



Javier Milei at the WEF — Attacking Socialism, Defending Monopolists?

Argentine self interest or fundamental principles?

Having taken the time to research and cover ([in this substack](#) essay) the CV and anarcho-capitalist logic of Argentine President (and economist) Javier Milei, I was familiar with most of the points made during his speech at the WEF earlier this week. However, his comments supporting monopolies were new to me, and have been nagging at me ever since.

[What Is a Monopoly?](#)

A monopoly is a situation in which a single company has complete control over the market for a particular product or service. This means that the company is the only player in the market and has no competition. As a result, the company can control prices, limit supply, and exert significant power over consumers.

[How Do Monopolies Form?](#)

Monopolies typically form when there are significant barriers to entry into a market. These barriers can include high start-up costs, regulatory requirements, or patents that protect a company's intellectual property. In many cases, existing companies may also engage in anti-competitive practices, such as price dumping, predatory pricing, or other tactics designed to push out potential competitors.



AP Images
Javier Milei

What do the US Constitution and Founding Fathers teach about Monopolies?

The US founding fathers expressed strong concerns about monopolies, and considered them detrimental to freedom and innovation. Thomas Jefferson, in 1787, wrote to James Madison expressing his dislike for the omission of a “restriction against monopolies” from the Bill of Rights. He emphasized the “wretched spirit of monopolies,” and Madison also called monopolies “among the greatest nuisances in Government.” The founders’ aversion to monopolies led to the inclusion of the right to be free from **government-granted monopolies** in the Constitution.

For further information on the aversion to government-granted monopolies of the founding fathers,



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please see the following:

[“Monopolies and the Constitution: A History of Crony Capitalism”](#) Steven G. Calabresi

The Papers of Thomas Jefferson. Edited by Julian P. Boyd et al. Princeton: Princeton University Press, 1950. [CHAPTER 14|Document 46. Thomas Jefferson to James Madison. 31 July 1788](#) *Papers* 13:442-43

I sincerely rejoice at the acceptance of our new constitution by nine states. It is a good canvas, on which some strokes only want retouching. What these are, I think are sufficiently manifested by the general voice from North to South, which calls for a bill of rights. It seems pretty generally understood that this should go to Juries, Habeas corpus, Standing armies, Printing, Religion **and Monopolies**. I conceive there may be difficulty in finding general modification of these suited to the habits of all the states. But if such cannot be found then it is better to establish trials by jury, the right of Habeas corpus, freedom of the press and freedom of religion in all cases, and to abolish standing armies in time of peace, **and Monopolies, in all cases, than not to do it in any**. The few cases wherein these things may do evil, cannot be weighed against the multitude wherein the want of them will do evil. In disputes between a foreigner and a native, a trial by jury may be improper. But if this exception cannot be agreed to, the remedy will be to model the jury by giving the medietas linguae in civil as well as criminal cases. Why suspend the Hab. corp. in insurrections and rebellions? The parties who may be arrested may be charged instantly with a well defined crime. Of course the judge will remand them. If the publick safety requires that the government should have a man imprisoned on less probable testimony in those than in other emergencies; let him be taken and tried, retaken and retried, while the necessity continues, only giving him redress against the government for damages. Examine the history of England: see how few of the cases of the suspension of the Habeas corpus law have been worthy of that suspension. They have been either real treasons wherein the parties might as well have been charged at once, or sham-plots where it was shameful they should ever have been suspected. Yet for the few cases wherein the suspension of the hab. corp. has done real good, that operation is now become habitual, and the minds of the nation almost prepared to live under it's constant suspension. A declaration that the federal government will never restrain the presses from printing any thing they please, will not take away the liability of the printers for false facts printed. The declaration that religious faith shall be unpunished, does not give impunity to criminal acts dictated by religious error. **The saying there shall be no monopolies lessens the incitements to ingenuity, which is spurred on by the hope of a monopoly for a limited time, as of 14. years; but the benefit even of limited monopolies is too doubtful to be opposed to that of their general suppression**. If no check can be found to keep the number of standing troops within safe bounds, while they are tolerated as far as necessary, abandon them altogether, discipline well the militia, and guard the magazines with them. More than magazine-guards will be useless if few, and dangerous if many. No European nation can ever send against us such a regular army as we need fear, and it is hard if our militia are not equal to those of Canada or Florida. My idea then is, that tho' proper exceptions to these general rules are desirable and probably practicable, yet if the exceptions cannot be agreed on, the establishment of the rules in all cases will do ill in very few. I hope therefore a bill of rights will be formed to



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guard the people against the federal government, as they are already guarded against their state governments in most instances.

Despite this fundamental position, the Constitution does direct the US Federal government to grant limited monopolies relating to patents and copyrights, in order to promote innovation. This is codified in U.S. Constitution **Article I Section 8 | Clause 8** - Patent and Copyright Clause of the Constitution. [The Congress shall have power] "To promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries."

Javier Milei and Monopolies. Opportunism or Fundamental Philosophy?

Now that Milei has been elected, the approved (false) corporate news narrative here in the USA has pivoted away from accusations of fascism to variations on the theme that he is just a tool of the globalists and their "World Economic Forum". An opportunist wolf in sheep's clothing. Having been subjected to three plus years of mischaracterization and active character assassination myself, I have come to deeply mistrust these simplistic delegitimizing narratives. But these types of repeated attacks have a way of embedding themselves into your brain, of becoming mind worms. An example of neurolinguistic programming in action.

Despite this reflexive wariness to approved narratives, the sections of his WEF speech in which he addressed monopolies did not ring true to me. I suspected that Milei was taking a pragmatic approach to communicating to WEF members, many of whom could be cast as the most successful monopolists since the roaring '20s, demonstrating that while he was challenging the WEF's embrace of Socialism, he was not actually threatening their business and financial positions. And furthermore, that they could expect that Argentina under a Milei government would not interfere with their existing monopolies - and therefore by extension Argentina was safe for them as potential investors.

Here is the relevant section of the speech:

This problem lies mainly in the fact that **not even supposedly libertarian economists understand what the market is**. Because if they did understand, it would quickly be seen that **it's impossible for there to be something along the lines of market failures**. The market is not a mere graph describing a curve of supply and demand. The market is a mechanism for social cooperation where you voluntarily exchange ownership rights. Therefore, based on this definition, **talking about a market failure is an oxymoron**. **There are no market failures**. If transactions are voluntary, the only context in which there can be a market failure is if there is coercion. And the only one that is able to coerce generally is the state, which holds a monopoly on violence.

Consequently, if someone considers that there is a market failure, I would suggest that they check to see if there's state intervention involved. And if they find that that's not the case, I would suggest that they check again because obviously there's a mistake. Market failures do not exist. **An example of these so-called market failures described by the neoclassicals are the concentrated structures of the economy**. However, without increasing returns to scale functions, whose counterpart are the concentrated structures of the economy, we couldn't possibly explain economic growth since the year 1800 until today. Isn't this interesting? Since the year 1800 onwards, with population multiplying by eight or



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nine times, per capita GDP grown by over 15 times. So there are growing returns which took extreme poverty from 95% to 5%.

However, **the presence of growing returns involves concentrated structures, what we would call a monopoly.** How come then that something that has generated so much wellbeing for the neoclassical theory is a market failure? Neoclassical economists think outside of the box. When the model fails, you shouldn't get angry with reality but rather with the model and change it. The dilemma faced by the neoclassical model is that they say they wish to perfect the function of the market by attacking what they consider to be failures. But in so doing, they don't just open up the doors to socialism but also go against economic growth. An example, **regulating monopolies, destroying their profits and destroying growing returns automatically would destroy economic growth.** In other words, whatever you want to correct, a suppose market failure inexorably, as a result of not knowing what the market is or as a result of having fallen in love with a failed model, you're opening up the doors to socialism and condemning people to poverty.

However, faced with the theoretical demonstration that state intervention is harmful and the empirical evidence that it has failed couldn't have been otherwise. **The solution to be proposed by collectivists is not greater freedom, but rather greater regulation. Which creates a downward spiral of regulations until we're all poorer and the life of all of us depends on a bureaucrat sitting in a luxury office.**

Forgive my cynicism, but the last four years have been pretty tough on my naïvety, and I have developed a tendency to see through a glass darkly. Could this be Milei signaling to the assembled WEF leadership that he was not actually a threat to them and their business interests? This hypothesis would be consistent with the narrative that Milei, like Italian PM Giorgia Meloni (also labeled by US corporate media as a Fascist prior to her election), was mostly going to turn out to be just another politician. Mostly talk and very little doing.

To investigate whether Milei's position regarding monopolies was merely opportunistic or reflected fundamental economic/philosophical principles, once again I contacted the Brownstone Institute's Jeffrey Tucker, who is one of the world experts on the thinking of Murray N Rothbard. In many ways, Rothbard's insights are at the center of the Anarcho-capitalist intellectual universe, which Milei subscribes to.

I asked Jeffrey if Rothbard had written on monopolies and the role of the State, and if so what was his position? Without a moment's delay, Mr. Tucker texted back that Rothbard had covered this in his key treatise "[Man, Economy, and State with Power and Market](#)", and directed me to the section titled "Antitrust laws". And there it was, reading as if Milei was channeling the ghost of the departed Rothbard. In essence, the argument is that the government is the one that creates monopolies through issuing a "grant of privilege" (such as were granted to the railway barons). Once again, we see the hand of the State picking winners and losers, and then when those selected to be winners have leveraged this privilege to develop massive wealth, the State has seen fit to step in with arbitrary and capricious punitive and coercive legal tools in a ham-handed attempt to mitigate the damage caused by its actions.

It may seem strange to the reader that one of the most important governmental checks on efficient competition, and therefore grants of quasi monopolies, are the *antitrust laws*. Very



few, whether economists or others, have questioned the principle of the antitrust laws, particularly now that they have been on the statute books for some years. As is true of many other measures, evaluation of the antitrust laws has not proceeded from an analysis of their nature or of their necessary consequences, but from an impressionistic reaction to their announced aims. The chief criticism of these laws is that “they haven’t gone far enough.” Some of those most ardent in the proclamation of their belief in the “free market” have been most clamorous in calling for stringent antitrust laws and the “breakup of monopolies.” Even the most “right-wing” economists have only gingerly criticized certain antitrust procedures, without daring to attack the principle of the laws *per se*.

The only viable definition of monopoly is a grant of privilege from the government. It therefore becomes quite clear that it is impossible for the government to *decrease* monopoly by passing punitive laws. The only way for the government to decrease monopoly, if that is the desideratum, is to remove its own monopoly grants. The antitrust laws, therefore, do not in the least “diminish monopoly.” What they do accomplish is to impose a continual, capricious harassment of efficient business enterprise. The law in the United States is couched in vague, indefinable terms, permitting the Administration and the courts to omit defining in advance what is a “monopolistic” crime and what is not. Whereas Anglo-Saxon law has rested on a structure of clear definitions of crime, known in advance and discoverable by a jury after due legal process, the antitrust laws thrive on deliberate vagueness and *ex post facto* rulings. No businessman knows when he has committed a crime and when he has not, and he will never know until the government, perhaps after another shift in its own criteria of crime, swoops down upon him and prosecutes. The effects of these arbitrary rules and *ex post facto* findings of “crime” are manifold: business initiative is hampered; businessmen are fearful and subservient to the arbitrary rulings of government officials; and business is not permitted to be efficient in serving the consumer. Since business always tends to adopt those practices and that scale of activity which maximize profits and income and serve the consumers best, any harassment of business practice by government can only hamper business efficiency and reward inefficiency.

It is vain, however, to call simply for clearer statutory definitions of monopolistic practice. For the vagueness of the law results from the impossibility of laying down a cogent definition of monopoly on the market. Hence the chaotic shift of the government from one unjustifiable criterion of monopoly to another: size of firm, “closeness” of substitutes, charging a price “too high” or “too low” or the same as a competitor, merging that “substantially lessens competition,” etc. All these criteria are meaningless. An example is the criterion of *substantially lessening competition*. This implicitly assumes that “competition” is some sort of *quantity*. But it is not; it is a process, whereby individuals and firms supply goods on the market without using force. To preserve “competition” does not mean to dictate arbitrarily that a certain number of firms of a certain size have to exist in an industry or area; it means to see to it that men are free to compete (or not) unrestrained by the use of force.

The original Sherman Act stressed “collusion” in “restraint of trade.” Here again, there is nothing anticompetitive *per se* about a cartel, for there is conceptually no difference between a cartel, a merger, and the formation of a corporation: all consist of the voluntary pooling of assets in one firm to serve the consumers efficiently. If “collusion” must be



stopped, and cartels must be broken up by the government, i.e., if to maintain competition it is necessary that *co-operation* be destroyed, then the “anti-monopolists” must advocate the complete prohibition of all corporations and partnerships. Only individually owned firms would then be tolerated. Aside from the fact that this compulsory competition and outlawed co-operation is hardly compatible with the “free market” that many antitrusters profess to advocate, the inefficiency and lower productivity stemming from the outlawing of pooled capital would send the economy a good part of the way from civilization to barbarism.

An individual becoming idle instead of working may be said to “restrain” trade, although he is simply *not engaging* in it rather than “restraining” it. If antitrusters wish to prevent idleness, which is the logical extension of the W.H. Hutt concept of consumers’ sovereignty, then they would have to pass a law compelling labor and outlawing leisure—a condition certainly close to slavery. But if we confine the definition of “restraint” to restraining the trade of others, then clearly there can be no restraint of trade at all on the free market—and only the *government* (or some other institution using violence) can restrain trade. *And one conspicuous form of such restraint is antitrust legislation itself!*

[The transcript below, of the video titled “Microeconomics and Monopolies,” appearing on Dr. Malone’s Substack] has been translated into English from the native Spanish, and demonstrates that Javier Milei credits Rothbard with transforming his understanding of monopolies. The video also demonstrates that Javier Milei is first and foremost an academic economist, not the far-right populist social media butterfly stereotype portrayed in the US Mockingbird Corporate Media.

Interviewer:

If we analyze everyday life problems, there is no doubt that people suffer a lot, especially with public services. You defended monopolies. But now let’s suppose a case which is actually real, that in Buenos Aires public services like electricity, gas and water are deficient. How can we prevent the formation of a monopoly? A private entity would initially avoid investing in these for 100 years due to scale issues, as it would be unprofitable. So how can we avoid monopolies?

Dr. Javier Milei:

On the other hand, if it’s a private entity, to whom do we make a complaint? The first problem with what you just said relates to the definition of monopolies. For me, the correct definition of monopolies is that of Lorca. What is a monopoly? It’s when we talk about only one entity directed towards the monarch who arbitrarily decided that someone had the monopoly to produce that sole good, and this was enforced with the repressive apparatus of the state. In other words, nothing good can come from this figure. Indeed, in the figure of monopoly that is captured in microeconomics, this precisely relates to that figure meaning where entry is impossible. From my point of view, the definition of monopoly has various problems for God because, in general, the micro perspective in this analysis of monopoly is a partial equilibrium and also of a single period.

That’s why I find Rothbard’s view on monopoly much more interesting. Rothbard’s approach is what led me to convert to the Austrian School, considering that I had spent over 20 years teaching microeconomics. My course had been considered the best microeconomics course



in Argentina by Alfredo, may he rest in peace, Victor Beker and Omar Chisari. In other words, the three best microeconomists in Argentine history praised my course and considered it the best in Argentina. Didn't you realize it was closed? Exactly. When I started to dedicate myself to growth topics, one of the things that explained growth are the presidential yields. So my question was how is it possible that in a situation where you had ninety-five percent of people below the extreme poverty line, in 200 years, that number falls to less than 10%. That is there is a clear presence of increasing returns because the population multiplies by more than six. We're talking about the period from 1800 to 2000, not now. The numbers are even more profound now. Productivity increased more than nine times.

The question is, does God see the study as having increasing returns in what is called the hockey stick curve? The question now is how can something that has done so much good for humanity be considered bad in conventional economic theory? This was a point of contention for me. The key that allowed me to find a solution to this was Rothbard's article, the Myth of Free Market Monopolies. This article is also included in the book, Man, Economy, and State. I remember the article is about 140 pages long, and the translation was done by the father of Alberto, Benegas Lynch, Jr. I, who am probably our greatest historical exponent of liberalism, realized something after finishing reading the article. For more than 20 years, I had been deceiving my students. It didn't matter to me that the best microeconomists in Argentina said my course was fantastic. I admitted I was wrong and had been mistaken. That's where the change happened. It's interesting what Rothbard does, because you have to be careful with what you define as a monopoly.

On one hand, you have the definition of Lorca. Yes, and it's clear that Lorca's definition is bad. But it's also clear that if you have a process where let's say 20 companies are launched into competition, they all compete. That's really not the case. This is a theoretical framework of perfect competition. No, no, no. The perfect competition model of the Austrians is something we disdain. Now, I'll also explain why. There's an article by Hayek about this. The perfect competition model is so foolish that it doesn't have competition because there are no price setters. So, where's the competition? There's no competition in a market process where you have say, 20 entrepreneurs who will succeed. It's the one who manages to sell a better product of higher quality at a better price. If that actually happens, one will win and the other 19 will go bankrupt.

At some point, you might look at the picture and think it's a monopoly, but in reality, that person is not bad in any sense. They are a social benefactor. Why? Because the people are much better off always receiving better services.

In Conclusion

The evidence and examples cited above clearly establish that Dr. Javier Milei's historic speech before the World Economic Forum was more than just a full-frontal critique of the WEF obsession with socialism, but was also a presentation of the fundamental economic logic framework which Milei intends to apply in governing Argentina. This logic is deeply rooted in Milei's experience and thinking as an academic economist of the Austrian school, and in particular reflects the deep economic theory



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insights of Murray N. Rothbard. In some ways, this position is aligned with that of US Founding Father Thomas Jefferson in his aversion to Monopolies granted by the State, but the thinking of Rothbard on Monopolies is considerably more advanced than that of Jefferson, and benefits from the centuries of practical economic experience with Monopolies since Jefferson penned his thoughts to Madison.

Regarding the hypothesis that Milei's recent statements to the WEF represent pragmatic opportunism, based on this deep dive into the topic, I conclude that these comments reflect deeply held views and insights into the nature of the free market and the role of Monopolies in an optimal free market system.

I am reminded that many of the infamous railroad tycoon "Robber Barons" of nineteenth century USA received privileged access and financing from the government via [extensive use of lobbyists](#). They received monopolistic special licenses, per-mile subsidies, huge land grants, and low-interest loans. This would be an example of precisely what Rothbard warns of - the role of the State in the creation of Monopolies. In theory, a monopolist earns premium profits by restricting output and raising prices. This only occurs after the monopolist prices out **or legally restricts** (representing interference in the free market by the State) any competitor firms in the industry.

It is asserted by some who study Monopolies that there is no historical evidence that natural monopolies formed before the Sherman Antitrust Act. Under this theory, the Act itself created the market interference and insecurity consequent to a vaguely worded Act which enabled the Administrative State to interpret the Act in an arbitrary and capricious manner. This very ambiguity, reinforced by the eagerness of the Administrative State to functionally create law in interpreting such ambiguity, exacerbated by the [Chevron Deference Supreme Court decision](#), in turn gives rise to free market distortions and indirectly enables the formation of the very State-sponsored Monopolies which Jefferson warned of.

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