

The Liberal Philosophy

Man is the measure of all things. This about sums up the Liberal credo. Liberalism has no dogma except one - the centrality of the human being; what is good for him - or her - is acceptable. What is not, is not. Since the world consists of billions of human beings, this principle would be applicable to these billions.

Philosophically speaking the Liberal position on matters relating to the economy is very clear. The business of the State is not business but government. In a liberal State, the individual is supreme and the State must work to further his or her potential. Therefore, it will focus its activities on maintaining law and order, defence, physical and social infrastructure, health, education and a social safety net.

Liberalism like Socialism aims at promoting the welfare of all. As Ludwig von Mises the noted Liberal philosopher put it, where the two differ is *"not by the goal at which it aims, but by the means that it chooses to attain the goal"*.

The means are dictated by contemporary situations. And herein lies the uniqueness of Liberalism. In feudal times the emperor, the king, the dictator owned all and decided who shall produce what; and even prescribed societal norms. In modern times the socialist state took over this 'right'. Liberalism overthrew feudalism and gave people the opportunity to decide not only their rulers but also how they shall be ruled. Modern liberalism has triumphed over the socialist state and once again provides people the opportunity to decide for themselves how and by whom they shall be ruled – witness the fall of the Soviet Union and the disastrous failure of Marxist economics.

India's great Liberal Gopal Krishna Gokhale spelt out the Liberal dream when he said: *"I recognise no limits to my aspiration for my motherland. I want our people to be in their country what other people are in theirs. I want our men and women, without distinction of caste or creed, to have opportunities to grow to the full height of their stature, unhampered by cramping and unnatural restrictions. I want India to take her place among the great nations of the world."*

Another great Liberal D. V. Gundappa cautioned: *"It has been India's habit all through history to turn to every corner of the globe for the light of truth and blessedness of wisdom. But she must be selective in taking things from others; and her selection must be strictly in relation to the ingredients of her nature."*

The role of the Indian State which has jettisoned State Capitalism of the communist variety and embraced Market Economics is, on the one hand, to create an enabling environment for growth by unshackling the remaining vestiges of control, eliminating regulations that stifle development and do away with *'the inspector raj'*, and on the other, to build the confidence of the nation in the rule of law and in the legislative and legal systems.

The main focus of a liberal budget (apart from defence, law and order, and creating public institutions and public works, will be on issues concerning human development or human capital formation – health, education and a social safety net for those who are not capable of looking after themselves.

We have kept these in mind when preparing this Liberal Budget.