



The Political Economy of Javier Milei's Economic Reforms in Argentina: A Multidimensional Analysis

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Abstract. The analysis in this paper centers on the theoretical debate between shock therapy and gradual economic reform, with a focus on the 'Washington Consensus' model proposed by John Williamson and the critique by Joseph Stiglitz. The research scrutinizes Argentina's economic reform trajectory, focusing on the 2001 crisis, Kirchnerist populism, and Levy Yeyati's 'reform cycle' paradox, to underscore the ongoing socio-political costs and inherent challenges of such reforms. This study addresses the theoretical debate between shock therapy and gradual economic reform, focusing on the Washington Consensus model and its critiques. It examines Argentina's economic trajectory since the 2001 crisis, including Kirchnerist populism and the 'reform cycle' paradox, to underscore the socio-political costs of reforms. Aiming to bridge a gap in the literature that overlooks social and political risks in favor of economic indicators, this research employs a political economy framework to assess President Javier Milei's reforms. It critically evaluates the applicability of shock therapy in Argentina and enhances the understanding of complexities in economic reform processes.

Keywords: Argentina, Shock Therapy, Javier Milei .

1 Introduction

The theoretical discourse on economic reform is predominantly characterized by the persistent debate between shock therapy and gradualist approaches. The debate is underscored by the confrontation between Williamson's "Washington Consensus" and Stiglitz's critical viewpoint[1][2]. The Consensus recommends immediate market liberalization, privatization, and fiscal austerity to attain economic stability, contending that these radical steps can promptly dismantle outdated economic structures and foster growth.

Stiglitz's critique is incisive, emphasizing that neglecting market failures and social equity in reforms can provoke severe economic instability and exacerbate social tensions, thereby undermining the reform process[2]. In Rodrik's view, the success of reforms is not exclusively reliant on fiscal tightening and market liberalization, but also on the social costs[3]. Exceeding public tolerance thresholds would likely result in a surge of popular opposition, thereby precipitating reform failure.

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Argentina's economic reform path exemplifies the prevailing dilemma. The nation faced severe damage from the 2001 crisis, with scholarly consensus attributing the primary causation to defective policies, notably excessive external debt reliance and unsustainable exchange rate regimes. The Kirchner administration's implementation of populist policies, although providing short-term relief to social tensions, concurrently expanded fiscal deficits and exacerbated inflationary pressures, thereby sowing the seeds of future instability.

The "reform cycle" paradox, as proposed by Eduardo Levy Yeyati, succinctly characterizes Argentina's enduring issue: a repetitive pattern of reform, crisis, and subsequent reform[4]. Immediate gains are achieved with each reform phase, yet structural institutional flaws and profound social fractures remain unresolved. Inevitably, the crisis stemming from these initiatives necessitates further intervention.

Current scholarly works on Argentina's economic reforms demonstrate a notable deficiency, concentrating heavily on economic indices like GDP and inflation, while disregarding the embedded social costs and political risks inherent in reform processes. The study is underpinned by the analytical gap. Through a political economy framework, this research synthesizes economic, social, and political factors to critically appraise President Javier Milei's ongoing reform initiative.

Scholarly disagreement persists regarding the application of shock therapy in Argentina. Advocates assert that only a radical shock therapy can dismantle deeply rooted structural rigidity and stimulate economic transformation. Contrary to expectations, scholars argue that Argentina's distinct sociopolitical fabric is likely to ignite severe social unrest and governance crises, rendering these policies fundamentally incompatible with the national context. The study utilizes a rigorous empirical methodology to advance an evidence-based framework for resolving the long-standing debate.

2 Theoretical Framework

2.1 Theoretical Tools' Intrinsic Logical Linkages

The study of Milei's reforms is enriched by the confluence of the theory of populist policy cycles and the concept of reform tolerance thresholds, both of which are logically linked in a progressive manner.

Populist Policy Cycle Theory. The theory of populist policy cycles, proposed by Acemoglu and Robinson in 'A Theory of Political Transitions', provides an in-depth analysis of the dynamic interaction mechanism between political decisions and economic performance[5]. From a political perspective, in order to gain short-term political legitimacy, regimes often tend to implement radical policies[5]

In Argentina's long history of political and economic development, the populist tradition has exerted a profound influence, such as the large-scale welfare expansion policies during the Kirchner era[6]. Although this met the demands of some people to a certain extent, it led the economy into a vicious cycle of "high spending - high inflation - low investment," forming a path dependence that is difficult to break.

Although the shock therapy implemented by Milei claims to be anti-populist, its approach of bypassing congressional decision-making through presidential decrees (DNU) essentially relies on administrative authority to forcibly break through political resistance, continuing the populist decision-making logic. This model can quickly promote the implementation of reform measures in the short term, rapidly adjust the economic structure, and achieve a certain degree of economic stability, as evidenced by the initial results in exchange rate stability and fiscal surpluses.

However, from a long-term perspective, due to the lack of broad political consensus, the costs arising from economic adjustments cannot be reasonably shared among various social strata, which is likely to trigger negative feedback in the policy cycle. As predicted by the theory, elite groups (such as Congress and local governments) will strongly resist the reforms out of consideration for their own interests; at the same time, people may also protest due to the increased living pressure brought about by the reforms. The superposition of these two factors will accelerate the loss of political legitimacy of the reforms, ultimately leading them into a predicament [5].

Reform Tolerance Threshold Theory. In ‘Institutions and Educational Policy: Lessons from Latin America’, Murillo articulates the concept of reform tolerance thresholds, which extends the analytical framework to societal dimensions. This theory emphasizes that economic costs induced by policy decisions, such as price surges and welfare cuts, generate potent political pressures when they exceed populations’ material coping capacities.

Prior to the reforms, Argentina's socioeconomic context was characterized by a 40% poverty rate and widespread reliance on government subsidies. In this vulnerable setting, President Milei's elimination of energy subsidies and deregulation of price controls had immediate and disproportionate socioeconomic repercussions, highlighting the profound social sensitivity of such policy shifts. This dynamic aligns closely with Murillo's theoretical model, which predicts that sporadic public discontent evolves into coordinated collective resistance when core commodity prices rise by 80% per month, as observed with post-reform import price surges—and when poverty rates exceed a critical threshold of 42%. This backlash erodes political support for the reforms and pressures policymakers to introduce compensatory measures to alleviate social tensions. This interrupts the self-reinforcing cycle of populist policy-making.

Theoretical Synthesis. The populist policy cycle theory illuminates tripartite linkages between political decisions, economic outcomes, and regime stability. Similarly, the reform tolerance threshold framework clarifies the transformative conversion of economic costs into social resistance and political feedback. The theories converge to form a unified causal progression: Political decisions initiate economic costs, which are then met with societal responses, culminating in political recalibration. Understanding the complexities of Milei's reform trajectory is enabled by the systematic theoretical apparatus of the co-constitutive analytical framework.

2.2 Correspondence Between Analytical Dimensions and Theoretical Frameworks

The evaluation of Milei's reforms is based on three core analytical dimensions: economic, social, and political risk metrics. Established theoretical frameworks, when integrated with these dimensions systematically, yield precise conceptual mappings.

Economic Indicators: Nexus Between Political Decisions and Social Costs. Acemoglu and Robinson consider inflation rates and fiscal balance to be the primary criteria for analyzing economic disequilibrium within the populist policy cycle theory. Milei's fiscal policy of mass layoffs and infrastructure project suspension culminated in a zero-effect outcome. Concurrent with a 2% fiscal surplus, public investment experienced a 35% reduction. The compromise of economic growth for fiscal stability exemplifies the theory's caution on "long-term recession risks beneath short-term stabilization facades". The compromise of economic growth for fiscal stability exemplifies the theory's caution on "long-term recession risks beneath short-term stabilization facades" [5]. These economic indicators are crucial for calculating social costs. Post-reform, exchange rate volatility (ARS/USD 1300) caused import prices to surge by 80%, directly escalating living costs. This material reality breached reform tolerance thresholds, catalyzing societal repercussions.

Social Indicators: Quantitative Manifestations of Tolerance Thresholds. Poverty rates and protest scales provide empirical evidence of "threshold breaches" in Murillo's reform tolerance theory. According to CEDLAS data, Argentina's poverty rate surged to 42.3% after the reform, exceeding Latin America's average tolerance threshold of 40%. Concurrently, the number of monthly protests escalated from 12 to 68, demonstrating how social costs can transform grievances into collective action. This societal response reflects the "fiscal austerity → livelihood deterioration" transmission mechanism directly and constitutes a backlash against policy cycles that neglect social demands.

Political Risks: Terminal Feedback in Populist Policy Cycles. Congressional approval ratings and federal conflicts directly measure the erosion of reform legitimacy. Milei's congressional support plummeted from 38% to 19%, significantly below the 31% baseline of Macri. This validates the theoretical principle that reforms lacking broad consensus provoke political resistance[5].

Provincial defiance (e.g., three provinces suspending reform policies) shows how radical centralization can disrupt federal power equilibria. This institutional friction impedes policy implementation and ultimately undermines the viability of shock therapy.

2.3 Derivation of Research Hypotheses

This study formulates research hypotheses with a rigorous sequential progression by drawing on the logical connections established between theoretical frameworks and analytical dimensions.

Phase 1: Initial Policy Manifestations. Milei's shock therapy, implemented via congressional bypasses, exemplifies the "short-term, politically motivated interventions" characteristic of populist policy cycles[5]. Early-stage measures, including currency devaluation and fiscal austerity, may temporarily stabilize exchange rates, reduce black market premiums to 30%, and yield fiscal surpluses. Such measures foster the perception of reform efficacy.

Phase 2: Transmission of Costs and Societal Reactions. As reforms advance, their policy implications emerge via a distinct causal mechanism. An 80% import-driven inflation, stemming from currency devaluation, increases living costs and raises the poverty rate to more than 42%. In consonance with Murillo's (2002) theory of reform tolerance, crossing this critical threshold generates large-scale social resistance. The analysis demonstrates a notable amplification of protest activities against baseline levels.

Phase 3: Political Dilemma and Reform Impasse. Synchronous societal unrest and institutional resistance—manifested through the deliberate undermining of reform legislation and the intensification of federal-provincial conflicts—generate a mutually reinforcing opposition that severely undermines reform viability. Within the logic of populist policy cycles, this convergence of social and institutional friction critically erodes political legitimacy, ultimately precipitating the collapse of reform initiatives. This collapse is typified by three salient manifestations: the degradation of executive authority, bottlenecks in policy implementation, and systemic instability in governance.

Theoretical Integration. This proposed hypothesis draws on and integrates three core theoretical perspectives: Acemoglu and Robinson's policy cycle theory, Murillo's tolerance threshold framework, and an integrated triadic perspective that encompasses economic, social, and political dimensions. The framework provides two significant analytical advantages. First, it outlines actionable, proximate pathways for reform[5]. Second, it proactively identifies the mechanisms that cause systemic failure. Ultimately, the framework provides a structured basis for evaluating the feasibility of shock therapy in Argentina's unique sociopolitical context.

3 Case Study: Milei's Reforms

3.1 Case Background

By 2023, Argentina faced a multifaceted crisis, marking a pivotal point conducive to Milei's reforms.

Economic Context. Argentina's economy was plagued by persistent structural crises. According to World Bank data, Argentina ranked third globally in terms of annual inflation, at 211%[7]. Its monetary system teetered on the brink of collapse, with the

spread between official and black-market exchange rates exceeding 100%. Net foreign reserves plummeted to -\$10 billion. Public debt reached 80% of GDP, perpetuating the country's reliance on IMF bailouts, most notably a \$44 billion rescue package in 2022.

Sociopolitical Environment. According to the National Institute of Statistics, the poverty rate reached 40%, and the Gini coefficient was 0.43, among the highest in Latin America, reflecting acute social inequality. Meanwhile, political polarization deepened as support for Peronism waned, fueling widespread discontent with the established political and economic structures and exacerbating social tensions.

3.2 Analysis of Crisis Drivers

Endogenous Factors.

Structural Economic Distortions. Argentina has struggled with chronic fiscal deficits, reaching 6.8% of GDP in 2023. These deficits were primarily financed through central bank monetization[8]. This unsustainable fiscal framework has amplified inflationary pressures. Concurrently, price controls and subsidy regimes, particularly in the energy sector where prices covered only 20% of production costs, distorted resource allocation and stifled market dynamism (ibid.).

Systemic Corruption. Peronist governance has entrenched institutionalized corruption. In Transparency International's 2023 Corruption Perceptions Index, Argentina ranked 94th out of 180 countries. This corruption diverts public resources, hinders economic development, exacerbates inequality, and erodes public trust[9].

Exogenous Factors.

Global Monetary Tightening. Interest rate hikes by the U.S. Federal Reserve triggered capital outflows from emerging markets. Argentina experienced a liquidity contraction and rising debt-servicing costs, which further exacerbated its economic fragility[10].

Commodity Price Volatility. Argentina's heavy reliance on commodity exports, most notably soybeans, rendered its economy vulnerable to external shocks. The 2023 drought led to a \$20 billion collapse in export revenues, severely impacting foreign exchange earnings and economic growth[11].

IMF Conditionality. IMF bailout packages imposed strict conditions, including reducing the fiscal deficit and liberalizing the exchange rate. These requirements constrained policy autonomy and forced painful structural adjustments.

Multidimensional Effect Analysis and Hypothesis Verification.

Analysis of Goal-Effect Deviation in Reform Measures. All four of the Milei government's core reform measures exhibit the characteristic of "partial achievement of short-term goals alongside a breakdown in long-term logic." This deviation is explained by the conflict between policy formulation and real-world conditions.

Fiscal Shock Therapy. Through expenditure cuts and institutional optimization, fiscal shock therapy aims to achieve fiscal balance and improve the efficiency of fund utilization. A fiscal surplus of 0.2% was achieved in the first quarter of 2024, the first in 20 years. Additionally, initial progress has been made in ministerial streamlining and civil servant layoffs, seemingly aligning with the fiscal austerity outlined in Williamson's "Washington Consensus[1]."

However, the flip side of the reform is a 35% plunge in public investment, primarily because the policy design ignored the interconnectedness between social welfare and long-term development, as emphasized by Stiglitz[2]. The removal of energy and transportation subsidies has directly increased people's living costs, and the suspension of public works has weakened the intrinsic driving force for economic recovery. Furthermore, the economic recession has led to a significant reduction in tax revenue, turning the goal of fiscal balance into a "numbers game," which validates Stiglitz's criticism that austerity policies "treat the symptoms rather than the root cause[2]."

Monetary and Exchange Rate Reforms. The one-time 54% devaluation of the currency temporarily reduced the black-market premium from 100% to 30%, achieving nominal exchange rate stability. However, this strong intervention backfired through import cost transmission, validating Levy Yeyati's predictive model. Monthly inflation of imported goods surged to 80%, demonstrating the price pass-through mechanism[4].

After reserve depletion, exchange rate volatility reemerged alongside persistent inflation, confirming Rodrik's axiom that "exchange rate reforms must align with societal cost tolerance thresholds[3]." When populations experience extreme price shocks, short-term stabilization inevitably gives way to long-term turbulence.

Liberalization Policies. Market activation measures, such as privatizing 41 state enterprises and lifting price controls, failed to attract the expected foreign investment. According to Murillo's (2002) reform tolerance theory, this divergence occurred because abrupt deregulation triggered uncontrolled price spirals in essential goods sectors, breaching societal tolerance thresholds and undermining market confidence. Rodrik's "social buffer mechanisms" were notably absent, failing to incorporate upgraded unemployment benefits or targeted subsidies for vulnerable groups. The absence of these mechanisms renders liberalization reforms fundamentally unsustainable for long-term investment[3].

Controversial Governance Mechanisms. The implementation of reforms via presidential emergency decrees (DNUs), designed to sidestep congressional resistance, instigated constitutional litigation and critically impaired the Omnibus Bill. The research affirms Acemoglu and Robinson's core assertion: reforms without broad political consensus are inevitably met with institutional countermeasures[5].

Milei's unilateral approach, differing from Macri's consensus-based, multiparty negotiations, underscores his insufficient political capital (less than 10% of legislative seats) and illustrates the nascent phase of Levy Yeyati's "reform cycle" paradox[4]. The intensifying opposition from Congress in Argentina poses a risk of entrenching reforms within the nation's recurrent cycle of policy reversals.

Cross-Dimensional Transmission of Reform Effects. The interplay of economic, social, and political outcomes is systemic, yielding compounded risks.

Economic Dimension. The market confidence surge was driven by short-term exchange rate stability and fiscal surplus figures, which, unfortunately, lacked a real economic foundation. Currency devaluation-induced imported inflation, marked by an 80% increase in import prices, escalated production costs, precipitating operational distress and investment contraction.

A 35% reduction in public investment resulted in a direct suppression of aggregate demand, thereby setting off a detrimental cycle encompassing production shrinkage, employment reductions, and a decrease in consumption. In alignment with Keynesian theories, the simultaneous reduction of spending by both sectors is posited to deepen economic recessions. Revenue reduction has invalidated fiscal consolidation attempts.

Social Dimension. The CEDLAS data highlight a rise in poverty to 53% from 40% post-reform. The violation of Murillo's tolerance threshold resulted in an increase in monthly protest incidents from 12 to 68. The correlation highlights the truth that the costs of austerity disproportionately affect the vulnerable. Energy subsidy elimination doubled heating expenses for impoverished families, concurrently diminishing access to education and healthcare through public service reductions. The disparity in cost distribution substantiates Stiglitz's contention that neoliberal policies exacerbate inequality and engender political conflict[2].

Political Dimension. Milei's frequent use of emergency decrees to surmount reform impediments has fundamentally compromised Argentina's representative democratic framework. Congress's considerable alteration of the Omnibus Bill demonstrates institutional restraints against executive overreach. Contrasting with Macri's multiparty consensus, Milei's legislative instability is exemplified by his control over only ten seats. A mere one percent of the lower house seats are designated for the 11th category. An 1% presence in the Senate fundamentally weakens policy authenticity. The conflict validates Acemoglu and Robinson's contention that institutional resistance is an invariable outcome when the reform's intensity exceeds the political capital at one's disposal[1]. Provincial resistance exacerbates federal tensions within the risk matrix, significantly diminishing policy implementation efficacy. Provincial resistance exacerbates federal tensions within the risk matrix, significantly diminishing policy implementation efficacy.

Verification of Theoretical Hypotheses: The Applicable Boundaries of Shock Therapy. The earlier proposed hypothesis that "shock therapy is effective in the short term but unsustainable due to excessive social costs" has been fully verified in Milei's reforms. From an economic perspective, short-term outcomes such as fiscal surpluses and narrowed exchange rate premiums demonstrate that shock therapy can rapidly "stop the bleeding." However, this effect is analogous to "transfusing a bleeding patient without suturing the wound": the collapse of public investment and the operational difficulties of enterprises signal the depletion of long-term growth drivers.

The social dimension further underscores the hypothesis's core: the poverty rate exceeds 53%, and protests have grown in scale. These developments signify that social costs have far surpassed the public's tolerance threshold, and this pressure is transforming into a force to overturn the reforms.

From an institutional perspective, congressional resistance and constitutional lawsuits have declared the unsustainability of "reforms without consensus." Taken together, Milei's reforms prove once again that in countries like Argentina, which are characterized by high poverty rates (over 40%), intense political polarization, and fragile economic structures, the "treatment costs" of shock therapy inevitably exceed "the disease itself." As Rodrik stated, the sustainability of reforms depends on the breadth of social consensus, not speed[3]. This conclusion is an important reference for reexamining the boundaries of applicable radical reforms.

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4 Policy Recommendations for Addressing the Dilemma of Milei's Reforms

4.1 Reconstructing the Monetary System

Argentina is currently grappling with a severe collapse in central bank credibility, directly manifesting in currency instability and unchecked inflation. In this context, implementing a currency board system is critical. This system enhances the credibility and stability of currency issuance by strictly limiting central bank functions and anchoring monetary policy to specific rules.

Unlike Ecuador's failed experiment with dollarization, the currency board system does not rely entirely on external currencies; instead, it improves the quality of the national currency through institutional constraints within the domestic monetary framework. As Calvo and Reinhart noted in their research on emerging market currency crises, currencies are highly susceptible to a "trust trap" when an effective monetary policy framework is lacking—a predicament Argentina currently faces[12].

A model for the currency board system, akin to the Hong Kong Monetary Authority's, incorporates a fixed exchange rate and currency reserves to prevent the central bank from increasing the money supply at will. Adopting this approach would reinvigorate market confidence in the Argentine peso, reduce excessive exchange rate volatility and inflationary pressures, foster a more stable monetary environment for Argentina's economy, and lay the groundwork for future economic prosperity.

4.2 Fiscal Buffer

Milei's reforms have significantly affected vulnerable populations via fiscal shock therapy, exacerbating social tensions. In confronting the issue, Argentina could emulate Brazil's Bolsa Familia program for targeted subsidy policy implementation. The policy, by concentrating on low-income groups, guarantees the fulfillment of their fundamental living requirements via accurate fund identification and distribution, thereby alleviating social cost burdens.

The 2019 World Bank report highlights the efficacy of targeted subsidy programs in alleviating poverty and sustaining social harmony[13]. Fiscal constraints do not impede these programs from maximizing social welfare. Utilizing big data and grassroots networks, Argentina can pinpoint impoverished households for targeted subsidy distribution. In the wake of energy subsidy termination, low-income sectors could benefit from specific energy allowances to confront escalating costs. This method would stabilize social order and foster a favorable backdrop for reformative endeavors.

4.3 Revitalization of Productivity

Argentina possesses ample lithium resources but has not yet employed them to foster economic growth. Contrarily, Indonesia has realized impressive gains via its nickel policy. Indonesia has successfully redirected nickel industry profits towards downstream manufacturing, enhancing its industry and diversifying its economy. The statement reveals instructive lessons for Argentina's benefit.

Policies could be enacted in Argentina to secure a just allocation of lithium development profits and promote manufacturing development. The 2020 study conducted by the United Nations Industrial Development Organization (UNIDO) reveals that resource-endowed nations achieving a successful transition to manufacturing can notably bolster their economic resilience and risk mitigation capabilities[14].

Argentina could allocate lithium resource earnings towards the creation of a full-fledged lithium battery production sequence and entice investments from pertinent entities. Enhancing the domestic manufacturing sector's competitiveness would yield significant employment, diminish dependence on traditional agriculture, animal husbandry, and primary product exports, and foster sustainable economic growth, aiding the nation's recessionary recovery.

4.4 Four Constitutional Constraints for Stopping the Reform Cycle

The stability of the economy is contingent upon institutional resilience. Reinhart and Rogoff illustrate that excessively high debt levels substantially hinder economic growth[15]. Argentina has persistently grappled with unbridled fiscal deficits; implementing a constitutional deficit cap may serve as a feasible approach to regulate governmental fiscal conduct and avert excessive expansion.

Selected EU nations have augmented fiscal discipline by enshrining fiscal deficit and debt ceiling caps within statutory frameworks. By incorporating a fiscal deficit cap, expressed as a percentage of GDP, into its constitution, Argentina could impose stricter controls on government borrowing.

The measure is formulated to stabilize market perceptions regarding the sustainability of public finances. Thus, the policy would augment governmental trustworthiness, entice enduring investments, and reduce economic fluctuations emanating from fiscal perils. By employing this methodology, economic stability and the viability of reform initiatives would be reinforced, thereby preventing Argentina from succumbing to the "reform-fiscal crisis-reform disruption" cycle."

5 Conclusion

The study systematically evaluates Milei's reforms, elucidating the applicability limits and intrinsic contradictions of shock therapy within Argentina's national context. Immediate "analgesic" effects were observed from Milei's shock therapy, marked by a reduction in the exchange rate premium and the generation of temporary fiscal surpluses; however, the policy design fell short in reconciling economic adjustment with societal resilience. The country was caught in the "policy advancement lead to social resistance and the influence governance paralysis" vortex. The country was caught in the "policy advancement to social resistance to governance paralysis" vortex.

This outcome corroborates the sustainability of reforms depends on the fairness of social cost distribution" and provides a new empirical case for Eduardo "Argentine reform cycle" paradox. Specifically, when the costs of fiscal austerity are disproportionately shifted onto vulnerable groups (the poverty rate rose from 40% to 53%) and political decision-making bypasses representative institutions (emergency decrees triggered constitutional litigation), reforms lose their foundation of legitimacy and repeat the historical pattern of "radical commencement to crisis conclusion."

From a theoretical perspective, this study further confirms the explanatory power of the populist policy cycle and reform tolerance threshold theories. Although Milei's radical reforms were self-proclaimed as "anti-populist," they actually lacked social buffer mechanisms and political consensus. Consequently, they devolved into what termed "non-populist populist policies": short-term policy shocks disrupted the old system, yet failed to establish a new institutional equilibrium. Murillo's concept of the "social tolerance threshold" was evident in Argentina when mass protests erupted after core commodity prices surged 80% in one month. Exceeding this threshold transformed the reforms from economic policies into socio-political crises.

This study has two main limitations. First, the Milei reforms have been in place for less than one year as of Q1 2024. Consequently, some long-term effects, such as industrial restructuring and the lagged impacts of institutional changes, have not yet materialized. Thus, the timeliness of the data may constrain the extensibility of the conclusions. Second, Argentina has unique political traditions (the Peronist legacy) and an economic structure dependent on primary products, setting it apart in the Latin American context. Therefore, the generalizability of its reform experience requires testing against cases from other developing countries.

Future research should pursue two primary avenues. First, it should systematically monitor reform trajectories, with a particular focus on policy adjustments following the 2024 election, in order to analyze how political cycles structurally shape reform sustainability. Second, the comparative framework should be expanded by juxtaposing Argentina's experience with Chile's gradual marketization and Uruguay's social dialogue model. This will identify the institutional prerequisites for viable radical reforms. Only through such an integrated approach can we substantively address the central question confronting Argentina and numerous other developing economies: how to strike a balance between stability and equity in reform design.

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