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Buenos Aires

In the teeming crowd that covered every inch of the giant square in front of Argentina's National Congress last week, Alicia Ambrosi squeezed her way through giant banners and placards.

The retiree, who once sewed socks in a factory and worked as a door attendant in a laboratory, sees herself as part of the growing number of Argentines slipping below the poverty line. Her pension is roughly $150 a month, or about minimum wage.

"If I ate two bananas before, my dear, now I eat one," Ms. Ambrosi says of a brutal economic picture that continues to rapidly deteriorate with sky high inflation. "They're killing us. And it doesn't matter who is in power."

The show of force on the street for last Wednesday's national strike against new President Javier Milei was one demonstration of the power struggle underway in Argentina, as the fledgling administration tries to change fundamental aspects of how the country works. Tens of thousands people - mostly, like Ms. Ambrosi, those who did not vote for Mr. Milei in the November election – urged Congress to block the president's wide-ranging package of economic and legislative reforms, that include privatization of state companies, rolling back environmental protections, and curtailing worker rights.

While the scale of the strike, the first in five years and pushed by powerful syndicates, was minimized by government officials, days later, Mr. Milei was forced to ditch controversial fiscal proposals in order to try to secure congressional approval of his broader reforms package. On Friday, his economy minister announced they were backtracking on changes to pensions, a new tax regime, and hikes to export tariffs.

"What we're seeing is a government that emerges out of great political weakness," said Carlos Fara, a political analyst in Buenos Aires. "It leaves the impression that they have sort of bought into a fantasy, with respect to the power they have."

Mr. Milei rose to power using fiery rhetoric that promised to dollarize the struggling economy and cut the waste he said was driven by a corrupt political class. He rode the wave of "outsider" status, going from incendiary media personality to legislator and then president in a handful of years. While he secured 56% of the vote in the presidential runoff in November, that was only after forging an alliance with another conservative block. The number of seats his party controls in the Congress is just a fraction of what he needs to govern.

Once in office, he's had to confront Argentina's reality – softening some of his stances in order to build political capital, and grappling with a worsening economic picture. He devalued the official currency within days of taking office, a move that accelerated inflation, which has now soared past 211% in the past 12 months. December alone saw an average 25% increase in prices, with basic food or hygiene items climbing even further. Bread was up 38% from the previous month, rice jumped 52% and diapers were 45% more expensive.

The president has been clear: life in Argentina will get a lot darker before there is a reprieve. He intends to slash public spending to bring it in line with revenues, and cut key subsidies on which a swath of Argentines have come to depend, such as utility costs and public transit. More than 40% of Argentines live below the poverty line, according to the national statistician.

“I don’t know where we got this idea, that you have to suffer in order to one day be better,” says Antonelia Colletti, a high school arts teacher participating in last week’s national strike.

Ignacio Labaqui, who teaches political science at the Catholic University of Argentina, says that Mr. Milei is operating under very thin margins. He needs Congress to approve certain tools that enable him to implement his plan, before his popularity suffers from what is sure to be a very difficult few months ahead.

“If everything goes well, Milei won’t have a lot of good news until April or May,” says Mr. Labaqui.

“This is a hyper minority government. Milei has to be very pragmatic and flexible. Having 10% of the Senate and 15% of the Chamber of Deputies, it’s very difficult for his agenda to advance if he doesn’t negotiate with a part of the opposition.”

So far, he has shown a propensity to be pragmatic, says Mr. Labaqui, giving key government positions to other conservative forces outside his small party, and shelving some of his more controversial ideas, such as dollarization. Other contentious elements of his large reform package, such as limiting public gatherings to three people, have also been scrapped.

But Mr. Milei has clung to the rhetoric that focuses on the “political caste” as the source of all evil, something he came back to in a recent speech he made at the World Economic Forum in Davos, which inherently vilifies those with whom he has to negotiate. He has yet to fill roles in the public administration, and is suffering from both communication and coordination problems that come from lack of experience, says Fara, the political analyst.

“This is going to be a government that is constantly in problems, unless it has some sort of resounding economic success,” says Fara. That said, “I think he can learn how much change he can actually implement now.”

The big unanswered question is still how much runway Argentines are willing to give this new government. People are exhausted by the revolving door of economic crises. One poll suggests nearly two-thirds of Argentines surveyed think Mr. Milei can solve the country’s problems, if given time. Other surveys show his popularity is already taking a hit.

Andrea Ortigoza voted for Milei, explaining it with a refrain often repeated among his supporters: “I wanted a change,” she says.

“I was done with all the politicians who line their pockets.”

And although she’s terrified of rising transit costs and how they will eat into her meager earnings as a housekeeper, and she disagrees with his proposed labor reforms, Ms. Ortigoza still supports him.

“We have to give him a chance,” she says.

But Juan Sucno, a father of two, sees Argentina as caught in a game of “roulette,” where chance will dictate the outcome. In January, he had to close his motorcycle repair shop because his rent had tripled, while his sales stagnated as the cost of materials shot up. Now he drives for Uber.

“What I’m hoping for is that [Milei] can maintain stability,” he says. “Because to hope for things to improve at this point is pretty difficult.”