

# Argentina's Milei announces first batch of class war measures dictated by the IMF

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On Tuesday evening, Argentine Economy Minister Luis Caputo announced the first set of economic measures under the country's fascistic new president, Javier Milei.

The economic "adjustment" program outlined by Caputo is supposed to set a new bar for attacks against living standards of workers everywhere. The measures were dictated by the International Monetary Fund (IMF), whose director, Kristalina Georgieva, celebrated them as "bold initial actions."

Amid fears over the response of Argentina's combative working class, with the *Financial Times* warning that Milei "faces the briefest of honeymoons," the announcement was not made until two days after the inauguration. Caputo also delayed the broadcast to re-record it several times and offered no news conference.

The first measure announced by Caputo was a devaluation of the official peso, which dropped from 366 to 820 per dollar. He then outlined cuts to subsidies and the removal of price caps on fuel, public transportation, electricity, gas, water, private healthcare and other basic goods.

These two measures alone are expected to immediately cause major price hikes or "*tarifazos*," and further impoverish workers at a time when the poverty rate stands at 45 percent, and 63 percent for children.

Milei, a self-proclaimed enemy of state interference in the economy, will also increase the PAIS tax on imports from 7.5 to 17.5 percent, further increasing the price of many basic necessities.

*Infobae* has already estimated a 98.7 percent average price increase on 30 staple goods "in the very short term" as a result of Tuesday's announcements.

There will be "months of a strong recession and strong inflation," commented former Central Bank director Enrique Szewach to the online daily, adding that this will be combined with brutal social cuts. "It is a brutal adjustment; not an orthodox one. Or at any rate, it is a

brutally orthodox adjustment."

Declaring his goal of bringing the public deficit from about 5 percent of GDP to zero in the medium term, Milei has already halved the number of state ministries from 18 to nine and ended all new public works, which will impact tens of thousands of jobs.

Caputo also said the budget for the provinces will be cut to a minimum. As a result, social services and pensions will run out of funding. Rural and semi-rural areas in the northern Chaco region, already facing serious shortages, are being condemned to a major humanitarian crisis.

The government also plans to eliminate the current inflation adjustment formula for pensions and replace it with discretionary decrees, and the local media reported plans to reinstate a tax on middle class incomes lifted only two months ago.

While Caputo did not dare to include it in his speech, government officials have already leaked to the media a "Liquidation Plan" to stop monthly or quarterly wage negotiations, named "*paritarias*," in the public sector and effectively freeze wages.

This would starve out a large percentage of the 3.5 million public-sector workers, forcing them into the private sector or unemployment. The Milei administration said it will not renew labor contracts less than a year old.

While obliterating jobs and wage levels, Caputo said the budget for the main welfare program Potenciar Trabajo will be frozen. Other officials said the program will "start from scratch," claiming that each case will be investigated for supposed "irregularities" to sort out any beneficiaries who they find ineligible.

With about 40 percent of Argentinians relying on welfare, the assigned benefits in food cards will only increase 50 percent, and the universal assistance per child will increase 100 percent. These increases will be erased within weeks.

Milei's plan consists of measures planned long ago by

the Argentine ruling class and Wall Street to place the entire cost of years of vulgar financial parasitism—embodied by the IMF debt and high interest rates—on the shoulders of the working class and other impoverished layers.

While Milei will continue to rely on Chinese currency swaps to pay the IMF, since Argentina has run out of foreign reserves, the IMF itself has offered a new credit line on top of what is already the greatest loan of the entity's history, surpassing \$45 billion. This reflects the strong backing of the US ruling class for Milei's policies.

The message is clear. In response to the crisis of global capitalism and the drive to world war, global finance capital is demanding an intensification of the rate of exploitation to the point of threatening to starve millions of workers and their families into submission.

Milei's "free-market" hokum, promising that investors will magically replace government-provided services and jobs and that Argentina will regain its old glory as one of the richest countries, has been exposed as an empty cover to justify an intensification of the state-directed transfer of wealth from the bottom 90 percent to the richest few.

Such policies are incompatible even with the limited democratic trappings adopted at the end of the fascist-military dictatorship in 1983. Milei and vice president Victoria Villarruel are both known apologists for the mass killings, detentions and torture during the dictatorship.

During his inauguration, Milei referred to the "triumph of light over darkness" after citing the Old Testament on the Maccabean revolt by the Jewish people, deliberately using the same mystical language and references being employed by fascist Zionist officials in Israel to justify the genocide in Gaza. The "loco" Milei sees his regime as taking a lead in a global war against any resistance to imperialism and his bosses in the financial aristocracy.

In this context, the complacent and nationalist response by the pseudo-left is nothing short of criminal. The forces in the so-called Left and Workers Front (FIT-U) parties are doing what they have always done: minimizing the threat of dictatorship and fascism while already seeking to resurrect the political corpse of Peronism, which just suffered a sweeping electoral defeat at the hands of a fascist like Milei.

While compelled to call for limited demonstrations given the explosive anger from below, the FIT-U continues to appeal to the Peronists, knowing full well that they represent no challenge to Milei or the IMF diktats. In fact, many top Peronist officials have joined the Milei administration—Daniel Scioli, Flavia Royón, Mario

Russo, Marco Lavagna, Leonardo Madcur, Franco Mogetta, Olsvaldo Giordano, Guillermo Michel, etc.

The union bureaucracy, after having entered the Peronist government and blocking national strikes for four years, is already offering Milei its help in suppressing protests for a seat at the table.

The election of Milei has demonstrated that the FIT-U and its orbit are as rotten politically as the Peronists and represent a trap for workers and youth who seek to resist Milei's social attacks and the threat of dictatorship and fascism.

In one particularly revealing episode after Milei's election, the PO leader of the "Piqueteros," who organize informal and unemployed workers, Eduardo Belliboni, said on national television that vice president Villarruel "might want to return to the dictatorship, but in this country we don't accept dictatorships anymore."

The journalist was dumbstruck by the complacency, warning "there could be dead," and recalled that Ramiro Marra, the president of Milei's party, told Belliboni on that same program that "If you block the street, you go to jail" and "I will beat you up."

Belliboni gave an answer that should be tattooed on his forehead: "The fate of a person is in his name. This guy is named Marra," suggesting like a first grader that Marra is a *mamarracho*, or "mess."

Milei and the IMF can only be fought in a political struggle aimed also against Peronism, the FIT-U parties and their associated union bureaucracies, who make up a united front of the bourgeoisie with privileged sections of the middle class, hostile to workers. A genuine Trotskyist leadership needs to be built in the working class on the basis of uniting the emerging mass struggles of workers internationally against capitalist exploitation, war, fascism and genocide.



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