

DANIEL HANNAN

Argentina shows what might have been... if only Liz Truss had stuck to her pro-market principles



Javier Milei is smeared as a buffoon. But his reforms are working and he gets that you can't cut tax without also cutting spending

Tax cuts work. They incentivise employment, encourage investment and make an economy hum. But – and this really should not need saying – they need to be matched by spending cuts.

For proof, look at Argentina, whose chainsaw-wielding president, Javier Milei, has begun as he means to go on, reducing the state payroll and scrapping regulations.

International commentators dismiss Milei as a loony libertarian, confusing his eccentric manner with his sensible policies. In fact, investment is returning to Argentina, the budget is back in surplus and the economy is predicted to return to growth this year. In a couple of months, Milei has halted a century of decline.

The shock-haired economics professor is our counter-factual, a real-time demonstration of what might have happened here had Liz Truss accompanied her tax cuts with equivalent spending reductions instead of a colossal commitment to subsidise energy bills.

A bogus narrative has grown up around the Truss/Kwarteng budget. It goes something like this. Extreme Tory anarcho-capitalists came to power and tried to create some kind of Dickensian, skeletal state, but reality intervened, the markets revolted and, within six weeks, the grown-ups were back in charge.

That narrative has become so embedded in our national discourse that it is hard to prise it out. But look at the numbers. Truss's proposed tax cuts would have reduced by just £25 billion the £1,100 billion that the government expects to take in taxes in 2026/27. We would still have had the highest taxes in 70 years.

By contrast, the Treasury put the cost of her energy price guarantee at £60 billion in its first six months (in the event, a mild winter meant that the cost was vastly lower). In other words, tiny tax cuts were accompanied by what looked like significant spending increases.

Milei, by contrast, means what he says about shrinking the government. Already he has reduced the number of government departments from 18 to nine and fired 30,000 public sector workers.

It is hard to stress the significance of such a move in Argentina, where presidents traditionally treat the state as a source of sinecures for their supporters. There are 200,000 placements on the payroll – political appointees who draw government salaries without being expected to do any work. They are known as “*noquis*”, because they turn up on the last day of

each month to collect their pay cheques – a reference to the Argentine tradition of eating gnocchi at the end of the month.

Instead of replacing the previous government's *noquis* with his own, Milei has made clear that he intends, as their contracts expire, to sack the lot.

Compare that to Britain, where the number of civil servants has risen from 417,000 in 2016 to 529,000, and the number of other public sector administrators from 590,000 to 656,000.

And Britain has not privatised anything since 2015. On the contrary, it has nationalised railway companies, probation services, a steel firm and an airport. Argentina, by contrast is privatising 41 state enterprises.

Milei has abolished the rent controls that, though notionally there to protect tenants, were pushing landlords to sell their properties. The resulting scarcity led to a spike in prices and worsened the housing crisis. Since the regulations were scrapped, new property

Milei is attempting to remove the state from almost every needless area of national life

listings have risen by 50 per cent. British MPs, take note.

Milei's pension reforms have led to the first budget surplus for 12 years. In January, the Argentine government took in \$589 million more than it spent. Meanwhile, his omnibus deregulation bill would remove the state from almost every needless area of national life.

Among other things, it would denationalise more companies, end monopolies, create an open skies policy, license driverless cars, cut taxes, free up farming (notably wine-growing), allow sports tickets to be resold, abolish price and wage controls and liberalise the employment market.

Whether it will be enacted remains to be seen. Milei does not have a parliamentary majority and Congress opposes most of its contents. But if even half his reforms come to pass, Argentina will prosper.

There is one big disappointment so far, namely Milei's decision to back away from his plan to replace the peso with the US dollar – a policy that has been a roaring success in Panama and Ecuador, and which is badly needed in a country where, since 1980, inflation has run at an average annual rate of 206 per cent, making for a total price rise of over 900 billion per cent. Dollarisation aside, Milei's success



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has caught international observers off guard. Many commentators and politicians are so wedded to the high-spending, Keynesian, corporatist consensus that they see the withdrawal of subsidies and regulations as Trumpian buffoonery.

It is true that, like Trump, Milei is a bombastic style, delighting his supporters by directing streams of foul-mouthed invective at the Leftist establishment. But, politically, the two men could hardly be further apart.

Milei is a down-the-line classical liberal who thinks politicians should do less. He supports free trade and is dismantling Argentina's costly array of

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import and export controls. He cares little for culture wars, and has no issue with trans people “provided they don't send me the bill for their operations”. He likes immigration.

Even on the issue on which Argentines are the most Trumpy, namely their claim to the Falkland Islands, Milei is remarkably adult. He sees the dispute as a distraction from his country's real problems, and he is right. Few Argentines knew or cared about the islands until Juan Perón, their corporatist strongman, inflamed the row in the 1940s.

While no Argentine politician can formally renounce the claim, which

was written into the national constitution in 1994, Milei plainly doesn't want it to stand in the way of friendly relations with Britain. There are several issues on which Argentina and the Falklands could collaborate to mutual benefit, from oil extraction to stopping illegal fishing.

Milei shows us how totally the rest of the world has adopted ideas that were once regarded as collectivist claptrap. In Europe and the US, even centre-right politicians take it for granted that governments ought to draw up industrial policies, set minimum wages, and subsidise industries.

The people who push for these things have bizarrely convinced themselves that they are the pragmatists, and that classical liberals like Milei are acting out of dogma.

The precise opposite is true. A dogma is a belief that you hold against the evidence. But the essence of free markets is that they work in reality, as Argentina is demonstrating.

You can make all sorts of arguments for state intervention. In theory, some

The essence of free markets is that they work in reality, as Argentina is demonstrating

of these arguments have a certain superficial appeal. In practice, they lead to poverty. Always.

Nothing makes a country wealthier than liberating the enterprise of its people through private property, free contracts, open competition and unhindered trade. Nothing immiserates it like squeezing the revenue-generating part of its economy to expand the revenue-consuming part.

Argentina differs from the rest of the world largely because of the severity of its decline. Until 1916, it was run on laissez-faire principles, embracing globalisation and foreign investment. It was one of the wealthiest places on Earth, and “rich as an Argentine” was a commonplace expression.

Since then, it has had a series of meddlesome governments – some socialist, some Peronist, some military, all calamitous. A vast, fertile land was ruined; its politicians began to deflect from their failures by threatening some peaceful islands 300 miles away.

Whether Milei succeeds is still in the balance. The Peronist deep state is moving heaven and earth to defeat him. But if he gets his reforms through, his country will finally fulfil its colossal potential. And, when it does, it will finally realise that its real enemy all along was not Britain, but collectivism.

ANNABEL DENHAM

Nothing can undo the harm wrought by lockdown



The young are growing up with a profound sense of despair, in a society where hard work no longer pays

Do the young have it harder than previous generations? That's the prevailing narrative in Britain nowadays, though childhood as an evacuee was no picnic, nor were the 1960s, or 1970s, and while millennials may have grown up in a golden era of peace, prosperity and BritPop, entering the workforce in the mid-2000s has been a depressing slog of stagnating real wages and GDP growth.

What we have today, however, is a unique combination of bad economic circumstances, much of it inflicted by Tory ineptitude, and worse attitudes. On the one hand there is the legitimate concern that young people won't own a home until retirement, lockdown wrought terrible damage on education, and that our society has allowed children to become pawns in culture wars over everything from nursery provision to gender identity.

But this has been accompanied by a mindset shift that persists so long after Covid the fear must now be that it is permanent. Throughout lockdown, we told children that it was fine – even desirable – not to go to school. We hinted – and often still do – that the classroom was best avoided by those with a snuffle or a sore throat. The contract between schools, teachers and parents broke down, and while the Government assumed that attendance would spontaneously return to normal after restrictions were lifted, the opposite happened.

Absenteeism remains so stubbornly high that the Government has just announced higher fines for term-time holidays, raising them by a third, as though a clampdown on cut-price family trips could magically resolve the 60 per cent increase in pupils missing school since pre-pandemic. It's a trivial solution – one that targets the middle classes when absenteeism can have a more important effect on future life chances for children from disadvantaged backgrounds – which ought to be taken far more seriously.

Even those who have evaded the truancy epidemic have a mountain to climb: last year the OECD warned that

post-pandemic maths and science test scores among British pupils had fallen to the lowest level since records began in 2006, while reading proficiency has fallen to a level last seen in 2009. All this has been forgotten, and neither ministers nor the great minds of the Covid Inquiry seem particularly eager to jog memories.

The other part of this story is the surge, particularly among younger people, in mental ill health. Eating disorders among the young have increased 15-fold since 2019. Research from the Resolution Foundation this week revealed two-thirds of “economically inactive” 18-24-year-olds report suffering from mental health issues, and four in 10 list it as the main reason for not working.

Without doubt, psychological ill health can be as debilitating as physical, but the question our society must ask is whether normal human feelings, like sadness or grief, are now being lumped together with serious conditions such as depression. Doctors may be struggling to distinguish between people who are rightly off sick because they are mentally unwell and malingers who seek to exploit a stretched system.

The unstoppable rise of HR hasn't helped. Today's young people do not face unemployment on the scale their predecessors did. There are plenty of jobs. And in these jobs, they are increasingly mollycoddled by employment legislation and “people officers”. No experience can now be gained, no feeling downplayed. Who can blame Gen Z if they consider employment or education or, indeed, ambition as voluntary?

The question now is whether this can be reversed. Labour will bring in yet more rights for workers and the Tories are refusing to tackle welfare or reform the NHS to mitigate the risk of understaffed clinics hastily applying crude diagnoses for mental illness. But if Britain does not regain the culture of work fostered over the two centuries since the Industrial Revolution, we are doomed, whoever is in power.

NIGEL BIGGAR

Israel's founding is complex and messy – but it certainly wasn't imperialist



Opponents of the Jewish state smear it as a colonial project. This is a false narrative and fake history

The “decolonisation” story is a moral melodrama, performed in stark divisions: black versus white, oppressed versus oppressor, good versus evil. That's the comic-book source of its recruiting appeal, exciting the desire of mortal humans to plug their little lives into a grander narrative where they play righteous crusaders crushing underfoot unrighteous infidels.

It's also the spiritual source of the decolonisers' unscrupulousness. For, what does utter evil deserve except utter destruction? By this reasoning, what do MPs who refuse to vote for an unconditional ceasefire in Gaza deserve except the intimidation of their families and death threats?

The sinister logic was laid bare last October by University of Kent lecturer, Dr Shahd Hammouri, who, the day after Hamas's atrocious attack on Israel, asserted online that “resistance by the Palestinian people by all means available... is a legitimate act”. Two months later, on Al Jazeera, she invoked Israel's “settler colonialism” in justification: “Israel is a colonising power and the Palestinians the colonised indigenous population.”

That's the simplistic melodrama. Here's the complicated truth. Before 1914, Jewish corporations bought Palestinian land from Arab landlords to settle thousands of Zionist immigrants fleeing Russian pogroms. The immigrants preferred building their settlements with fellow Zionists. Accordingly, they let go of Arab tenants they'd inherited. Naturally, the Arabs resented this. Their displacement was legal, but since it was bound to excite racial antagonism, it was also tragic. Whatever our evaluation, this was no “invasion”.

In 1917 the British government made the Balfour Declaration, pledging to establish “a national home for the Jewish people” in Palestine, without prejudice to “the civil and religious rights of existing non-Jewish communities”. A major motive was sympathy for the Zionist story of an

exiled people yearning to return home.

It's widely believed that the declaration betrayed a promise made in 1915 to Hussein, sharif of Mecca, that Britain would establish an Arab state encompassing Palestine. But there was no betrayal. The British established two Arab states, Jordan and Iraq. And, as Elie Kedourie argued in his book *In the Anglo-Arab Labyrinth* (1976), they hadn't promised to include Palestine.

After the First World War, the League of Nations mandated Britain to administer Palestine with the aim of building an independent state and a Jewish homeland out of the ruins of the Ottoman Empire. What kind of “national home” remained undetermined. During the Mandate's quarter of a century, the British tried a variety of permutations to satisfy both

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Jew and Arab – a semi-autonomous Jewish province in an Arab state, a Jewish state in an Arab federation, and a bi-national state. However, they had underestimated the difficulty of constructing a viable polity out of cultures as divergent as those of European Jews and Levantine Arabs.

No option proved mutually acceptable. British frustration was memorably expressed by Ronald Storrs, governor of Jerusalem, when he wrote in his 1939 *Orientalism*: “Two hours of Arab grievance drive me into the Synagogue, while after an intensive course of Zionist propaganda I am prepared to embrace Islam.”

Arab frustration had burst into violence in 1920, when the “Nebi Musa” riots left five Jews dead and 216 wounded. Further riots followed, culminating in the Arab Revolt of 1936-9. While the immediate motive was anti-Zionist, it wasn't tainted by historic anti-Semitism.

One instigator of the 1920 riots, who became the leader of Arab resistance, Haj Amin al-Husseini, ended up in Nazi Germany in 1938, where, as the far-Left Israeli historian Ilan Pappé charitably puts it, he “confused the distinction between Judaism and Zionism”.

Responding to Arab grievances, the British considered restricting Jewish immigration in 1930, but decided against it out of sympathy for Jews fleeing Nazi Germany. When they did impose limits in 1939, the extremist Zionist terrorist group, Lehi, sought an alliance with Hitler to oust them.

Exasperated by their failure to broker a compromise and subject to increasing violence, the British unilaterally withdrew from Palestine in February 1947. In November, the United Nations voted to create two states, one Jewish, the other Arab. At that point, Jews occupied only ten per cent of the territory.

However, when invading Arab armies failed to crush the nascent Israel in 1948-9, some 750,000 Arabs fled Palestine, abandoning their land. Some reckon half were deliberately expelled. Similarly, Arab troops occupying Jerusalem forced Jews out and a further 900,000 were driven from Arab countries, most seeking refuge in Israel.

That's the whole, messy truth about the founding of the State of Israel. It involved victims and villains on both sides, and a lot of human tragedy. The cartoonish “decolonisation” narrative doesn't begin to do justice to the past and authorises unrestrained, even genocidal, violence in the present.

So, whether driven by what Kedourie called “the canker of imaginary guilt” or merely by the desire to look good in the eyes of peers, those who are busy “decolonising” our universities, schools, museums, and media need to wake up. They're spreading poison.

Nigel Biggar is Emeritus Regius Professor of Moral and Pastoral Theology at the University of Oxford

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