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IN OUR TIME



**JAVIER MILEI**

## **Address to the World Economic Forum**

**(Davos, January 21st, 2026)**



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## Who is Javier Milei

**J**avier Milei (Buenos Aires, 1970) is an Argentine economist and politician. He graduated with a degree in Economics and developed his professional career in the financial and academic fields, working as chief economist and advisor in various private entities, as well as teaching at university level. He gained public notoriety as an economic analyst and commentator in the media, where he defended liberal-libertarian positions that were highly critical of state intervention in the economy.

He began his political career in the 2020s and was elected a member of the national parliament in 2021. In 2023, he won the presidential election and took office as President of Argentina in December of that year. His government's actions have been characterized by a program aimed at reducing public spending, reforming the state, and economic liberalization. Milei has participated in numerous international forums and global debates on economic and general policy.

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# Address to the World Economic Forum

Davos, 21 January, 2026

JAVIER MILEI

*President of Argentina*

**G**ood afternoon, everyone. I stand before you today to categorically state that Machiavelli is dead.

For years, our thinking was distorted by presenting us with a false dilemma when designing public policies, where we had to choose between political efficiency and respect for Western ethical and moral values.

As Professor Jesús Huerta de Soto points out in his work on dynamic efficiency<sup>1</sup>, from this point of view, efficiency is not compatible with various schemes of equity or justice, but arises solely and exclusively from one of them, which is based on respect for private property and the role of business.

Therefore, the opposition between the dimensions of efficiency and justice is false and erroneous. That is, what is fair cannot be inefficient, nor can what is efficient

be unfair. From the perspective of dynamic analysis, justice and efficiency are two sides of the same coin.

Without a doubt, the person who anticipated this situation most clearly was Murray Rothbard, when he proposed the connection between the dynamic conception of economic efficiency and the field of ethics. Rothbard considered it essential to first establish the appropriate ethical framework to promote dynamic efficiency, given our lack of knowledge about the ends, means, and functions of utility that exist in reality.

In this sense, this framework is made up of the set of rules that define property rights and make voluntary exchange possible, in the r that different individuals always make their preferences clear.

Thus, for Rothbard, to whom I subscribe, even in my role as president of the great na-

<sup>1</sup> Jesús Huerta de Soto, *The Theory of Dynamic Efficiency*, Routledge, London and New York, 2009 and 2010

## **"Confronting the dimensions of efficiency and justice is false and erroneous. What is fair cannot be inefficient, nor can what is efficient be unfair".**

tion of Argentina, only the ethical principles underlying Western culture can serve as criteria for efficiency when making decisions on public policy.

Put bluntly, when designing public policies, it is ethically and morally unacceptable to sacrifice justice on the altar of efficiency. This slogan in favor of values is not only above economic efficiency, but even more so above political utilitarianism.

Thus, setting aside ethical and moral values leads to policies that are not only unjust but also lead to collapse, not only economically but also socially, to such an extent that it could end up destroying Western civilization itself.

That is why, in 2024, I pointed out in this forum that the West was in danger. In turn, in my 2025 presentation, I showed that the agendas and policies being promoted by various international organizations and forums were nothing more than a set

of socialist policies, elegantly packaged to deceive people of noble souls full of good intentions, but with the same catastrophic results as always.

That is why we must never forget Thomas Sowell's words about socialism, which he recognized as sounding very nice, but whose downside is that it always ends badly. Horribly badly. Without going any further than the continuous disasters caused by socialism during the 20th century, let us look at the aberrant damage caused in Venezuela, not only by an 80% drop in its GDP, but even worse, in light of the establishment of a bloody narco-dictatorship whose terrorist tentacles spread throughout our continent.

Therefore, today more than ever, in the face of the ethical and moral degradation that the West is undergoing as a result of embracing the new socialist agenda, it is necessary to re-promote the ideas of freedom.

However, unlike the utilitarian approach taken in the past, today the defense of the capitalist system of free enterprise must be based on its ethical and moral virtues.

That is, as Israel Kirzner points out, today's socialists do not deny the superiority of capitalism in terms of productivity; they question it because it is unfair. Therefore, it is not enough for the system to be more productive, since, if its roots were unfair, capitalism would not deserve to be defended.

Therefore, today I will show you that free enterprise capitalism is not only more productive, but also the only fair system.

In turn, I will show you that there is no dilemma between political utilitarianism and value-based politics, since if the two were in conflict, it would imply that the foundations of political utilitarianism must be discarded as unjust.

Therefore, this will imply that, if we want to escape our dark present, we must return to drawing inspiration from Greek philosophy, embrace Roman law, and return to Judeo-Christian values, which will allow us to save the West.

### **Natural law, positive law, justice, private property, the principle of non-aggression, and liberalism**

Much of human conflict arises from a failed interrelationship between natural law and positive law. Thus, natural law is the law that should govern human beings because it is suited to their nature and is therefore just in a universal sense. It is a common law for all men because it is intrinsic to their essence and therefore unchangeable and immutable.

On the other hand, positive law is that which is written by men to govern at their convenience. Thus, when positive law is in accordance with natural law, there will be justice. Otherwise, the law will be legal but not legitimate.

Based on this, two fundamental rights are recognized: the rights to life and liberty. Man is born alive and free and has the

right to preserve these attributes of nature. Furthermore, he has the right to have them respected by his fellow men, in order to seek his own happiness, which is the goal to which all men aspire.

In parallel, we have acquired rights, which are neither natural nor inherent to human beings, but are earned through merit or obtained as a gift. Thus, the fundamental right to freedom gives rise to the acquired right to private property, which is manifested in our ability to freely acquire property with the fruits of our labor or to receive property that is freely donated or inherited.

In turn, the right to property, especially because of its dynamic consequences, is linked to Locke's principle of appropriation, so that property can now derive not only from a donation, gift, inheritance, and/or exchange, but also from the appropriation of a discovery or creation.

Finally, these rights are complemented by

## **"It is unacceptable from an ethical and moral standpoint to sacrifice justice on the altar of efficiency".**

## **"The ethical and moral decline that the West is experiencing is the result of having embraced the new socialist agenda".**

the principle of non-aggression, which establishes that no human being has the right to exercise aggression of any kind against another human being, which includes not only physical aggression but also all types of coercion, compulsion, and/or imposition under threat of force.

Hence, we define liberalism, according to Alberto Benegas Lynch Jr., as "unrestricted respect for the life project of one's neighbor, based on the principle of non-aggression and in defense of the right to life, liberty, and property. Its emerging institutions are: private property, markets free from state intervention, competition understood as free entry and exit, division of labor, and social cooperation.

Naturally, associated with this social order arises the question of whether it is fair. Therefore, to determine whether the system is fair, the obligatory reference is Ulpian, whose basic premise forms the basis

of Roman law and is undoubtedly one of the pillars of Western civilization.

Thus, "justice is the constant and persistent will to give everyone their due," that is, the intention to give each person what is theirs, what they are entitled to. However, Ulpian's ruling did not stop there, but went on to add that the principles of law consist of "living honestly without causing harm to anyone and giving each person what is theirs."

Therefore, it follows from all this that one of the characteristics of liberalism is that it is a just doctrine.

### **Ethics of private property and efficiency**

Given the emerging institutional framework, which we have also proven to be fair, it is now time to prove that it is also efficient.

The first proposal in this regard was made by Adam Smith, who, using the argument of the invisible hand, postulated that each individual pursuing their own interest led to maximum social welfare.

Later, the neoclassicals, guided by an idea of the invisible hand based on Pareto optimality, managed to derive the first axiom of welfare economics, namely that every competitive equilibrium is Pareto optimal. However, this implied embracing a mathematical structure that left the door open to state intervention, under the good intentions of correcting market failures, which, from my perspective, do not exist.

To this end, the test developed by Hans-Hermann Hoppe, based on property rights in line with Locke's principle of original appropriation together with the principle of non-aggression, not only satisfactorily proves optimality, but also leaves no room for intervention. Thus, Hoppe points out:

Any deviation from this set of rules implies, by definition, a redistribution of property titles and therefore of income, from users who produce and contract goods to non-users who do not produce or contract. Therefore, any deviation in this regard implies that there will be relatively less original appropriation of resources whose scarcity is known, and thus there will be less production of new goods, less maintenance of existing goods, and fewer mutually beneficial contracts and trades. This naturally implies a lower standard of living in relation to the goods and services that pass from hand to hand.

Furthermore, the postulate that only the first user, not the last, of a good acquires the right of ownership over it ensures that productive efforts will be as high as possible at all times. In turn, the notion that only the physical integrity of property, not its value, should be protected guarantees that every owner will make the greatest productive efforts of value, that is, efforts to promote favorable changes in the value of the property and to prevent or counteract any unfavorable changes in its value. Therefore, any deviation from these rules implies a reduction in productive efforts at all times.

Note that by pivoting on private property and not on demand functions derived from optimization exercises, it is possible to achieve an optimum without the need to use esoteric assumptions that then provide support for state intervention. At the same time, it avoids falling into the empirical ridicule of the second theorem of welfare economics, which posits the independence between production and distribution, as if the choice between capitalism and communism were neutral in terms of results.

### **Ethics, dynamic efficiency, and growth**

Therefore, having proven that the institutions of free enterprise capitalism, supported by natural rights, Locke's principle of original appropriation, and the principle of non-aggression, are not only fair but also efficient, at least in static terms, it is now time to prove that free enterprise capita-

## **"No human being has the right to commit any kind of aggression against another human being".**

## "The interaction between savings and investment highlights the fundamental role of the capital market and the financial system".

lism fulfills all these same properties in dynamic terms.

Xenophon, as early as 380 BC, pointed out that economics is a science that allows men to increase their wealth, while postulating that private property was the most profitable vehicle for everyone's life.

Xenophon then addresses the concept of efficiency from two perspectives. On the one hand, from a static point of view, he defines efficiency as the management of available resources in order to avoid waste, highlighting the benefits of private property by pointing out that "the master's eye is the best formula for fattening his cattle."

On the other hand, in his second definition of efficiency, Xenophon delves into the dynamic realm, pointing out that efficiency also implies increasing wealth. That is, it is about increasing the available quantity of goods through entrepreneurial creativity, that is, through trade and speculation.

This latter criterion of efficiency is of fundamental importance for the study of economic growth, since unlike a static model that only considers what Robert Lucas Jr. defined as deep parameters, i.e., preferences, technology, and initial resource endowments, in the dynamic sphere, both technology and initial endowments can vary, and in fact do so continuously, as a result of entrepreneurial creativity.

Moreover, a separate chapter is devoted to the institution of private property and, pivoting on it, the Austrian school of economics from Mises, Hayek, Rothbard, Kirzner, Hoppe to Jesús Huerta de Soto, has demonstrated the impossibility of socialism and thus debunked John Stuart Mill's phantasmagorical idea that production and distribution are independent of each other. This academic deafness led to socialism and cost the world the lives of 150 million human beings, while those who managed to survive the terror did so in absurd poverty.

### Growth and entrepreneurial function

In line with the above and with the second definition of Xenophon's analysis, economic theory has identified four sources of economic progress:

First, we have the division of labor, which was exemplified by Adam Smith with the pin factory. Essentially, this is a mechanism by which productivity gains are generated that manifest themselves as increasing returns

and, although their limit is defined by the size of the market, the size of the market is positively affected by them. However, it is also worth clarifying that this virtuous process is not infinite, as its limit collides with the endowment of resources.

Secondly, the accumulation of capital, both physical and human. With regard to physical capital, the interaction between savings and investment is crucial, highlighting the fundamental role of the capital market and the financial system in carrying out such intermediation. On the human capital side, the focus should not be limited to education, but should also consider the development of cognitive abilities from birth, nutrition, and health, which are fundamental elements for accessing education and the labor market.

Thirdly, we have technological progress, which means being able to produce a greater quantity of goods with the same amount of resources or producing the same amount using fewer inputs.

Finally, we have entrepreneurship, or rather, the entrepreneurial function, which, according to Professor Huerta de Soto, is the main driver of the pro y process of economic growth, since, although the three factors mentioned above are important, without entrepreneurs there would be no production and the standard of living would be extremely precarious.

In turn, this premise derives from five elements associated with the entrepreneurial function itself.

First, because the entrepreneurial function produces information that allows opportunities for profit to be captured, and because this information is subjective, dispersed, and tacit in nature.

Second, the entrepreneurial function transmits information to the market, where prices incorporate enormous amounts of information at low cost.

Third, ownership, prices, profits, and losses are the key factors that enable economic calculation, and therefore the entrepreneurial function plays a predominant role in coordinating supply and demand and driving the necessary adjustments required by emerging imbalances.

Fourth, the entrepreneurial function is essentially competitive and manifests itself as a continuous need to readapt to changing conditions in order to solve human problems.

Finally, the market process is dynamically

## "The entrepreneurial function transmits information to the market, where prices incorporate it in enormous quantities and at low cost".

## "Huerta de Soto's idea of dynamic efficiency combines Schumpeter's creative destruction and North's adaptive efficiency".

efficient because people can only improve their well-being by directing their intelligence toward solving the needs of others, which are infinite and changing in nature.

Therefore, the entrepreneurial function does not focus so much on short-term efficiency, but rather on the growth of the quantity of goods and services, which leads to higher standards of living.

### Dynamic efficiency and institutions

Based on this, what is truly important is to expand the frontier of production possibilities to the maximum. Thus, dynamic efficiency can be seen as the capacity of an economy to drive creativity and entrepreneurial coordination.

In turn, the criterion of dynamic efficiency is inextricably linked to the concept of entrepreneurial function, which is the typically human ability to recognize profit opportu-

nities that arise in the environment and act accordingly to take advantage of them. This makes the task of discovering and creating new ends and means fundamental, promoting spontaneous coordination aimed at resolving market imbalances. On the other hand, this definition of dynamic efficiency proposed by Huerta de Soto adequately and coherently combines Schumpeter's idea of creative destruction with North's adaptive efficiency.

Naturally, given the role of the entrepreneurial function, the institutions under which it operates are of vital importance. In this sense, both Douglas North and Jesús Huerta de Soto see reducing uncertainty as a key function of institutions. Thus, while North presents them as a set of restrictions devised by humans that structure social interaction in a repetitive manner, Huerta de Soto considers that these institutions conceived by human beings emerge spontaneously from a process of social interaction without the design of a single person, reducing the uncertainty of the market process.

Thus, as Roy Cordato points out, the appropriate institutional framework is one that favors entrepreneurial discovery and coordination. Therefore, within this framework, economic policy should be geared toward identifying and removing all artificial barriers that hinder the entrepreneurial process and voluntary exchanges. In this sense, given the decisive influence of institutions on economic progress, this directs

our attention to the importance of ethics, since those societies that adhere to more solid moral values and ethical principles in support of institutions will be dynamically more efficient and will thus enjoy greater prosperity.

### Ethics and dynamic efficiency

In line with the theory of entrepreneurial function and the concept of dynamic efficiency, every human being possesses an innate creative capacity that allows them to appreciate and discover the opportunities for gain that arise in their environment, acting accordingly to take advantage of them.

Thus, entrepreneurship is the typically human capacity to create and discover new means and ends. According to this conception, resources are never given, but rather both means and ends are continually devised and conceived *ex novo* by entrepreneurs, who are always eager to achieve new goals that they discover to be of greater value.

Thus, the fundamental ethical problem comes to be conceived as the search for the best way to promote coordination and entrepreneurial creation.

Therefore, in the field of social ethics, the conclusion is reached that the conception of the human being as a creative and coordinating actor implies accepting as axiomatic the principle that every human being has the right to appropriate the results of their entrepreneurial creativity.

In other words, the private appropriation of the fruits of what entrepreneurs create and discover is a principle of natural law because, if the actor could not appropriate what he creates or discovers, then his ability to detect profit opportunities would be blocked and his incentive to carry out his actions would disappear. In short, the ethical principle we have just stated is the ethical foundation of the entire market economy.

### Ethically fair economic policy

Given the conceptual framework of dynamic efficiency and the absence of a dilemma between efficiency and ethical values when designing public policies, their implementation in real life is of interest.

Beyond the enormous achievements we have made during these years of management, eliminating a fiscal deficit of 15% of GDP, lowering inflation from 300% to 30%,

**"The institutions under which the entrepreneurial function is carried out, are of a vital importance".**

**"Every human being possesses an innate creative ability that allows them to appreciate and discover profit opportunities in their environment".**

reducing country risk by 2,500 basis points and growing the economy, while poverty fell from 57% to 27%, implementing public policies guided by ethical and moral values, I would like to focus on the case of the Ministry of Deregulation, or as we call it internally, the Ministry of Increasing Returns.

This ministry is inspired by the evolution of per capita GDP since the Christian era, which has the shape of a hockey stick. This figure arises from the fact that until 1800, per capita GDP was almost constant, and from then until today, it has multiplied by 15 times, in a context in which the size of the population has multiplied by 10. At the same time, while GDP grew, extreme poverty fell from 95% to 10%.

However, this marvel implies the existence of increasing returns, which in economics is associated with concentrated market structures, and this gives birth to the public policy dilemma between Pareto efficiency and justice.

In Pareto analysis, increasing returns imply the existence of non-convexities in the production set that do not allow for the derivation of a profit function that yields a maximum, so neither the supply of goods nor the demand for inputs are optimal. In response to this, it is proposed to regulate companies and assimilate them into a perfectly competitive case. That is, to kill increasing returns and with them growth.

The vision based on the ethical values of capitalism points out that if this position was reached through discovery, voluntary exchanges, and without violating the principle of non-aggression, there is no reason to justify intervention. In fact, intervention is a violation of property rights, so by punishing profits, the potential growth of the economy falls. Therefore, intervention and regulation are dynamically inefficient because they are violent and therefore unjust. That is why, since coming into office in 2023, we have carried out, thanks to the Herculean task of Minister Federico Sturzenegger, 13,500 structural reforms, which today allow us to have a more dynamically efficient economy, which will allow us to grow again. This is MAGA (Make Argentina Great Again).

This shows how questionable the Pareto optimum analysis is. Based on this analysis, many consider it right to regulate these concentrated structures by assimilating them into a competitive model. However, this implies killing off increasing returns, the unwanted side effect of which is to kill off growth.

Note that we can address the issues of artificial intelligence along the same lines. In this sense, we could see this tool as the 21st-century version of Adam Smith's pin factory. That is, an enhancer of increasing returns and, with it, greater growth and well-being. So the most responsible thing states can do on this issue is to stop bothering those who are creating a better world.

At the same time, I want to point out that all fears associated with dystopian scenarios are nonsense. The answer is Adam Smith: the limit to increasing returns is given by the size of the market. And finally, we must not forget that the implementation of these projects requires real h , and financial inputs and resources, so expansion will be limited by initial endowments.

Finally, linked to this phenomenal future that lies ahead, the role of human capital is of vital importance. In this regard, in Argentina, thanks to the management of Minister Sandra Pettovello, we have stopped giving fish to vulnerable sectors and have started teaching them to fish and, if possible, motivating them to even start their own fishing companies.

**Final thoughts**

Despite popular criticism, free enterprise capitalism does not undermine moral values. After all, economic progress via the invisible hand mechanism arose from the moral sentiments of Adam Smith, and the modern era

owes its existence to the bourgeois virtues of McCloskey.

In turn, thanks to Huerta de Soto's great work in developing the concept of dynamic efficiency and putting it into practice in Argentina, we can be sure that the dilemma between efficiency and justice is false. That is, markets are not only superior in terms of productivity, but they are also fair. And therefore, public policies must be guided by ethics and not utilitarianism, whether economic and/or political, which always leads to populist and impoverishing solutions.

Therefore, I reaffirm what I said at the beginning of this conference: Machiavelli is dead. Therefore, it is time to bury him.

Moreover, given the deep link between morality and free markets, the latter make us better people, since thanks to dynamically efficient markets, we can simultaneously progress economically, defend private property, maintain peace, achieve social harmony, and

**"Entrepreneurship is the uniquely human ability to create and discover new means and ends".**

strengthen those social virtues that are indispensable for a prosperous society.

Finally, I would like to leave you with a reflection on this week's Parashah. The Parashah Bo describes the moment when Moses confronts Pharaoh, symbol of the oppressive power of the state, to warn him that if he does not free the Hebrew people, the last three plagues will fall upon Egypt. When Pharaoh refused, the plague of locusts came, signifying famine. Then came the plague of darkness, signifying the loss of clarity for decision-making. And finally, the plague of the death of the firstborn, which reveals the fate of a society that denies freedom. The analogy with what is happening today is clear.

Some time ago, the West, for some strange reason, began to turn its back on the ideas of freedom, which is why in this very place in 2024 I stated that the West is

in danger as a result of having embraced increasing doses of socialism in its most hypocritical form, which is wokism.

In turn, in 2025, I explained the mental parasites that the left sowed in humanity. However, 2026 is the year in which I bring you good news. The world has begun to wake up. The best proof of this is what is happening in America with the rebirth of the ideas of freedom.

Therefore, America will be the beacon of light that will reignite the entire West and thereby repay its civilizational debt with gratitude to its foundations in Greek philosophy, Roman law, and Judeo-Christian values. We have a better future ahead of us, but that better future exists if we return to the roots of the West, that is, by returning to the ideas of freedom.

Thank you very much.

**"The market process is dynamically efficient because people can only improve their well-being by directing their intelligence toward meeting the needs of others".**



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