



Written by [Bob Adelman](#) on February 21, 2024

Fruits of Milei's Efforts: \$600M Fiscal Surplus in Two Months

The first thing Argentina's new President Javier Milei did after being inaugurated in December 2023 was issue 350 executive orders reversing his predecessor's socialist policies and shrinking the government. Those orders reduced the number of government agencies from 21 to nine, resulting in 5,000 government employees losing their jobs.

The second thing he did was draw up a framework for further reductions in government which the lower chamber, Argentina's Chamber of Deputies, just approved.



AP Images
Javier Milei

The result? Milei's official announcement [came this on February 17](#), less than two months from his inauguration:

This is the first time since August 2021 that the National Government spends less than it collects, and that debt interest payments do not leave the public accounts in the red.

On his personal X account he wrote (after translation):

Let's go Toto! Zero deficit is non-negotiable. Long live liberty...!

"Toto" is Milei's nickname for his minister of the economy, Luis Caputo.

Milei made it clear that this is just the start: "The fiscal surplus [\$600 million] benefits all Argentiniens; it allows ... charting the way for tax reduction."

Milei, a self-described "anarcho-capitalist," is determined to reduce government spending and economic interference to a minimal level, allowing the free market to be resuscitated from its near-extinction.

Under the free market, Argentina grew itself out of poverty into one of the largest economies in South America. But socialist policies implemented by dictator Juan Peron and extended by his wife after his death in 1974 reduced the once-prosperous country to one of the poorest in the world.

Among the government agencies Milei eliminated were the departments of education and healthcare, and the ministry of "women, genders, and diversity."

In his inaugural address he warned the somber crowd that he is deadly serious about cutting government severely: "Everything that can be [put] into the hands of the private sector will be in the hands of the private sector." That included public works (with those projects already being contracted out to the private sector), so that "there would be no more state spending."

He added:



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From being the richest country in the world, today we are (ranked) 130. Half of Argentines are poor and ... 10% are destitute....

In the last 12 years, GDP per capita fell 15 percent in a context in which we accumulated 5,000 percent inflation. As such, for more than a decade we have lived in stagflation.

This is the last rough patch before starting the reconstruction of Argentina. It won't be easy; 100 years of failure aren't undone in a day. But it begins in a day, and today is that day....

Today we embrace a Libertarian model so as to return to being a global power....

The bottom line is that there is no alternative to austerity and there is no alternative to "shock therapy." We know that in the short term the situation will worsen. But then we will see the fruits of our efforts.

His "libertarian" agenda is right out of the Austrian School of Economics playbook: slashing government jobs, eliminating government agencies, ridding the country of its central bank, and privatizing public pension plans. It also includes removing the rent and price controls his predecessors installed to "fight inflation."

In addition to his "libertarian" ideology, Milei also supports the private ownership of firearms, is adamantly pro-life, and has described climate change as "a socialist lie." He referred to students attending public schools as "hostages of a system of state indoctrination."

This is an auspicious beginning, but just a beginning. Milei's support in the legislature is very slim, and the unions and other groups dependent upon government spending and largesse aren't going away. But inflation in January already softened a little, and the promise of the possibility of tax cuts and a restored private economy may be enough to encourage the 50 millions of Argentinians to wait for those "fruits of our efforts."

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