

# Argentina Rediscovered Its Classical Liberal Roots

*By Barbara Galletti Ramírez del Villar*

Argentine economist Javier Milei was elected president last year on a libertarian platform of slashing taxes, eliminating price controls, deregulating the economy, and dismantling large parts of the state. At a recent Cato Institute conference, several key scholars and policymakers spoke with *Free Society* about his rapid political ascent and the free-market revolution that he promised to voters.



Javier Milei delivers closing remarks at the “Rebirth of Liberty in Argentina and Beyond,” a conference cohosted by Cato in Buenos Aires in June.

**A**rgentine president Javier Milei outlined a bold vision for the future at the Cato Institute’s recent conference in Buenos Aires, telling nearly 1,000 attendees that a revival of Argentina’s classical liberal tradition is the only way to reverse the country’s decades-long spiral into statism, hyperinflation, and economic stagnation.

“Either we persist on the path of decadence, or we dare to travel the path of freedom,” Milei declared at the “Rebirth of Liberty in Argentina and Beyond” conference in June. “If we manage to make way for freedom, if we manage to remove the state enough for society to flourish, we will have succeeded because free economic activity will lead to benefits for all of society. If we

achieve this, it won’t be a triumph of ours, but of society as a whole, which will have left behind 100 years of statism.”

An economist by profession, Milei was elected president last year on the promise of ending inflation, slashing his country’s bloated bureaucracy, and replacing Argentina’s corporatist state with a liberal democracy. But his rapid rise did not happen by chance. Classical liberal thinkers have been laying the groundwork for decades, and Milei credits libertarian scholars as powerful influences. That includes prominent Argentine economist Alberto Benegas Lynch Jr., a Cato adjunct scholar whom he cites as his intellectual mentor.

Cato’s two-day conference, cohosted by Argentine think tank Libertad y Progreso,



TOP: Cato Institute adjunct scholar Alberto Benegas Lynch Jr., whom Milei cites as his intellectual mentor, discussed Argentina's classical liberal tradition.

MIDDLE: Cato Institute president Peter Goettler (left), Fundación Libertad y Progreso director general Agustín Etchebarne (middle), and Cato Institute vice president for international studies Ian Vásquez (right) welcomed attendees to the first day of the conference.

BOTTOM: Nearly 1,000 people attended the "Rebirth of Liberty in Argentina and Beyond," and millions more watched a livestream of Milei's remarks online.

brought together leading policymakers, academics, journalists, and advisers of Milei, including Benegas Lynch Jr.; Minister of Deregulation and State Transformation Federico Sturzenegger; Minister of Foreign Affairs Diana Mondino; Minister of Economy Luis Caputo; and Nobel Prize-winning economist James Joseph Heckman. Elon Musk also joined remotely for a livestream discussion on X with Cato senior fellow Johan Norberg. Panelists discussed everything from Argentina's classical liberal tradition to dollarization, trade policy, and human rights in Latin America, while several of Milei's advisers spoke exclusively with *Free Society* about the conditions that led to Milei's rise and how his success should be measured.

### **The Perfect Storm**

Milei's election victory was made possible by a "perfect storm" of factors in Argentine politics and society, explains Peruvian Álvaro Vargas Llosa of the Fundación Internacional para la Libertad.

Decades of socialist policies and their ensuing economic crises primed Argentines for a paradigm shift. Additionally, the country's rich history of classical liberalism and its modern network of libertarian thinkers created an ideal environment for liberty to take root once again. Finally, Milei's own charisma and rock-star persona—as seen earlier this year when he belted out heavy metal at a book launch—allowed the political newcomer to capture a wide base of support for his classical liberal ideas.

"[When] you have ideas, you have the crisis, and you have the leader who's willing to take the country forward . . . when that happens, there's magic," Vargas Llosa told *Free Society*. "[It] opens people's eyes and gets them to accept, or at least experiment

with, ideas they would never have considered otherwise."

Milei's unorthodox style and self-professed love of conflict are partly responsible for his success in the political arena—a setting where libertarians have often performed poorly in the past. His defense of liberty from a moral perspective has also resonated with Argentines, as he regularly invokes the "spiritual" benefits of freedom alongside its material advantages.

"That is the difference," Chilean political scientist Axel Kaiser told *Free Society*. "[Milei] is a radical when it comes to defending free markets and individualism."

### **A Return to Liberalism**

Milei frequently references Argentina's 19th-century golden age of economic and individual liberty that made it one of the most prosperous countries in the world before its descent into statism.

"Argentina was once a land of promise that captured the imagination of adventurers and entrepreneurs," Milei said at the conference in June. "They knew they could invest effort and capital and they would do well. The state protected their right to property and protected the freedom of association between individuals. Today we have everything to retrace that path and become the new Western mecca."

Argentina's 1853 constitution, inspired by the US Constitution, established a federalist system and separation of powers, deeply influenced by jurist Juan Bautista Alberdi. Benegas Lynch Jr. draws a striking parallel between Alberdi and the current president, as they not only share ideologies but also face similar criticisms.

"Critics often accused Alberdi of lacking a clear plan or team," Benegas Lynch Jr. points out. "His policies were founded on three core principles: abolish, abolish, abolish the



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statist regime. Which is precisely what Milei aims to achieve.”

Agustín Etchebarne, director general for Fundación Libertad y Progreso, explains that younger generations seem to have turned away from the left-wing Peronist forces that dominated Argentine politics for decades, but it didn't happen overnight.

“We've been talking to young people and appearing on television for the last 20 years,” he told *Free Society*. “Then came Javier Milei, who added emotion to the ideas we were spreading.”

These ideas gained traction as the country endured decades of economic stagnation and inflation. Peronism, which was established in the 1940s, maintained a corporatist state with ever-increasing spending, making Argentina one of the most regulated and repressed economies in the world.

Federico Sturzenegger, who joined Milei's cabinet in July, explained how Argentines were told for decades that “the state was going to be the solution to all problems.

“And then Milei came and said: ‘The state is the reason for all your problems.’ So he's changing the mindset,” Sturzenegger told *Free Society*. “He's done it in a way that nobody thought possible.”

This narrative shift has resonated with Argentines, reflected in the support that Milei has maintained despite his forewarnings that economic shock therapy will cause short-term pain. This includes slashing government spending, removing price controls, reining in the money supply, ending energy subsidies, and taking a chainsaw to regulations.

“If he had done the same thing that all politicians do once they come into government—moderate, try to reach agreements, lower the tone—I think he would have lost his support,” Kaiser said.

### **The Dollarization Debate**

There is some tension over how Milei's administration should proceed with economic reforms, as some libertarians and economists are urging him to dollarize the economy. “Monetary reform effects are felt immediately, whereas other reforms take time,” Emilio Ocampo, professor at Universidad del Centro de Estudios Macroeconómicos de Argentina, told *Free Society*. “From my perspective, and the experience of several countries proves this, you first have to bring stability to a country undergoing such an inflationary process.”

Milei made dollarization of the economy a key part of his platform before he was elected, even wielding US \$100 bills with his face on them while on the campaign trail. In his pitch to voters, he explained how previous Peronist regimes caused sky-high inflation by printing unlimited pesos to fund interventionist policies and persistent deficits.

But Milei paused the dollarization plan

after the election, telling Bloomberg in April that opposition forces would have “tried to pursue impeachment” if he had moved forward with it.

While dollarization may sound radical, it wouldn’t be unprecedented for a Latin American country that was seeking monetary stability. Panama adopted the dollar in 1904, while Ecuador dollarized in 2000 and El Salvador followed in 2001.

“Politicians—they love their own currency, because they can use it to finance their own political aims, which are always very short term,” Manuel Hinds, the former finance minister of El Salvador who oversaw his country’s dollarization, told Cato vice president for international studies Ian Vásquez last year. “In this competition to use more and more money, they create this instability that you are seeing in Argentina.”

Milei must act sooner rather than later for dollarization to be a reality, according to Cato senior fellow Lawrence H. White, who proposes not only adopting the dollar but also dissolving the central bank. For White, this would be the only way to ensure a lasting change in Argentina’s monetary policy and may only be possible while the president still has a wide base of support early in his four-year term.

“There is what we call a honeymoon period where a newly elected government—especially one that has run on a platform of dollarization—has an opportunity to dollarize and it’s not going to shock people,” White told *Free Society*. “It’s what they expect to happen. And the longer it’s delayed, the less confident people are that it is going to happen.”

### **Global Impact**

The revival of classical liberalism in Argentina is a welcome rebuke of decades

of statism that plunged the country into poverty, but it is also a reprieve from surging illiberalism around the world.

In the United States, nationalist impulses are bubbling up across the political spectrum, with both major parties now embracing antiquated ideas such as industrial policy and protectionism. In Latin America, authoritarian regimes in Cuba and Nicaragua have maintained their grip on power, but there are flickers of hope elsewhere in the region.

The freedom movement in Venezuela, headed by opposition leader María Corina Machado, is posing the greatest threat to the Chavista dictatorship in more than 20 years. Argentine minister of foreign affairs Diana Mondino and other panelists introduced Machado at Cato’s Buenos Aires conference and discussed the fight against tyranny in their countries.

“This is about the freedom of Venezuela, the integrity of our nation, and the return of our families’ home,” Machado said in a video address at the conference. “Be sure that this fight will remain, and we are going to win. Venezuela will be free.”

Much is at stake for Argentina and beyond in Milei’s efforts to restore freedom to his country. As Vásquez explained at the close of the conference: “We want Argentina to be successful because a successful Argentina can set an example for the rest of the world at a time when so many countries are moving in the other direction.” ♦

### **ABOUT THE AUTHOR**

Barbara Galletti Ramírez del Villar works as a producer for the Cato Institute. Before that, she earned her law degree and worked as a journalist for various newspapers and TV stations in Peru, and is a cofounder of the educational platform Enterarse.