



To: Honorable President of India

Cc: Prime Minister, Supreme Court, Leaders of Opposition,
Mr. Narendra Modi, Mr. Arvind Kejriwal, Mr. Rahul Gandhi,
Dr. Farooq Abdullah, Mr. Anna Hazare, Mr. Shekhar Gupta, Ms. Burkha Dutt,
All other concerned Indians receiving this via circulation

Date: December 9, 2013

Sub: **Recent Bharat poll verdict: Indians want Constitutional Raj Dharma
to restore their inherent unity, dignity, liberty and economic power**

The resounding poll verdict for a fledgling Aam Admi (common people's) Party, standing for a credible alternative to the defunct established system of governance, and for a revamped BJP leadership promising the same alternative, based on demonstrated success, shows a distinct Bharatiya march towards *First-best Efficient Governance* christened here as Constitutional Raj Dharma.¹

Through this Bharat poll verdict, *We the People* are effectively demanding incorporation of the following foremost preamble in the constitution and consistent amendments of the rest of the constitution to establish Constitutional Raj Dharma in governance for regaining the ancient Indian economic glory:²

The foremost preamble of the constitution
For First-best Efficient Governance
or Constitutional Raj Dharma

We the people declare solemnly to (i) pass only those rules of governance which are equally applicable to all, which do not, even surreptitiously, facilitate usurpation of public wealth or any individual's private wealth including real and financial assets and the opportunity to acquire such assets, life, liberty and pursuit for happiness, (ii) to elect our political representatives who use only funds released from the public exchequer by a transparent formula set by the election commission and not deploy (directly or indirectly through allies) any private funds for anything related to their elections, and (iii) to ensure that no other preamble or article of constitution or law passed by Parliament or government executives will ever transgress this foremost preamble.

No constitution in the world now has such foremost preamble. This is why special interest groups worldwide have been able to craft unconstitutional rules of law to usurp public and private wealth rampantly, leading to undemocratic, inefficient and unstable societies.

¹ Acharya, S. (2013), "Constitutional Capitalism for First-best Efficient Governance, Obtained in general equilibrium based on rational microeconomic analysis, devoid of parochial dogmas, politics or prejudice, <http://pro-prosperity.com/Constitutional%20Capitalism.html>

² Acharya, S. (2012), "Triumph of Ancient Indian Philosophy and Modern Constitution," <http://pro-prosperity.com/Triumph%20of%20Ancient%20Indian%20Philosophy%20and%20Modern%20Constitution.pdf>

The only way for India to lead economically again is to adopt *Constitutional Raj Dharma* as the foremost constitutional preamble stated above. The recent Bharat poll verdict is an unmistakable volition to replace the established system with *Constitutional Raj Dharma*.

Constitutional Raj Dharma is the only way to establish unity within India and to resolve the arduous J&K impasse persisting between Pakistan and India. When Indians formally adopt *Constitutional Raj Dharma*, the Pakistanis will follow suit. Pakistanis will not look backward because US, EU and China too have taken significant steps towards *Constitutional Raj Dharma*, described factually later in this memo. Once Indians and Pakistanis amend their constitutions to mandate *Constitutional Raj Dharma*, their respective establishments cannot perpetuate their current rules by dividing humanity (a third of which lives in the Indian subcontinent) based on religion, caste, creed, language, political affiliation or geographical identity.

Constitutional Raj Dharma is the only path towards a unified global governance for peace and long-run survival of humanity because it can neutralize (a) inefficient warfare among nations, (b) the current rules of governance that deepen the unsustainable, inefficient and undemocratic inequality among people in every nation, and (c) infighting among people designed by and for a few political, industrial, academic, religious, caste and linguistic leaders.

A. Triumph of Constitutional Raj Dharma

The triumph of *Constitutional Raj Dharma* resonated worldwide when the established economic system crashed in 2008—exactly as predicted by selfless, peerless research on first-best efficient governance, which was submitted to the US Congress³ since 2003—and the underdog American presidential candidate (Barack Obama) campaigning for changing the established system won as a result.⁴

A.1 China's notion of *Constitutional Raj Dharma*

Before claiming the absolute necessity of *Constitutional Raj Dharma* for stability and economic efficiency of a nation, one should see how an apparently undemocratic and unconstitutional China has tremendously prospered amid stability.

Actually, China has grassroots democracy for nomination and election of leaders for its single party (Communist Party of China) for governance of the nation. It has a constitution and rules of law. In fact, China has followed its own notion of *Constitutional Raj Dharma*, ahead of the multi-party democracies.

China follows a vigorous democratic process for selecting CPC leaders. The CPC allows multiple nominations to contest for party leadership in each local constituency across China. The winners usually are those who have solved problems of the people. When there is a unique problem solver in a constituency, he gets elected without contest.

The choice of even the top CPC leadership is based on problem solving experience and potential. The efficacy of such political screening system is vouchsafed by the end result: top ten CPC members have been all qualified engineers over last two decades, if not longer. The recent Chinese presidents have been all engineers. This has (unsurprisingly to me) made China the nonpareil manufacturing hub of the world.

³ Acharya, S. (March 2003), "Warning to US Congress..." <http://pro-prosperity.com/Global%20Economy%20Chatterbox/Warning-USCongress-In-2003-On-Home-Mortgage-Debate.html>

⁴ Acharya, S. (November 2008), "Did God help Obama's Victory," <http://pro-prosperity.com/God-Obama-Election.html>

China has avoided inefficiency of electioneering inherent in multi-party democracies. It needs no intra-party propaganda or bloodbath. It circumvents inter-party feuds because only provable problem solvers are elected by the CPC. China does not need unaccounted election funds generated by compromising public infrastructure or by robbing private and public wealth.

The CPC is still plagued by rampant corruption. China still faces internal threat due to a monolithic CPC turning absolutely dictatorial undermining economic efficiency and destroy social stability and destroying its notion of *Constitutional Raj Dharma*. The CPC is, therefore, always on tenterhooks as detailed later. The perpetual fear of CPC leadership about potential revolt against it by the people makes it to not at least openly deviate from its notion of *Constitutional Raj Dharma*. The CPC leadership, therefore, metes exemplary punishments to even some of its top leaders.

A.2 *Multiparty Democracy sans Constitutional Raj Dharma*

Elected representatives in multi-party democracies have unfortunately presumed the following:

- a. That the ordinary people (voters) must accept democracy as the modern god because no better form of governance exists.
- b. That those elected democratically are empowered by god to write/amend the constitution and rules of law to rob public and private wealth with impunity.
- c. That the courts must have no authority to question democratically elected leaders' constitutional amendments and rules designed for usurpation of public and private wealth with impunity.

The current political system in multiparty democracies is funded (without restriction according to the Supreme Court of USA) and controlled by crony capitalists who usurp private and public wealth based on laws passed by the elected leaders. Such funding in multiparty democracies has led to transgression of *Constitutional Raj Dharma*. This is the root cause of failure of multiparty democracies. Such failure of multiparty democracies has produced elected dictators like Hitler in Germany, Indira Gandhi in India and many in Pakistan.

A democratic dictatorship comprises democratically elected leaders and an embedded establishment, crony industrialists and compliant (if not state controlled) media. By transgressing *Constitutional Raj Dharma*, a democratic dictatorship weakens the crucial vast majority of producers of globally competitive goods and services that props the economy, security and currency of a nation. As the crucial vast majority loses its wherewithal for physical, financial and emotional strength, it cannot credibly challenge the established democratic dictatorship.

A democratic dictatorship lasts as long as the weakened crucial majority is not ready to sacrifice its remaining possessions (including lives) to muster the courage needed to regroup and revolt for change. Such regrouping was hard after Mrs. Indira Gandhi suspended the constitution because the crucial vast majority had already been enervated since independence due to a transgression of the *Constitutional Raj Dharma*, despite India's constitutional democracy.

A.3 *Bharat Poll Verdict demands Constitutional Raj Dharma*

The democratic dictatorship bequeathed by colonial masters to local rulers of India on independence had been getting stronger and stronger ever since independence. It has been impossible for the crucial vast majority of Indians to challenge a mighty democratic dictatorship.

The recent Bharat poll verdict mirrors the longing for *Constitutional Raj Dharma* for governance to make India a nonpareil economic power through selfless leaders of integrity. Can this longing materialize?

Many selfless leaders of integrity (notably Jayaprakash Narayan) have already sacrificed immensely in the past to change democratic dictatorship in India. Their sincere efforts, doggedness, sacrifice and integrity could not weaken Indian democratic dictatorship. Indian democratic dictatorship has rather strengthened amid bouts of apparently convincing, but effectively dud challenges.

How can one be sure that the new leaders that have emerged in the just-concluded Bharat poll verdict, solidly backed by voters longing for *Constitutional Raj Dharma*, can succeed in disbanding a deeply anchored and powerful democratic dictatorship? Here is why an unprecedented era of *Constitutional Raj Dharma* has already dawned to undo the mighty democratic dictatorship in India:

- a. First, all the past attempts to establish *Constitutional Raj Dharma* in India failed because no coherent economic model of governance then existed anywhere to show why the established Indian system imported from the developed world failed to make the economy efficient, competitive, stable and prosperous. Also, no competing alternative economic model of governance then existed or could be created to make an economy competitive, efficient, prosperous and stable in long-run.
- b. Selfless research on first-best efficient governance performed over decades of immense sacrifice since 1991 by this author shows that *Constitutional Raj Dharma* is necessary for economic prosperity amid social stability and unity of a nation.
- c. Discoveries from this research have been freely disseminated, despite aggravated retribution by vested interests directed towards a selfless *Aam Admi* messenger. Such dissemination laid the seeds for the current Bharat-wide alliance of the crucial majority for *Constitutional Raj Dharma* with volition to undo democratic dictatorship entrenched in India since independence. How?
 - The irrefutable discoveries of first-best efficient rules of governance and their adoption by the developed economies (after their established economic systems crashed exactly as predicted in this research) galvanized top Indian government officials, ministers, Supreme Court justices and NGO activists to support *Constitutional Raj Dharma* to serve the greater good of the country, defined as the crucial vast majority, notwithstanding the wrath of powerful vested interests.
 - This led to vivid exposure of shenanigans (rules and policies of democratic dictatorship) that blatantly transgressed *Constitutional Raj Dharma*. Crucial court verdicts and CAG reports triggered agitation by selfless NGO activists with impeccable integrity like Mr. Anna Hazare and Mr. Arvind Kejriwal against transgression of *Constitutional Raj Dharma* by the Indian democratic dictatorship.
 - Despite steep opposition from own party establishment, an impeccable man of integrity, Mr. Narendra Modi, who has been portrayed as non-corruptible in secret American

diplomatic wire dispatches leaked by Wikileaks, emerged as prime ministerial candidate of a top national party, the BJP, with a well-defined platform of *Constitutional Raj Dharma*.

- d. *Constitutional Raj Dharma* has thus unmistakably bound together leaders of integrity for a singular mission to undo democratic dictatorship to make India unified, peaceful, economically prosperous, efficient and stable. The now-concluded Bharat poll verdict resoundingly reflects this binding of a new breed of disparate activists and politicians with a common mission. Mr. Anna Hazare completely supports Messers Modi and Kejriwal despite an inherent mistrust for political partisanship. The *Citizens for Development* supports everyone with credible volition to establish *Constitutional Raj Dharma* everywhere.
- e. Prominent Indian National Congress leaders, including Mr. Rahul Gandhi, Mr. Pranab Mukherjee and Mr. Sashi Tharoor are foremost supporters of *Constitutional Raj Dharma*. Mr. Mukherji has publicly asked for compliance of rules with the constitution. Everyone should join Mr. Rahul Gandhi's initiative, made in a significant speech in Parliament, to eliminate private funding of polls.⁵ Mr. L. K. Advani and top *Aam Admi* party leaders have openly welcomed funding of polls by the public exchequer. Anyone who hasn't yet embraced *Constitutional Raj Dharma* will be impelled to convert after the decisive Bharat poll verdict.
- f. This Bharat poll verdict shows that the political strategy of distribution of doles, subsidies and quotas is repulsive to the crucial vast majority that wants to persevere to earn and live with dignity, liberty and equality under *Constitutional Raj Dharma*, as opposed to selling their votes for crumbs sprinkled by the privileged. The workers at the Research Center in Bhanhanagar have confirmed such aspiration, which memos described years ago. The defeated leaders now have empirical evidence about voters' inherent aspiration, as opposed to doles. Leaders need to jettison their prior ideology of doles for votes and think of service through *Constitutional Raj Dharma*.
- g. Research on *Constitutional Raj Dharma* (first-best efficient governance) is transparently presented with robust modern economic arguments, articulated in plain English, and freely available at www.pro-prosperity.com. The *Aam Admi* can use it to effectively counter specious logics of the now-failed, established second-best experts of economics and finance. The *Aam Admi* can now see transparently how existing rules transgress *Constitutional Raj Dharma*. The *Aam Admi* can thus penalize promptly new and existing political leaders who follow such rules or pass new ones transgressing *Constitutional Raj Dharma*. The Bharat poll verdict confirms that the *Aam Admi* has exhibited the ability to do so. This behooves aspiring political leaders to follow suit.

A.4 Epoch of *Constitutional Raj Dharma*

Constitutional Raj Dharma emerged within a general equilibrium model of economics and finance. The rules of governance of the economic system which are efficient and which form equilibrium prove to be constitutionally fair within this model. These rules comprise *Constitutional Raj Dharma*. These rules are immensely significant to people who want to preserve their hard-earned wealth in the economic system, without unconstitutional usurpation by others, to pursue for liberty and happiness. Published papers based on this model prove that the established rules of governance of the economic system allow surreptitious usurpation of people's hard-earned savings and are unconstitutional, inefficient and unstable. The established system, therefore, has failed to achieve liberty and pursuit of happiness of people. *Constitutional Raj Dharma* is thus necessary for pursuit of liberty and happiness.

⁵ Acharya, S. (2011), "Stop Flow of Private Funds to Polls," <http://pro-prosperity.com/Stop%20Private%20Funds%20in%20Elections.html>

Constitutional Raj Dharma is antithetic to the established rules of governance of the economic system and is, therefore, opposed by the beneficiaries of the established economic system: financial industry honchos, established government regulators, second-best policy experts and allied lawmakers and private hedge funds. The beneficiaries have become powerful, wealthy, entrenched and privileged due to transgression of *Constitutional Raj Dharma*. Recent empirical research discoursed in *New York Times* shows that the rich are becoming richer and the poor are driven poorer.⁶ The growing inequality has alarmed USA, as per President Obama's December 4th speech. The degree of inequality has reached the pre-Great Depression level in USA, harbingering recurrence of the Great Depression which can spread globally.

How the *Aam Admis*, even those without financial assets and bank deposits, lose the most due to rampant transgression of *Constitutional Raj Dharma*?

- *Aam Admis* mostly depend on employment in business enterprises.
- A business enterprise earns profit by selling its output at higher prices than the cost of inputs of production like material, capital and wages.
- Business owners invest their profits in the economic system.
- Transgression of *Constitutional Raj Dharma* occurs through established rules for surreptitious usurpation of these investments by the privileged private hedge funds, banking and mutual fund company executives and associated lawmakers and second-best policy experts.
- As business owners lose their invested profits, they cut the wages of their employees or retrench workers to make up for the profits lost due to transgression of *Constitutional Raj Dharma*.
- A depressed economy thus ensues to make the *Aam Admis* unemployed and underemployed.
- Many business entrepreneurs completely close their businesses to salvage their savings for their financial survival in a depressed economy. Transgression of *Constitutional Raj Dharma* thus caused massive unemployment of *Aam Admis*.
- The above scenario has surfaced in USA and Europe since the economic crash in 2008. The central banks of developed economies have been printing massive amounts of money since then to create employment. They are creating new jobs, but for lower incomes and uncertain futures.
- The new money basically inflates values of financial and real assets and prices of food, energy and utilities on which *Aam Admis* depend. The asset holders recuperate their lost wealth, but anything they store in the economic system continues to be usurped by the established rules that transgress *Constitutional Raj Dharma*. The *Aam Admis* who sell their assets, mostly at depressed prices to survive unemployment or underemployment, lose everything from gains in asset values due to monetary expansion by central banks.

⁶Acharya, S. (2013), "Universities need to Award Research on Stability, Economic Efficiency and Constitutional Fairness," <http://prosperity.com/University%20Award%20Research%20on%20Stability,%20Efficiency%20and%20Constitutional%20Fairness.html>

- The privileged few that controls and benefits from the established economic system gets richer, while the unprivileged *Aam Admis* including most business entrepreneurs become poorer.

The economic depression unleashed by the established system has galvanized *Aam Admis* leaders-notably President Barack Obama in USA and leaders now emerging in India-to fight for *Constitutional Raj Dharma*. **This marks an epoch of *Constitutional Raj Dharma*.**

A.4.1 India's march towards *Constitutional Raj Dharma*

Transgression of *Constitutional Raj Dharma* has aggravated worldwide, as badly as in India, especially during the last decade. India has witnessed unprecedented mega usurpation of public and private wealth and mega inflation. Inflation amounts to latent usurpation of hard earned incomes of the crucial vast majority due to higher prices paid for food and essential utilities. Inflation is a pure monetary phenomenon that decays national strength: When the government prints or borrows money for unproductive public welfare schemes and public projects, the new money essentially flows to those (kith, kin, cronies and constituents of rulers) who do not produce anything. The output thus stagnates while money supply rises to raise the demand for a limited output. Able people flush with new money stop working. Competition for the remaining workers raises the cost to producers, who then have to raise the price of their output to survive. The unproductive government money printing or borrowing basically breeds indolence among able people. Indolence lowers national production of globally competitive goods and services, increases dependence on imports, causes national economic decline and decimates the currency value that makes everyone poorer.

After the established system crashed in the West in 2008, the triumph of *Constitutional Raj Dharma* became obvious to prominent leaders of all political parties as well as to the ordinary people (*Aam Admis*). This has ushered a new era of *Constitutional Raj Dharma* in India punctuated by the following events:

- a. As Finance Minister, Mr. Pranab Mukherjee, who is now the President of India, assured publicly for compliance of every government policy with the constitution, thanks to the circulation of research on first-best efficient governance.
- b. The Supreme Court, which had never questioned government economic policies, changed its stand to adopt a principle of fairness to disallow the government's distribution of public wealth among crony capitalists without competitive bidding.
 - The Indian constitution does not have *Constitutional Raj Dharma* as a preamble or article. This is why the government is still grumbling about the SC interfering in executive economic policy decisions.
 - The recent Bharat poll verdict punctuates incorporation of *Constitutional Raj Dharma* as the foremost preamble with consistent amendments of the constitution. This will automatically silence any future grumbling about compliance of economic policies with the constitution amended to ensure *Constitutional Raj Dharma*.
 - A competitive bidding process under *Constitutional Raj Dharma* will, for example, result in payment of royalties, by the miners to the public exchequer, equal to the current international market price of minerals upon delivery at the mineral processing plant. In fact, such international prices of minerals are paid by highly profitable international behemoths like

Nippon Steel and Pohang Steel. In contrast, democratically elected leaders of India have maintained rules to give away the public's iron ores to companies like the Tatas, Birlas and Zindals at about Rs.26 per ton of iron ore, whose international market price upon delivery at plant sites is about Rs.7000. This mineral give-away rule is a blatant transgression of *Constitutional Raj Dharma*. Such rules will be automatically voided by the SC, if they are maintained or passed by the government after *Constitutional Raj Dharma* becomes the foremost preamble of the constitution of India.

- c. Any hope of rulers to continue transgression of *Constitutional Raj Dharma* with the votes of convicted parliamentarians was swiftly dashed when the powerful Vice President of Indian National Congress, Mr. Rahul Gandhi, publicly denounced the government ordinance on protection of convicted parliamentarians as nonsensical and worthy of being torn down.

Incorporating *Constitutional Raj Dharma* as the foremost preamble in the Indian constitution is the only way to ensure that any rule transgressing *Constitutional Raj Dharma* passed by elected representatives will be promptly voided by the Supreme Court as unconstitutional and the Parliament can no longer amend the foremost preamble to pass such rules. The critical vast majority of people that produces globally competitive goods and services including food will then avert robbing by unconstitutional rules. If the elected representatives persist to break the constitution, the critical vast majority can revolt. The elected political leaders will then have no wherewithal (without the robbing) to thwart the public revolt. The potential threat of revolt will preemptively avert any budding motivation of elected political leaders and their allies to pass unconstitutional rules for robbing public or private wealth created by the crucial vast majority. *Constitutional Raj Dharma* is thus a robust, stable and efficient system that will transform India as the most prosperous nation it once was in the world.

A.4.2 China and America towards *Constitutional Raj Dharma*

What are China and USA doing now to march towards *Constitutional Raj Dharma* for governance?

- a. Chinese Premier Li rose to his current post due to his push to create the world's largest free trade zone (Shanghai Trade Center). But he did not show up at the September 29, 2013 inauguration of his baby, the STC. Googling for the reasons showed that Premier Li had to fight with the Chinese Bank Regulatory Commission officials about the wisdom for such free market capitalism.⁷
- b. The CBRC was created and the top Chinese state banks were massively capitalized and then publicly offered for trade, within a few months after presentation of my paper in August 2003 on *determination of the currency exchange rate beyond purchase power parity* at the Hong Kong Monetary Authority.⁸ This paper proves how banking and social instability occur when the currency value drops below an optimal level. This paper was also slated to be presented at the People's Bank of China, but the SARS epidemic prevented me from reaching Beijing.
- c. China had sent a top official looking after financial markets, who came on a US State Department leadership program, to meet me at my office in the University of Illinois at Chicago in October 2006. We discussed banking and financial market reform.

⁷ Acharya, S. (2013), "Universities need to Award Research on Stability, Economic Efficiency and Constitutional Fairness," <http://pro-prosperity.com/University%20Award%20Research%20on%20Stability,%20Efficiency%20and%20Constitutional%20Fairness.html>

⁸ Acharya, S. (2008), "Optimal Exchange Rate beyond Purchase Power Parity," *Journal of American Academy of Business*, <http://pro-prosperity.com/Research/ExchangeRatesDynamics.pdf>

- d. How could the CBRC officials fight with the new Chinese Prime Minister who rose to the second-most important post for advocating free market capitalism? The CBRC officials must have lately succeeded in convincing the Chinese President to reconsider the PM's advocacy for the current form of free market capitalism.⁹ China has jailed a top Beijing University economics professor for advocating such free market capitalism. The New York Times recently had an editorial pleading for his release supported by top American Universities threatening to exit from their Chinese campuses if China did not release the jailed economist.
- e. At the same time, there are many downloads from China of my April 2013 academic paper on determination of equilibrium interest rate.¹⁰ This paper presents truly free market capitalism for determination of price of credit. This paper is now being considered for publication in a top academic journal edited by elite international Chinese scholars on finance and economics, under the overall supervision of the Chinese Finance/Commerce Ministry. The supervision of an elite academic journal by the Chinese government shows that China has recognized how fundamental, unbiased research of utmost necessity to preserve the hard-earned wealth of the crucial vast majority of *Aam Admis* for their liberty and pursuit of happiness is deliberately blocked by self-serving elite established second-best policy experts and embedded academics who failed to conceive, let alone publish, such research.
- f. Not surprisingly, I have also received letters of requests from a Chinese professor of economics who has been awarded a Chinese National Scholarship to conduct research under my guidance on first-best efficient governance, determination of interest rates in equilibrium and almost everything I have been researching now.
- g. Top academic gurus in universities like Harvard, Chicago, Yale and Princeton and their disciples heading financial and regulatory institutions, and political allies supporting the perpetuation of the established American economic system, were determined since 2006 to shut down Fannie Mae and Freddie Mac, the two government-sponsored entities created post-WW-II to stabilize the US economy. They had even convinced President Obama to agree to shut down Fannie and Freddie. The top intellectual architect of Fannie-Freddie shut-down is Professor Larry Summers, who is now at Harvard and who was the Treasury Secretary under Clinton Administration and the Director of the Economic Council under Obama Administration. Larry is a member of *Rubinomics*, which is a term ascribed to Bob Rubin, the ex-Goldman Sachs CEO, who was the Treasury Secretary and Economic Council Director in Clinton Administration, who was an advisor to Citigroup BOD and who recruited all economic team members of Obama Administration. Larry Summers was nominated by the Obama Administration sometime in June 2013 to head the Federal Reserve Board. The talk of Fed tapering the quantum of printing dollars then ensued and emerging markets nosedived. Then Goldman Sachs downgraded India, stating that they had made a mistake in recommending investments in India. Goldman Sachs also fired its top official who had coined BRIC. Goldman Sachs had failed in 2008 due to insolvency, but because its ex-CEOs were heading the Federal Reserve Bank of New York as Chairman and the US Treasury as Secretary, this company got hundreds of billions of dollars public funds to extricate itself from the financial grave it had dug for others. Goldman Sachs is known as Government Sachs in USA. A

⁹ Acharya, S. (2013), "Truly Free Market Equilibrium," <http://pro-prosperity.com/Truly%20Free%20Market%20Capitalism.html>

¹⁰ Acharya, S. (2013), "*Coalition of Borrowers, Government-Regulated Lender, Safe Central Bank and Interest Rate in Equilibrium*," <http://pro-prosperity.com/Research/Coalition%20of%20Borrowers.pdf>

Goldman managing director's husband filibustered in the US Senate to shutdown the US government forever, but he failed to do so.

- h. After circulation of my paper on equilibrium interest rate and several memos among the US President and Congressional leaders, many prominent Democratic senators expressed reservation towards Larry Summers becoming the Fed chairman. Larry withdrew his nomination as a result. My memos show how hundreds of billions of dollars are being transferred from the crucial vast majority of American *Aam Admis* including the home mortgage borrowers to the US Treasury via Fannie and Freddie through a rule signed by the fellows of Rubinomics on behalf of Obama Administration without perhaps US President Obama or Congress fathoming the implication of the rule at the time of signing in August 2012. These transfers are subsidies borne by American *Aam Admis*, granted as largesse to the very rich that would otherwise pay higher taxes. [This is just like Indian banks' write off of lakhs of crores of loans made to corporate houses, as per recent RBI press releases.] Then on, US government has soft-pedaled the idea of shutting down Fannie and Freddie and the EU has copied the US home financing model.
- i. The National Science Foundation of USA and Office of Financial Research (a new entity created by the US through Dodd-Frank Act of 2010) have recently sent me solicitations to submit white papers and proposals for research on stability and crashes of the economic system.

A.5 Statesmanship in the Era of *Constitutional Raj Dharma*

The Bharat poll verdict will unleash statesmanship latent among political, religious and academic leaders to spread the profound truths vital for survival, rejuvenation and prosperity of society that props the leaders. Absent statesmanship, the democracy becomes a plutocracy marked by vicious fights for gaining unfair privilege to transgress *Constitutional Raj Dharma* to usurp private and public wealth.

An unconstitutional democracy can be called a plutocracy or democratic dictatorship. It is nothing but *Jungle Raj*. *We the people* abandoned *Jungle Raj* for peaceful coexistence after Krishna propounded *Raj Dharma* in *Gita*. The modern constitution did not exist then. *Raj Dharma* of a ruler (e.g., *Dhritarashtra* of *Mahabharat*) was to not enact laws (e.g., a rigged *Pashakhela*) that would allow usurpation of private wealth (e.g., that of *Pandavas*) by the allies of the rulers (e.g., the *Kauravas*).

This ancient Indian *Raj Dharma* is akin to the modern *Constitutional Raj Dharma* to not script any rule, law or policy that allows usurpation of private and public wealth, even surreptitiously.

The Indian courts have lately rendered *Gita* as a philosophical document. The thrust of *Gita* is to imbibe *Arjuna* with *Raj Dharma* to muster the courage of fighting against those including own relatives who transgress *Raj Dharma*. *Raj Dharma* became the basis of economic prosperity of ancient India, which contributed to 23% of the then global GDP that was as much as USA is now contributing to the current global GDP.

The recent Bharat poll verdict confirms that ordinary Indians including government officials have chosen to march towards *Constitutional Raj Dharma* (first-best efficient governance) as if to compete with similar developments worldwide. This verdict also tells that political, economic, academic, religious and linguistic leaders will henceforth compete for unleashing their latent statesmanship. Competition will produce modern philosophers who transcend parochialism to embrace universal *Constitutional Raj Dharma*. The society will then learn that *Constitutional Raj Dharma* is akin to historically recorded wisdom of mankind:

1. *We the humans are equal with no son or reincarnation of god among us*, as per Prophet Mohammed in 600 AD.
2. *We the People are Created Equal* is the principle adopted in the first written constitution (that of USA). This constitutional principle has been adopted by most democracies including India after its independence. This principle mirrors Prophet Mohammed's views. Many ancient Indian kings, Muslim dictators, Mogul and European invaders have unfortunately defied and defiled this principle.
3. One can rationally infer from *Krishna's* own actions during his life that he did not portray himself as a reincarnation of god: he was selfless as he killed his own relatives for transgressing *Raj Dharma*; he remained celibate while freely mingling with women and men; he volunteered to chauffeur *Arjuna's* chariot during the *Mahabharat* war; he ultimately destroyed his own dynasty (*Jadu Bansa*) before his death, lest anyone after him might exploit his legacy to defile *Raj Dharma*.

After *Krishna's* death, however, the Indian kings exploited the mass popularity of *Raj Dharma* for self-aggrandizement, entrenchment in power and usurpation of public and private wealth through a clever strategy: (i) Using Brahmins to paint *Krishna* as a reincarnation of god, (ii) establishing temples for *Krishna* like *Jagannath* temples endowed with usurped farmland and (iii) inducing people to sacrifice their hard-earned wealth to their revered god, *Krishna*, for salvation. The kings and Brahmins thus usurped the hard-earned wealth created by the devotees of *Krishna*. They transgressed *Raj Dharma* by doing so. They brainwashed people with an anti-*Krishna* philosophy that their sacrificed hard-earned wealth went to god with whom they would join after death in heaven. Indeed, *Gita* was scripted by Vyasa (a Brahmin) as the message of *Krishana* portrayed as reincarnation of God. The term 'god' comes from German 'got' which is perhaps the mispronounced version of *Krishna's* family name 'gaud.'

As *Raj Dharma* was thus defiled, talented Indians stopped persevering. Indian productivity declined. The enervated subjects could not fight for their kings against external invasion. They had no inducement to fight for kings who had been looting their hard-earned wealth in the name of god. This predicament then made easy for the Mogul and British invaders to convince and convert the already exploited Indians to not believe in reincarnations of the god and to not support the local kings. The invaders faced little resistance in looting the jewels collected by the kings from the subjects.

4. Prophet Mohammed fought against usurpation of private and public wealth by scripting a riba-free system to ban interest on accumulated wealth lent as credits to borrowers. Such interest-free monetary system was first advocated by Saint Vashistha, who is described in the British literature as an Indian lawmaker of 500 BC. Philosophers like Aristotle and Plato too prescribed for an interest-free monetary system. The Bible accepted such a system in 1600 AD. The sagacious philosophical views on an interest-less monetary system are remarkably consistent with the unbiased contemporary analysis of a truly free market economy, which proves that the equilibrium benchmark interest rate is zero and that the current system of money and finance *transgresses Constitutional Raj Dharma* akin to *anti-Mohammedan* and *anti-Raj Dharma*.

5. The *no-subsidy mantra of governance to attain the most efficiently competitive and stable economy*¹¹ tells the government of *We the People* to not ordain any (a) privilege, subsidy for any class including corporate houses and the elite among them, (b) quotas based on birth, (c) special statuses based birth in any religion, caste, creed, language or political dynasty, and (d) glorification of elected representatives even after their death by naming of any public scheme or institution funded by public exchequer. This mantra of governance does not bar individuals, including elected representatives, parting their hard-earned wealth for any cause that does not violate the foremost preamble or any other article of the constitution. This economic mantra dovetails Mohammed's philosophy of equality, Krishna's *Raj Dharma* and the contemporary economics' *Constitutional Raj Dharma*.

Constitutional Raj Dharma can thus transform a natural paradise on earth, Kashmir, as the next Silicone Valley or Bangalore. This means abandonment of special constitutional status is needed to resolve an issue that has boggled someone like me, whose forefathers descended from Kashmir to reach Kashi before being joining as adviser to the king of Bhanjanagar:¹²

B. Conclusion

Constitutional Raj Dharma has emerged from decades of selfless, peerless research on first-best efficient system (rules) of governance which is uniquely needed for long-run stability, economic efficiency and constitutional fairness, to beget first-best status for principals (citizens).¹³ The first-best efficient system has immensely succeeded, after the current antithetic, second best system established worldwide crashed in the developed world in 2008, exactly as predicted since 2003. Governments in the developed world have, then on, adopted many of the significant first-best efficient rules for mere survival of their economies.

Constitutional Raj Dharma is a set of first-best efficient rules of governance that have triumphed and is prevailing worldwide. The recent Bharat poll verdict mirrors the immensely powerful global movement towards *Constitutional Raj Dharma*. *We the People* want to be governed by *Constitutional Raj Dharma*, not by the prevailing democratic dictatorship.

Constitutional Raj Dharma in articulated in plain English with all the formal arguments of contemporary economics, finance and governance. It is akin to *Raj Dharma*, the crux *Gita* scripted in ancient India. It is a unique path towards unified coexistence of humans by obviating the artificial divisions wrought by self-serving parochial leaders. *Constitutional Raj Dharma* is the only viable path for long-run economic prosperity amid social stability through united and peaceful coexistence of humans in each nation and of all nations on earth.

With best regards,

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¹¹ Acharya, S. (2012), "No Subsidy Mantra of Governance to Attain the Most Efficiently Competitive Economy," Journal of Governance and Regulation, <http://pro-prosperity.com/Research/Governance-and-Most-Efficient-Competitive-Economy.pdf>

¹² Bhanjanagar was actually the capital of Ghumusur kingdom. Incidentally, many of my Muslim student at University of Illinois confuse me as a Kashmiri Muslim.

¹³ Acharya, S. (2011), "Begetting first-best status for principals (citizens)," <http://pro-prosperity.com/Begetting%20first-best%20status.html>