Wednesday, Feb. 28, 2024 / “Make Argentina Great Again!”

[HALF SECOND OF SILENCE]

[BILLBOARD]

SCORING IN—VOLATIL C (APM)

NOEL: Last November, *Today, Explained* did an episode about Argentina’s runoff election. On one side, you had a colorless economic minister:

*<CLIP> ANNA LANKES ON TODAY EXPLAINED: I mean Sergio Massa has as much charisma as a wooden plank…*

NOEL: On the other side a chainsaw wielding, mutton-chopped, anarcho-capitalist who cloned his dead dog five times. And guess which guy won?

*<CLIP> CHAINSAW SFX*

SEAN: Javier Milei won! And this past weekend, Noel, he paid us a visit in Washington DC, at CPAC. Onstage he was talking about his economic agenda, BACKSTAGE he was awkwardly hugging Donald Trump. They kept repeating this refrain that they’re gonna ‘Make …

*<CLIP> TRUMP AND MILEI: … Argentina Great Again!*  
SEAN: Back home he’s inflicting economic pain on Argentines. And the majority of them are okay with it!

NOEL: At least that’s what we heard, so Sean, I put you on a plane, and sent you to investigate.

SEAN: I went all the way to Argentina to find out what their crazy inflation can teach us about ours. And I’m gonna tell you all about it on *Today, Explained*.

SCORING OUT

[THEME]

NOEL: It’s *Today Explained*, I’m Noel King, with our man in Argentina, Sean Rameswaram, you leapt head first into the economic crisis in Argentina—where?

SEAN: Yeah, I started in Florida…

AMBI IN—FLORIDA STREET

SEAN: Florida Street, Buenos Aires. It’s the sorta center of currency exchange in the city. All you hear up and down this street is:

*<CLIP> CURRENCY EXCHANGE EMPLOYEE: Cambio, casa de cambio. Cambio*

SEAN: It means change. Everyone is offering change. All these people yelling ‘Cambio’. They call themselves “arbolitos” which means little tree.   
  
NOEL: Oh.  
  
SEAN: And I asked one ‘arbolito’ why?

*SEAN ON TAPE: Porque se llama “arbolito”?   
EDGAR: Porque estamos parado todo el dia trabajando.*

SEAN: Edgar the arbolito said he’s called a little tree because he’s stuck all day working in one spot. *Until* someone wants to do some currency exchange. That’s when he’ll take you to a closeby cueva, which means cave, but in this case the cueva looks more like a janky Western Union.   
  
NOEL: And people exchanging what for what?

SEAN: They're exchanging Argentine pesos for US dollars. This is probably the biggest black market for U.S. dollars in the country. Maybe in the hemisphere? It's illegal because they're changing currency for a different rate than the official government rate, but literally no one cares. There's cops everywhere just watching this happen. Everybody's doing it. The second Argentines in Buenos Aires get paid, they figure out their budgets, how much they need for groceries, how much they need for the nanny, what have you. And then they try and convert the rest into a stable currency so they can save, aka U.S. dollars.It's estimated that Argentines have something like 250 billion U.S. dollars in cash under their mattresses stowed away. And people are especially in need of arbolitos right now because inflation is out of control and prices for everything are jumping just about weekly.

WOMAN: Cambio, casa de cambio. Cambio!

AMBI FADES OUT SLOWLY UNTIL SCORING

NOEL: Give us an example of that.

SEAN: Yeah, let me tell you. Actually, from my own personal experience, I was in Argentina reporting this story. Everywhere I go, there's no spice.

SCORING IN—HIPTANGO B (APM)

SEAN: There's no hot sauce on the table. It was very painful for me. But, but one day I’m walking by this small scale, Whole Foods-type, little natural grocery store, and they have all the things I’ve been missing in Argentina.  
  
NOEL: <laughs>  
  
SEAN: They’ve got my hot sauce. They’ve got my oat milk. They’ve got my spicy water. But what they don’t have is any prices listed anywhere! Not a price in sight.

NOEL: Sorry. Are they just winging it? Are they just winging the prices?

SEAN: They're not. No. They know what everything costs, but none of the customers do. So if you want to know, you just have to ask. But I didn’t because I wasn’t trying to be, like, the annoying foreign guy in the store where no one else was asking so I picked up like six items, took them to the counter, and my total was 42,000 pesos, which is, like, over 40 bucks! And then I really wished I had been the annoying foreign guy asking what each and every item had cost.

NOEL: <laughs>

SCORING OUT

SEAN: Several days later, I decided I had to go back to Natural Soho, this grocery store in this neighborhood called Palermo, to ask Marcelo Gomez, who runs it …

*SEAN ON TAPE: ¿Los precios han bajado en seis años?*

SEAN: … He said his store had been operating for six years, so I asked him if the prices had ever gone *down* in that period.

MARCELLO: J*amás, Eh. Desde que nací, nunca bajaron los precios.   
(Never. Since I was born, prices have never gone down.)*

SEAN: But prices had been *displayed* at Soho Natural until recently – until Milei entered office.

MARCELLO: Es un poco incómodo para el cliente tener que preguntarnos no les gusta? A nosotros no nos molesta, pero vemos que no les gusta y no tenemos otra alternativa. (I*t is a little uncomfortable for the client to have to ask us. They don’t like it. It doesn't bother us, but we see that they don’t like doing it—there’s no alternative.)*

AMBI OUT

NOEL: All right. So you have a situation in which Argentina has terrible inflation. Javier Milei trots into office saying he's going to make the economy better. And what you're telling me is instead, terrible inflation got even worse. What did Milei do?

SEAN: Well, yeah. So inflation is bad before Milei enters office. You could say that's probably how he entered office in the first place.   
  
NOEL: Mm.  
  
SEAN: People wanted change, but he actually promised that things would get worse before they got better.

NOEL: Ahhhh-huh.

SCORING IN—DIVERSO A (APM)

SEAN: This is something he's calling shock therapy.

*<CLIP> DW NEWS: MILEI SPEAKING WITH TRANSLATOR: The bottom line is, there is no alternative to therapy and no alternative to shock treatment.*

SEAN: Feel the pain now so we can reap the gains later. So Milei gets into office and he immediately cuts government spending. Lays off thousands of government employees. Cuts transit subsidies. And, probably most important of all, he devalues the Argentine peso. He cuts the value of the country’s currency in half to bring the government rate closer to what people are getting from that black market on Florida Street.

*<CLIP> LUIS CAPUTO, ARGENTINE FINANCIAL MINISTER: We have inherited what we call a repressed inflation that is already unfurled. And that, as I explained earlier, is a consequence of the lag of the ultra expansionary monetary policy of the last four years. And of price controls that never work in the long run.*

SEAN: Which meant everything immediately got way more expensive for everyone, inflation shot up to 250%, and more than half the country now is living under the poverty line.

*<CLIP> LUIS CAPUTO, ARGENTINE FINANCIAL MINISTER: For A few months. We will be worse off than before, particularly in terms of inflation.*

SCORING OUT

NOEL: All right. So he made a promise. People elected him. He made good on the promise. It's going to get bad. And what's been the response? Are Argentines furious?

SEAN: Hell yeah they are!

NOEL: Huh.

SEAN: In fact labor groups, and a ton of state employees, and students who feel like their jobs or benefits or status were under attack, banded together to stage a historic general strike on January 24th.  
  
 AMBI IN—STRIKE

NOEL: What was it like? What did you hear?  
  
SEAN: I was most impressed firstly by the fact that it felt like a political protest, yes, but it felt like it was mixed with Mardi Gras or something.  
  
NOEL: Hmmm.  
  
SEAN: There was chanting, there was music. People were like moshing, there was pyro, people were drinking, people were smoking. There were posters of Che, there were posters of Evita, and there was a retiree named Eduardo Maramú walking around chanting something very specific.

EDUARDO: *Necssito sombra! Necssito sombra!*

SEAN: <laughs> Which means ‘I need shade, I need shade.’   
  
NOEL: Huh!  
  
SEAN: Because it was a super hot, sunny day. But he seemed hilarious. So I asked him why he decided to come out.

EDUARDO: *No queremos vender el país. Eh?*

SEAN: He said he didn't want to sell off the country. Milei wants to privatize just about everything and sell off Argentina's natural resources to the highest bidder.

<CLIP> *JUAN BANGING ON CASEROLA*

SEAN: There was another guy, Juan Nunez, who was walking around banging on a casserole dish, as he's called a cassarola, and I asked him what he was doing out there on that hot day.

JUAN:  *JUAN: Yo vengo todo los días.   
SEAN: En serio.  
JUAN: En serio. Todos los dias…  
SEAN:Desde cuándo?*

SEAN: And he said he was actually out there everyday. He was protesting this huge omnibus bill Milei was and still is trying to pass that would completely cut a bunch of state agencies, slash energy subsidies, and extend his executive powers.

JUAN: *Miley quiere ser el rey. Quiere los poderes del Congreso. Por eso protesto. Yo soy liberal de pensamiento. Quiero que haya superávit fiscal para que se reduzcan los impuestos. Quiere un mercado único de cambio. Pero no seré el rey. Tenemos democracia. Tenemos el Poder Legislativo, el Poder Ejecutivo y judicial. Miley quiere todo el poder en el mismo.*(Milei wants to be the king. He wants the power of Congress. That's why I protest. I’m a liberal thinker. I want there to be a budget surplus so taxes come down, but I wouldn’t make myself king to do those things. We have democracy. The legislative branch, the executive branch, the judicial branch are all supposed to share power. Milei wants all the power to himself.)

SEAN: I heard this particular critique over and over, from young and old, and worker, and retiree, and student:

ADRIANA: La mayoría de los países tratan de proteger su industria y proteger lo propio. Y este señor no lo está haciendo. Lo que él está haciendo es aumentar el hambre, la pobreza, la desigualdad. (Most countries try to protect their industries and protect their own. This man is not doing that. What he's doing is increasing hunger, poverty, and inequality.)

AMBI OUT

NOEL: Okay. And yet, a majority of Argentinians decided when they voted for the president. This is the guy we want. The guy who wants to privatize everything. The guy who's like, get the government out of our lives. What are they saying? In his defense?

SEAN: What I couldn't get over was how many people I spoke to who are kind of down to clown.  
NOEL: Hm.  
  
SEAN: People who want to let this anarcho-capitalist, hardcore libertarian cook right now. Basically outside of the general strike, almost all I heard was that, you know, we should give him a chance. I heard this from a guy named Facundo at a Japanese cafe just off Florida Street.

FACUNDO: Creo que por lo menos es economista, pues también es experto y con eso debería ser suficiente para tener una base sólida para la economía del país.  
(At least he's an economist. He's also an expert. That should be enough to make a solid foundation for the country's economy.)

SEAN: I heard this from Claudia back in Palermo.

CLAUDIA: Hay que darle tiempo, no? Recien asume. Vamos a ver. Tiene cuatro años para gobernar y para demostrar su conocimiento si ponemos a la practica. Asi que vamos a ver ese cuatro años..   
(We have to give him some time, right? He just took office, so we'll see. He has four years to govern and to show what he can do if we follow his policies. So we'll see in four years.)

SEAN: And I heard this from Marcelo back at the grocery store with no prices.

MARCELLO: Un país como Argentina, que tiene tanto que es muy rico, si todos acompañamos el proceso de mejora, todos saldremos beneficiados. Creo que es necesario un acompañamiento de todos los sectores, siempre y cuando las medidas vayan realmente en favor del del país y de los que menos tienen.   
(A country like Argentina, which is a rich country in so many ways, if everyone goes along with this plan to make things better, we'll all benefit.

SCORING IN—HIP TANGO (DAVID HERMAN REMIX)

SEAN: Time and again I heard from Argentines who, whether they proudly voted for Milei or held their noses while they were doing it, or whether they didn't vote for him at all, they were willing to suffer through his shock therapy to see if his policies might work in the long term. And it wasn't just people I spoke to. Polling suggests that even though half the country is now living in poverty, even though prices everywhere are going up, a majority of the country wants to give Milei a chance.

NOEL: And you're going to tell me why when we come back.

SEAN: You're going to have me back?!

NOEL: Sure am.

SEAN: [Giggles]

[BREAK]

[BUMPER]

NOEL: It's *Today, Explained*. We're back with Sean, Ramesh, Ramesh, Ramesh from Ramesh from Shaun, Ramesh from.

SEAN: It's pronounced Ramaswamy.  
  
NOEL <laughs> Okay. In, in these United States, Sean, inflation hit about 8% two years ago.  
  
SEAN: Mm-hm.   
  
NOEL: That was a peak and it felt very high and it was very high. Meanwhile, you're telling me that under Argentina's President Javier Milei, inflation peaked above 200%. And yet you have people out in the street telling you, let's just let him do his thing and see what happens. How? Why? What?!

SEAN: I asked Mariana Luzzi. She's a sociologist based in Buenos Aires who writes a lot about the economy in Argentina. She actually wrote a whole book about it. She said, if you knew Argentina's economic history, you would not be surprised by people's support of Milei right now.

MARIANA LUZZI: So for us inflation, it's a very particular thing, a thing that we fear, of course, but – compared to the time when we had 3,000% inflation a year – this situation, it's not the worst we can imagine.

SEAN: Like 3,000% inflation! We cannot forget that Argentina, in living memory, had 3,000% inflation.

NOEL: Jesus Murphy. Is it, is that recent?

SEAN: This was in the late 80s, Noel, when you and I were listening to The Cure or whatever.

SCORING IN—BOYS DON’T CRY

SEAN: It was after a series of unsuccessful economic programs from left leaning governments that this country found itself in, like, terrible economic shape.

BOYS DON'T CRY REVERBS OUT

SCORING IN—CLARO DE LUNA (APM)

LUZZI: You go to the supermarket in the morning, and the prices of the groceries are, at some point. And when you go back in the afternoon, the prices are different, are higher.  
  
SEAN: People couldn’t buy food so they were stealing it. It was a chaotic time. But the government manages to recover by pegging the Argentine peso to the U.S. Dollar. One dollar equals one peso. That works for a while until there’s a recession and people start trying to pull out all their pesos from the banks to convert them into dollars.

*<CLIP> Who Can Bring Argentina Back From Crippling Debt? (2002): They scream at the face and kick the metal sheeting shielding bank windows.   
WOMAN: The banks don't want to return us our money. They wants to, to rob our money.*

SEAN: The government freezes people's bank accounts. People cannot take their own money out of the bank.

LUZZI: They turn what was at the beginning deposits in U.S. dollars to deposits in Argentina's pesos, not respecting the original equivalence between the two currencies.

SEAN: Eventually, people are allowed to access their savings again, but by that point, their pesos had lost half their value.

*<CLIP> CSPAN, 2002: One of the headlines Washingtonians are waking up to this morning from the Washington Times: ‘Argentina beyond the brink’. Argentina is in a freefall. Its economy is shattered. It can't pay its huge debts at home or abroad. Its political leaders are befuddled and desperate. Military leaders are grumbling. There's looting, riding and death in the streets. And nobody sees the end of it yet.*

SCORING OUT

SEAN: I try to imagine Joe Biden confiscating savings accounts. It'd be January 6-6-6 out in D.C., Noel.

NOEL: <chortles> Would never happen. Would never happen. We hope. But in Argentina, you're talking about things that happened in the 1980s, long before I was born, in the 1990s, in the 2000s, still a long time ago. What's be en going on more recently?

SEAN: Well, Noel, do you remember the global Covid-19 pandemic?

NOEL: I knew her well. Yeah.

SEAN: It was rough everywhere, as you’ll recall. But it was extra rough in Argentina because they didn't just, like, have pandemic-related inflation. They were going into the pandemic with inflation.

LUZZI: So inflation was already around 45% a year in 2019. So when the pandemic hit and all of this inflation related problems started to be a concern everywhere else in Argentina, we already had a quite serious problem with inflation. So the situation of course got worse.

SEAN: And actually during the pandemic, when everyone was just sitting around watching TV with nothing to do. There was this guy with a funny haircut and huge sideburns who would show up on all the talk shows talking mad smack about the leftist government and its policies, and how everyone was corrupt and needed to be chased out of office. And guess who it was, Noel?

NOEL: Was his name.

<CLIP> CHAINSAW TURNS ON

NOEL: Javier?

<CLIP> CHAINSAW ROARS

SEAN: Javier Milei. Nailed it.

*<CLIP> MILEI SPEAKING THROUGH INTERPRETER: They said they are desperate. They are losing the cultural battle. The shitty lefties are cornered for the first time. The shitty lefties are cornered.*

SEAN: Milei got on the TV and said, ‘Look at what these corrupt lefty governments have wrought. Their policies are bunk, their economies are bunk.’ And fast forward to December 2023. He becomes the president in a runoff election.

*<CLIP> BBC: Mr. Milei, known as a local or the madman, pulled off a major upset, provisional results show the self-styled anarcho capitalist won with 55.7% of the vote, compared to 44% for his rival.*

SEAN: Voters were so cynical about politicians ability to deal with inflation that they were willing to try this far right, anarcho capitalist tantric sex teacher.

NOEL: Who got elected. Not because he's great in bed, he might be, but he got elected because he was like, I can fix the economy. I've got a program here. You're down there. Are you seeing any evidence that Milei's program is working?  
  
SEAN: You know, it's early, but he has had a few small wins already. The country has more cash on hand, and it’s got a little less debt.  
  
NOEL: Hm.   
  
SEAN: But as far as how people are responding, a lotta people say he’s still in his honeymoon phase. He entered office in December, and then people immediately went on vacation. It was Christmas. It was New Year's. It was just carnival. Kids are only now going back to school and parents are just getting back to business in Argentina. So it’s in March people think we might see how the country really responds to how hard a hit they're taking economically, and we'll see where it goes from there.

NOEL: Hm. I mean, it's tempting to think we might find something instructive here. Inflation is on the top of everybody's mind in the United States, but you're talking about a country that has experienced in our lifetime 3,000% inflation. Argentina seems to just be Argentina, which is not to discount or give up on Argentina. But there's not like a lesson here, is there?  
  
SEAN: I think there is! Courtesy of my sociologist Mariana Luzzi:

LUZZI: One of the things that is very important is to not consider inflation as the only problem.

SCORING IN—TEMPTATION (APM)

LUZZI: One of the problem with inflation is that it keeps all the attention, it gets all the attention. It appears to be as the main feature we have to attack as the only problem, as the only concern we should have. And what Argentina's history tell us is that you can solve the problem of inflation and still have very heavy economic problems.

SEAN: Argentina has got plenty of other problems beyond inflation. They've got government debt coming out of their ears. They've got government spending problems that Milei is trying to address. Milei wants to deal with all of this stuff. But at this point, it doesn't seem like he's terribly capable of building coalitions in Congress to do it. He doesn't have experience. He's antagonizing. He's learning on the job, and he's still got a lot of learning to do. But, but one thing that's working in his favor is that Argentina has kind of seen it all.

MARCELLO: Aca nada, tiene lógica. Todo es como una lotería. Es divertido en algunos momentos, porque uno a veces puede ganar la lotería. No, pero en general lo pierde.   
(Here nothing makes sense. Everything is like a lottery. It's not. It's funny at times, because sometimes you can win the lottery. No, but in general you lose, no? )

SEAN: This is Marcelo again from the grocery store with no prices, even after everything his country's been through. He has faith in his government. He has faith in its institutions.

MARCELLO: Tenemos que tener paciencia y esperar. Y aparte hemos elegido democráticamente. Es el sistema de gobierno que tenemos. Elegimos un presidente para que durante su mandato dirija el destino del país y tenemos que respetar eso. Ya tendremos oportunidad de de con el voto nuevamente mostrarles que hizo las cosas bien o las hizo mal.   
(We have to be patient and wait. And besides, we have elected democratically. It is the system of government we have. We chose a president so that during his term he directs the destiny of the country and we have to respect that. We will have the opportunity to show them again with the vote that he did things right or did them wrong.)

NOEL: Hmm.

SEAN: It was kind of incredible to me that this dude who runs a grocery store with no prices on display, where where prices are doubling month to month, was advocating for patience that he still had time for patience.

SCORING OUT

NOEL: So as Americans go to the polls in November and and are thinking about inflation and debt and spending and a paralyzed Congress and potentially a leader that only half of us really want, do you think we should remember Marcello and Argentina?

SEAN: I think so, I mean, I was constantly comparing everything I was hearing and seeing in Argentina to what we've got in the United States, not just because Milei’s making all this noise, but because, you know, 8% inflation in 2022 was pretty shocking for a lot of Americans. And I don't want to knock that response. It was comparatively bad for us. But when you compare it to what the rest of the world went through, what the rest of the world is still going through, it's not that bad. And then you look at how the United States has rebounded. Most countries would love to be in the state the United States is in right now. So it's going to be interesting to see how much inflation influences voters in November versus how much they'll think about everything else. Because just like in Argentina, just like most anywhere in the world, there is a lot more on the line.

SCORING IN—VOLATIL (HERMAN MIX)

NOEL: *Today, Explained*’s Sean Rameswaram. Thank you, Sean.

SEAN: Thank you, Noel!   
  
NOEL: Sean Rameswaram reported today’s show. Miles Byran produced, Matthew Collette edited, Rob Byers mixed with David Herman, who also remixed, Laura Bullard and Jesse Alejandro Cottrell fact checked. And Sean, you have some people to thank!?

SEAN: Sure do! Ana Lankes, Amanda Aronczyk, Lucia Cholakian Herrera, and Facundo Iglesia. And Mariana Luzzi’s got a book called *The Dollar: How the US Dollar Became a Popular Currency in Argentina*. There’s also, of course, the original Spanish version, *El Dolar*. Might be especially worth reading considering another one of Milei’s plans to dollarize Argentina’s economy.

NOEL: Ooof. I’m Noel King. It's *Today, Explained*.

[10 SECONDS OF SILENCE]