



Written by [Steve Bonta](#) on June 13, 2024

Argentina's Senate Approves Milei's Budget Cuts and Privatization

Argentina's President Javier Milei [achieved a major legislative milestone](#) today after the Argentine Senate narrowly approved his ambitious package of deep government cuts and privatization. The legislation was not without compromises, since Milei's party does not control either house of Argentina's legislature. Some of his privatization asks, including the national airlines, were stripped from the final legislation, along with Milei's income-tax reforms. But much of his ambitious libertarian-inspired agenda remained intact, keeping alive Milei's program of trimming Argentina's gargantuan deficit and debt and incentivizing foreign investment. Passage of the measure buoyed Milei as he departed for Italy to attend the G7 summit, as did the heartening news that Argentina's monthly inflation rate in May had halved to 4.2 percent — still high, but the lowest since January 2022.



AP Images
Javier Milei

The good news out of Argentina buoyed the markets, with sovereign bond yields jumping 3.5 percent and the country-risk index dropping six percent.

Not everyone was happy with the outcome, though. Argentina's broad-based and very vocal Left turned out en masse yesterday and today to demonstrate, protest, and riot, with cars outside Parliament set ablaze during debate over the legislation.

For now, though, Milei's freedom-based program of limited government and expanded economic liberty is paying impressive dividends after barely six months. Should Milei and Argentina stay the course, it could represent the most dramatic peacetime turnaround of a bankrupt socialist system in modern history — and stand as eloquent testimony to the potential of countries to reshape their own destinies in ways favorable to individual liberty.



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