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# Will Milei's Fate Be Like Menem's?



Looking at Argentina's economic and political history, there are two prominent figures who have emerged at different times with different approaches: Carlos Menem and Javier Milei.

Both implemented major **reforms** to overcome their countries' economic crises, high inflation, and political chaos. However, their methods differed significantly, and naturally, their outcomes were quite different.

Let's compare these two leaders, their policies, economic figures, and societal reactions in detail.

## Carlos Menem: Inside System Reforms and Crises

First, we examine Menem's period, from 1989 to 1999, known as "El Turco". Menem was a leader who adhered to liberal economic policies, liberalised the market, accelerated privatisations, and encouraged foreign investment.

He was especially known for the "Convertibility Plan," which aimed to curb inflation by fixing the peso to the dollar at a one-to-one rate. As a result, high inflation was significantly reduced, providing some relief to the economy.

However, the idea of pegging the national currency to the dollar soon started to cause damage. While inflation was controlled in the short term, it later led to severe volatility and crises.

**Menem's policies comprised "short-term solutions and populist approaches" that did not lead to sustainable long-term stability**

The major economic and social crisis in 2001 revealed the unsustainable nature of Menem's policies. Inflation experienced huge fluctuations, unemployment rose, and growth either stalled or turned negative.

In summary, it was understood over 25 years ago that pegging national currencies to the dollar or suppressing inflation through dollarisation is an illusion. Countries like Turkey are still experimenting with similar strategies today.

There are multiple reasons why Menem's economic policies failed. Poor management of reserves and exchange rates, especially risking financial stability, was a major factor. Privatisations disrupted income distribution and increased economic inequality, drawing serious criticism.

The excessive deregulation and market liberalisation also caused volatility that triggered crises. Economists generally agree that Menem's policies comprised "short-term solutions and populist approaches" that did not lead to sustainable long-term stability.

## Javier Milei: Radical and Populist Reform Aspirations

Javier Milei, who entered the scene much later, presents a very different profile. With an economics background, active on social media and mainstream media, Milei emerged as a radical figure promising "change".

He is an anti-establishment figure opposing the status quo. Since becoming a member of parliament in 2021, his political activity has increased, and his goals are clear: reduce the size of the state, liberalise the market, and lower inflation.

**Milei emphasises the independence of the central bank, supports free-market monetary policies, and fights inflation through price controls**

Milei's core policy advocates reducing government size, cutting public spending, deregulation, and privatisation. He **emphasises** the independence of the central bank, supports free-market monetary policies, and

fights inflation through price controls.

It's a somewhat complex stance—believing in market freedom but not leaving the economy entirely unregulated. Early data suggests inflation is rapidly decreasing and stabilising. Although unemployment may rise at times, significant economic reforms are expected to support long-term growth.

## Comments on Milei

Supporters see him as a radical leader who addresses people's real problems, paves the way for market freedom, and aims to reduce the state's role. They believe his reforms will ease the economy and fully eliminate inflation in the long run.

Critics argue that his rhetoric is unsustainable, warning that shrinking the state could hinder meeting basic needs. There are concerns that reducing social programmes might increase income inequality, deepen poverty, and widen the wealth gap.

**Milei's anti-institutional rhetoric is populist and superficial, not presenting a genuinely sustainable economic model**

Furthermore, while excessive market liberalisation might stimulate short-term economic activity, it could lead to long-term imbalances and social tensions. These criticisms mirror those directed at Menem.

Many economists and analysts contend that Milei's anti-institutional rhetoric is populist and superficial, not presenting a genuinely sustainable economic model. They warn that such policies could weaken social safety nets and result in negative social outcomes.

Let's revisit Menem's mistakes for comparison.

## Reasons for Menem's Failures

## and Analysts' Views

According to experts, several fundamental reasons contributed to Menem's policy failures. The most significant were inadequate measures against external shocks and financial crises and the policy of fixed exchange rates that triggered crises.

The speculative movements in international financial markets led to excessive currency fluctuations and rapid reserve depletion, making the economy fragile.

Some analysts argue that privatisations during Menem's era disrupted income distribution, resulting in large corporations changing hands while the public and workers suffered. Instead of inside-system reforms and market regulation, excessive liberalisation made markets more complex and unpredictable, complicating crisis prediction.

**Menem's policies temporarily stimulated the economy but he failed to address structural problems in the long term**

More compassionate commentators acknowledge that Menem's policies temporarily stimulated the economy. However, they point out that he failed to address structural problems in the long term. Inflation and income inequality increased, and growth remained unstable.

Many economists argue that he "partially reformed the system but did not take enough steps to prevent crises." They also criticise that he did not proceed to second-phase reforms after completing the initial structural changes.

## Different Paths, Different Outcomes But Still Risky

The stories of these two leaders represent two distinct approaches to economic reform and

government intervention.



*For Milei to avoid meeting the same fate as Menem, he must continue his reform efforts without pause - Emre Alkin*

Menem aimed for rapid growth and inflation control through market liberalisation and reforms but paid the price with crises.

Milei, on the other hand, advocates for more radical, populist measures, trying to shrink the state and open markets further. However, his approach also carries significant risks in its implementation.

In summary, Menem's policies are more the product of inside-system reforms and short-term solutions; Milei's stance is driven by a desire for fundamental change and anti-establishment rhetoric.

Yet, both histories show that balance and sustainability are crucial in economic policymaking. Quick fixes may provide short-term relief, but long-term success requires a holistic and balanced approach.

For Milei to avoid meeting the same fate as Menem, he must continue his reform efforts without pause. If he shifts focus just to secure re-election with the attitude of "that's enough," everything could revert to the old problems.