explain economic growth from 1800 until today. Look, how interesting [it is that] from 1800 onwards, with the population multiplying more than 8 or 9 times, the per capita product [GDP] grew more than 15 times. There are increasing returns, that brought extreme poverty from 95% to 5%.

However, the presence of increasing returns implies concentrated structures -- what we would call a monopoly. How can it be that something that has generated so much welfare for neoclassical theorists is a market failure? Neoclassical economists [think outside] of the box. When the model fails, you don't have to get angry with reality. You have to get angry with the model and change it.

The dilemma facing the neo-classical model is that they claim to want to perfect the functioning of the market by attacking what they consider to be failures, but in doing so they not only open the doors to socialism but also threaten economic growth.

For example, regulating monopolies, destroying profits, and destroying increasing returns would automatically destroy economic growth.

In other words, every time you want to correct a supposed market failure, inexorably, because you do

not know what the market is or because you have fallen in love with a failed model, you are opening the doors to socialism and condemning people to poverty.

However, in the face of the theoretical demonstration that State intervention is harmful, and the empirical evidence that it failed -- because it could not be otherwise -- the solution that collectivists will propose is not more freedom but more regulation, generating a downward spiral of regulations until we are all poorer, and the lives of all of us depend on a bureaucrat sitting in a fancy office.

Given the resounding failure of collectivist models and the undeniable advances of the free world, socialists were forced to change their agenda. They left behind the class struggle based on the economic system to replace it with other supposed social conflicts equally harmful to community life and economic growth.

The first of these new battles was the ridiculous and unnatural fight between men and women.

Libertarianism already established equality between the sexes. The foundation stone of our creed states that "all men are created equal,"<sup>2</sup> that we all have

the same inalienable rights granted by the Creator, among which are life, liberty and property [ownership].

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The only thing that this agenda of radical feminism has resulted in is greater state intervention to hinder the economic process, giving jobs to bureaucrats who contribute nothing to society, whether in the form of women's ministries or international organizations dedicated to promoting this agenda.

Another of the conflicts that socialists raise is that of man versus nature. They argue that human beings damage the planet and that it must be protected at all costs, even going so far as to advocate population control mechanisms or the bloody agenda of abortion.

Unfortunately, these harmful ideas have strongly permeated our society. Neo-Marxists have managed to co-opt the common sense of the West. They achieved this thanks to the appropriation of the media, of culture, of universities, and yes, also of international organizations. \*The latter is perhaps the most serious case because these are institutions that have enormous influence on the

political and economic decisions of the countries that make up these bilateral organizations.\*3

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Fortunately, there are more and more of us who dare to raise our voices. Because we see that, if we do not fight these ideas head on, the only possible destiny is that we will have more and more State, more regulation, more socialism, more poverty, less freedom, and, consequently, a worse standard of living.

The West, unfortunately, has already started down this road. I know it may sound ridiculous to many to say that the West has turned to socialism. But it is only ridiculous to the extent that one restricts oneself to the traditional economic definition of socialism, which states that it is an economic system where the state is the owner of the means of production.

This definition should in my view be updated to present circumstances. Today states do not need to directly control the means of production to control every aspect of the lives of individuals. With tools such as printing money, indebtedness, subsidies, interest rate control, price controls and regulations to correct supposed "market failures," they can control the destinies of millions of human beings.

This is how we arrive at the point where, under different names or forms, a good part of the political offers generally accepted in most Western countries are collectivist variants. Whether they declare themselves openly communist, or socialist, social democrat, Christian democrat, neo-Keynesian, progressive, populist, nationalist or globalist. In substance there are no real differences. They all hold that the State should direct all aspects of the lives of individuals. They all defend a model contrary to the one that led humanity to the most spectacular progress in its history.

We come here today to invite the other countries of the West to return to the path of prosperity. Economic freedom, limited government, and unrestricted respect for private property are essential elements for economic growth. This phenomenon of impoverishment produced by collectivism is not a fantasy. Nor is it fatalism. It is a reality that we Argentines know very well. We have already lived it. We have already gone through it. Because as I said before, since we decided to abandon the model of freedom that had made us rich, we are [and have been] trapped in a downward spiral where we are poorer and poorer every day.



We have already lived it. And we are here to warn you about what may happen if the countries of the West, which became rich with the model of freedom, continue on this path of servitude. The Argentine case is the empirical demonstration that no matter how rich you are, no matter how many natural resources you have, no matter how skilled the population is, no matter how educated it is, no matter how many gold bars there are in the central bank's coffers. If you adopt measures that hinder the free functioning of markets, free competition, free price systems; if you hinder trade, if you attack private property, the only possible destiny is poverty.

Finally, I would like to leave a message to all the businessmen present here and to those who are watching us from all corners of the planet.

Do not let yourselves be intimidated by the political caste or by the parasites that live off the State. Do not surrender to a political class that only wants to perpetuate itself in power and maintain its privileges.

You are social benefactors.

You are heroes.

You are the creators of the most extraordinary period of prosperity we have ever experienced.

Let no one tell you that your ambition is immoral. If you make money, it is because you offer a better product at a better price, thus contributing to the general welfare.

Do not give in to the advance of the State.

The State is not the solution.

The State is the problem itself.

You are the true protagonists of this story. And know that from today, you have an unwavering ally in the Argentine Republic.

Thank you very much and *Viva la libertad carajo*.

[Long live freedom, dammit.]

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<sup>1</sup> or type of socioeconomic organization

<sup>2</sup> The as delivered Spanish language phrase used here is "todos los hombres somos creados iguales." To maintain logical consistency (and clarity) Milei must take "men" as meaning something on the order of "mankind," or humankind.

<sup>3</sup> The text in red asterisks represents the words as delivered in Spanish at this moment in this speech. However, these words do not appear in Spanish language document found online at the President's government website. Here is the as delivered Spanish: "Este último caso es el más grave tal vez

porque se trata de instituciones que tienen enorme influencia en las decisiones políticas y económicas de los países que integran esos organismos bilaterales."

Original Spanish Language Text Source: [casarosada.gob.ar](http://casarosada.gob.ar)

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English Transcript Note: Translated via [DeepL](#) from the Spanish language hypertext document appearing on the President of Argentina's Official Online Government website. Checked against English interpretation delivered the video above for completeness and comparative meaning integrity. Supplemental transcription work by Michael E. Eidenmuller.

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