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**Swarna Bharat Party mocks the Modi government’s ignorance about basic economics**

Dr Sanjeev Sabhlok, an economist and the Overseas Coordinator of Swarna Bharat Party, scoffed at the Modi government’s notion that trade deficits are a matter of concern (http://bit.ly/2uIrTmQ) and said such a notion reflects the monumental ignorance of the Modi government about economics.

Chanakya, the world’s first economist, would have rapped the Modi government on its knuckles. Chanakya knew that imports are a key driver of prosperity. He wrote that “imports shall be sold in as many places as possible, merchants who bring in foreign goods by caravans or by water routes shall enjoy exemption from taxes.” Likewise, the West’s first economist, Adam Smith, wrote: “Nothing, however, can be more absurd than this whole doctrine of the balance of trade”.

Dr Sabhlok said that the only sensible trade policy for India is unilateral free trade – in all cases and without any exception; in other words, free trade even with our “enemies”. India must throw open its borders to imports regardless of whether other nations accept our exports.

He said that consumption is the only yardstick of prosperity. Access to imports makes a country richer as its citizens get more value for their money and can buy many more things with their money. It also forces domestic manufacturers to produce at lower cost. Workers are redeployed to more productive work. The necessary job losses from this policy are quickly offset through increased domestic consumer demand and more job opportunities.

Dr Sabhlok said that trade deficits are a non-issue since they are offset by FDI and other capital inflows. The US and the UK have run trade deficits for decades and yet have experienced good economic growth. The US gets FDI of around $350 billion every year and the UK $200 billion. Countries like Japan have run trade surpluses year after year but that has not prevented sustained recession.

Given its monumental ignorance about economics, the Modi government must try to hire at least one competent economist for India. Its existing “economists” and IAS officers who are busy providing useless “advice” must be fired.

Dr Sabhlok added that SBP’s manifesto holds the answer to the multitude of real problems that India faces – but not for made-up problems such as its trade deficit with China.

**Notes for Editors**

SBP is India’s only liberal party, committed to defending liberty and promoting prosperity.

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