Triumph of Ancient Philosophy, Unanimously Agreeable Governance, Economic Policy and Constitution for Civilized Coexistence

By

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Abstract: This paper presents rational and unanimously agreeable norms in (a) governance, (b) economic policy, (c) constitution and (d) religious and scientific beliefs for civilized coexistence. The basis of unanimous agreeability is that individuals do not prefer to have their wealth (including life) robbed, even surreptitiously. This preference is unanimous because even robbers do not want to be robbed. I argue that unanimously agreeable norms are necessary for civilized co-existence of humans and are consistent with the ancient philosophy (*Hindutva*), which originated in India more than 3000 years BC and is reflected in Gita[2]. Gita is considered by Courts of India as a philosophical document. The basic ethos of Gita is explicit and transparent: the state (King Dhristarastra) must not allow anyone (including privileged princes like Duryodhan) to take away others' (Pandavas') property even surreptitiously (through Sakuni's rigged game of Pashakhel). The modern constitution ordains freedom through rights to property, liberty and pursuit for happiness of individuals. But it has tacitly allowed establishment of a system (rules) of governance to facilitate surreptitious robbery. Individuals accumulate property like home and retirement savings with a hope to attain freedom, eventually, which they cannot achieve if they are robbed, even surreptitiously. The ancient philosophy of Gita prohibits robbery of any kind, and, thus, guarantees hope for individual freedom. The modern philosophy-underlying the established system (rules) tacitly allowed by constitution for surreptitious robbery-cannot, however, achieve individual freedom. Widespread or inclusive economic prosperity can be attained only if the constitution and rules of law are unanimously agreeable which will be consistent with ancient ethos but not modern philosophy.

1. Introduction

This paper argues (a) that the thrust of modern constitution, written in 1776 by American founding fathers and followed worldwide, is akin to the core ethos of the ***ancient philosophy*** known as *Hindutva*, (b) that the Anglo-American system (rules) of governance driven by ***modern [economic] philosophy*** transgresses constitution and is antithetic to *Hindutva*, and (c) that the ancient philosophy has triumphed over the modern economic philosophy.[3]

The ancient philosophy originated in India more than 3000 years BC and scripted as the ethos of Gita.[4] Gita is considered by the Courts of India as a philosophical document. The basic ethos of Gita is explicit and transparent: the state (King Dhristarastra) must not allow anyone (including privileged princes like Duryodhan) to take away others' (Pandavas') property even surreptitiously (through Sakuni's rigged game of Pashakhel). The modern constitution states its philosophy as individual freedom through rights to property, liberty and pursuit for happiness. The modern constitution has not, however, been scripted as explicitly as the ethos of Gita. If it were, no modern rule of law could pass to legally shield rampant surreptitious robbery of enterprising individuals and no economic depression would occur.[5] The modern philosophy drives these rules of law which are unconstitutional and antithetic to *Hindutva*. This paper argues how widespread or inclusive economic prosperity can be revived if unanimously agreeable norms presented here are explicitly adopted as new constitutional preambles and if all other constitutional articles, rules and policies are redrafted to conform to these new preambles.

The ethos of ancient philosophy of *Hindutva* is uniquely necessary for civilized coexistence of humans because inherent in this ethos is unanimous acceptability. *Hindutva* is, therefore, not some nondescript esoteric 'mythology' as painted by the contemporary pundits (modern philosophers) who have crafted the modern economic philosophy and rules of law. I argue below that *Hindutva* is antithetic to the modern philosophy.

Modern philosophy has been propagated as sacrosanct through elite academic literature including books and journals, promoted by top publishers and taught at the elite academy. The ulterior goal is to indoctrinate talented students to believe (in this academic religion) that they can be rich by worshipping, following and practicing the established unconstitutional system (rules) to facilitate surreptitious robbery of enterprising individuals. The shadow invisible hands of a few robber barons (known as Masters of the Universe) then rob the robbers periodically and share the loot with the elite academy and lawmakers who pass and strengthen laws to shield the robber barons.[6] The enterprising individuals thus impoverished have no option but to sacrifice their talented children to be hired/enslaved for pittance to enterprise for the robber barons. The system thus continued for centuries. After the author's research bared the shadow invisible hand (as human not some latent god), however, the mighty established system crashed in 2008 and the US Congressional Financial Crisis Inquiry Commission admitted in 2011 that the crash was manmade due to failure of established academic experts, Masters of the Universe and government regulators including the Federal Reserve, where the author was a financial economist for five years (1990-1995).

As someone imbued in the ancient philosophy since childhood and who became later a researcher in the modern system of governance to enhance American competitiveness as a financial economist at the Board of Governors of the Federal Reserve System during 1990-1995, I realized the existence of a distinct contradiction between modern and ancient philosophies. By the time I came to the Federal Reserve, an optimal bank foreclosure rule,[7] discovered in a paper coauthored with a colleague at New York University and published in the Journal of Finance in 1989, was already adopted by the US Congress as an unprecedented new rule (which was later incorporated in the Federal Deposit Insurance Corporation Improvement Act of 1991) to avert frequent market crashes and banking losses to taxpayers. The bank foreclosure rule was unprecedented because until 1989, banks could foreclose households and businesses, whereas no law existed to foreclose banks. The foreclosure rule was based on a dynamic model of economic equilibrium. The bank foreclosure rule simply allows a bank to remain open only if the bank owners' equity capital is larger than an optimal percent of risky assets invested by the bank. As a Federal Reserve bank regulator, I found this new bank foreclosure rule being surreptitiously transgressed by top bank holding companies like Citicorp. I had then found that the surreptitious transgression of the bank foreclosure rule was piling enormous future losses to taxpayers, pension plans and mutual funds, while generating immense riskless profits for bank owners. I pointed out the bank holding companies' transgression of the bank foreclosure rule in heated presentations before top bank and Federal Reserve executives during my tenure at the Fed. The reluctance of these executives to follow optimal foreclosure rules prompted me to leave the Federal Reserve. It took many years after leaving the Federal Reserve to translate my complicated mathematical model of the economy[8] in plain English in a paper published and submitted to US Congress in March 2003 with a warning that vested interests would not permit adoption of safe central banking rules found in general equilibrium of my comprehensive model until taxpayers lost trillions of dollars.[9] The US Congress must have taken my warning seriously to ask the Federal Reserve to testify about safety and soundness of the banking and financial system and to convene experts to a conference on the topic in late 2003. I was invited to that conference. I did not attend the conference and requested the organizers to distribute my paper on safe banking. In 2003, the president of the American Economic Association had declared that the US financial system was invincible.

The looming financial crisis - discovered in selfless unfunded research and conveyed to US Congress in 2003 with a warning to enact my safe central banking proposal to avert the crisis preemptively - erupted uncontrollably in 2008 for exactly the same reasons as I had conveyed in plain English in 2003. The cause of the 2008 crisis found by the US Congress was transgression of the bank foreclosure law by bank holding companies, as pointed out by me during 1990-1995 when I was an economist at the Fed. The domino of the cascading fall in the financial markets in 2008 was caused by a rapidly unfolding panic and run in the uninsured money market funds and uninsured bank debts totaling more than $12 trillion. To stem the domino of crashing markets, the US Congress was forced to adopt my safe-central banking policy, proposed since 2003, to guarantee the previously uninsured money market funds and bank debts, which primarily belonged to large enterprises like Apple, IBM, Intel, Microsoft, Cisco, Boeing that innovate, produce and employ talented people worldwide and form the backbone of the US economy. In 2008, the US Congress also adopted my 2003 proposal to have bank holding companies comply with the 1991 bank foreclosure rule on a consolidated basis. The BHCs had evaded the bank foreclosure rule till the crisis in 2008.[10]

Despite all the steps taken by the US Congress since 2008, the economic crisis due to the unconstitutional system of robbery has not been resolved at all. The US government and Federal Reserve have created $14 trillion of new money since 2008. But those who have been robbed have become poorer. The degree of inequality between the ultra rich and the rest has risen unprecedentedly in USA and an estimated 94 million people are still looking for jobs. The same modern economic philosophers and their disciples are still ruling the roost as Masters of the Universe, rulers and government regulators shielded by a further fortified unconstitutional system of robbery with new acts like Housing Economic Recovery Act of 2008 and Dodd Frank Act of 2010.[11] The adversely affected enterprises and households have, however, recognized the manmade system of unconstitutional robbery driven by modern philosophy, thanks to a widespread circulation of my research. Enterprises have as a result curtailed their risky investments to hoard surplus profits in massive unproductive offshore accounts and in US Treasuries. Households facing serious decline in their incomes due to severe underemployment have been curtailing their spending and consumption and increasing their savings in guaranteed bank deposits. This appears to be a natural movement of the economy towards safe central banking and efficiency in equilibrium as found in my research. It seems that the enterprises and households will not invest their reserves in risky projects and enterprising individuals will not revive their animal spirits until the unconstitutional system of robbery is repealed.

The principal reason for why the system of unconstitutional robbery is not yet repealed is that most lawmakers and their top political contributors are locked up in 'moral hazard,' which is an academic euphemism for blackmailing. The too-big-to-fail banks run by too-big-to-be-jailed bankers secretly manage and control the retirement accounts and trusts of political leaders for mutual sharing of the loot through the system. To enhance and preserve their personal wealth for luxurious retirement, lawmakers are intrinsically bound by the dictates of the TBTF and TBTJ bankers. Only the lawmakers (not others) in USA are allowed by law to trade securities whose prices are affected by the laws they legislate. Top hedge fund managers have invited me to invest my retirement accounts in their funds to earn abnormal return for my retirement. Once a top investment bank invited me to be its expert to testify for it before US Congress, Regulators and Courts. Accepting such offers would have made me too another impotent pundit controlled by moral hazard to spiel modern mythology for the unconstitutional system of robbery.

Someone with revulsion towards unconstitutional robbery and with the real world experience cited above was naturally driven by curiosity to discover the truth about fundamentally fair, efficient and stable rules needed to eliminate moral hazard in governance. Elimination of moral hazard from the system is necessary to liberate the lawmakers, pundits, government regulators and all other individuals. My initial curiosity then translated as a necessity for civilized coexistence of humans. It led me to a paper which was mimeographed by the Federal Reserve in 1991. This has been revised editorially as of 2013.[12] It proves that the current system of money and finance amounts to unconstitutional robbery of private and public wealth with instability and economic inefficiency. This paper found an alternative system which is constitutional, efficient and stable. This research was blocked by the self-serving academic experts leading the elite academy significantly funded by the Robber Barons (TBTF-TBTJ bankers). I was personally subjected to standard tactics of intimidation, lure and blackmailing. For example, I was threatened about being unemployed if I persisted on this research. I was also asked to invest in some of the same secret funds for my retirement and to testify before US Congress, Courts and Regulatory bodies as an expert in favor of a top investment bank for millions of dollars in fees. The McCarthyism tactics, however, emboldened me to continue translating my mathematical models to plain English for common people and their representatives by linking this research to ancient philosophy and modern constitution. I ultimately saw that the modern economic philosophy is antithetic to the ancient philosophy.

Experience led me to develop rational expectations that the Robber Barons and their proxies in the elite academy would not publish my research in the journals they promote to indoctrinate people on the system of robbery driven by modern philosophy. My only option was to distribute the selfless discoveries of my research on unconstitutionality, inefficiency and instability of the current system and on the necessity of a constitutional, efficient and stable system for civilized coexistence of humans to elected representatives of people worldwide and also to disseminate my findings through a non-profit website to people.

I ultimately demonstrated the immense relevance of my research in a paper published in 2013 in the Journal of Financial Transformation that claims to have 18 Nobel Laureates as authors.[13] This research shows that the Federal Reserve Act of 1913, the Acts that governs the Federal Deposit Insurance Corporation, the Security and Exchange Commission and by extension the Dodd-Frank Act of 2010 and Housing and Economic Recovery Act of 2008 are unconstitutional, economically inefficient and unstable. This paper also presents a system of money and finance which is constitutional, efficient and stable.

The modern (Anglo-American) philosophy in plain English is an unconstitutional system of surreptitious robbery that is legally shielded by various Acts passed by the U.S. Congress and its counterparts in other countries that have adopted the same system. This system (rules) of governance is dictated by a well-published economic model of moral hazard between principals and agents. This model has won Nobel Memorial Prizes in Economics. The theory behind this model presumes that citizens as principals of an economy are less informed than the agents managing the economy. This presumption within a <u>narrow partial economic equilibrium model</u> drives the modern Anglo-American philosophical paradigm: the agents within it are thus ordained by the crafters of the model to enjoy first-best status by subjecting principals to second-best sustenance. First-best efficiency of fundamental fairness does not obtain for both principals and agents within the narrow model used to justify the modern economic philosophy. The agents in the Anglo-American paradigm comprise the market makers of the economy known as Masters of the Universe (and their proxies in government): the famously known 13 Robber Barons that crafted the Federal Reserve Act of 1913 to have the Fed print money only for them before they become bankrupt. The number of Robber Barons has increased to 23 mega banks before 2008. After the financial crisis of 2008, Deutsche Bank of Germany withdrew from the Federal Reserve safety net. The Masters of Universe have been known as too-big-to-fail (TBTF) financial institutions which are run by too-big-to-be-jailed (TBTJ) bankers.

In contrast, I have a fundamentally fair comprehensive general equilibrium model of microeconomic behavior of households, corporations, government and markets to attain long-run sustainable policies for first-best status for both the principals and agents.[14] A restricted or narrow form of my model too yields the partial equilibrium outcome granting the first-best status for agents and second-best sustenance for principals. It is, thus, the dogmatically crafted unfairness within an economic model used by modern philosophers that shapes their ethos of ordaining privileged first-best status to a few cronies by subjugating the rest to second-best sustenance. This contrasts the fundamental fairness within my economic model that yields first-best efficient and fair rules of governance in equilibrium (for stability) for all, the principals (citizens) as well as the agents.

Fundamental fairness is the basis of unanimity discovered in my research: even the privileged agents, wont to treating principals unfairly based on narrow academic dogma, do not want to be treated unfairly. In other words, if a plebiscite is taken among all individuals in humanity everywhere on a simple question "do you want to be treated unfairly," the response will be a unanimous "NO." This makes my discovery on unanimity utterly paramount to humans to design rules for coexistence. This is perhaps why the US Financial Crisis Inquiry Commission and Congress did not accept the factually false testimonies of the agents - Maters of the Universe, the Federal Reserve and the established academic elite - that no one in the academy, government or industry saw the 2008 crisis coming. The agents also presented to the FCIC a book published by Oxford University Press authored by Yale Professor Gary Gorton which paints the 2008 economic catastrophe as a slap of the invisible hand (god). Their attempt was to suppress all my memos and papers submitted to the US Congress since 2003 and to bury all actions taken by Congress following my memos such as seeking testimonies from regulators on safety and soundness of the banking system.

Despite their education in the elite academy and political funding from the Masters of Universe, the US Congress factually reported in 2011 that the 2008 crisis was due to failure of established academic experts, financial honchos and government regulators including the Federal Reserve and that the crisis was manmade (avoidable). The crisis could have been avoided if the first-best policy outcomes which I had presented to US Congress directly since 2003 were enacted preemptively. The Congress indeed adopted some of these policies during the crisis in 2008 to stem the cascading crash of financial markets when more than 12 trillion dollars was on the run due to panics that made the crisis worse than the Great Depression according to the Federal Reserve.

The above events and my personal experience therein show a glimpse of ***triumph of the first-best efficient system (rules) governance*** which:

- is driven by fundamental fairness for all,
- ordains unfairness for none,
- begets first-best status for all and
- is the essence of ancient philosophy of ***Hindutva***.

The rest of the paper is organized as follows: Section 2 elaborates the character of modern philosophy as practiced in terms fortuitously spilled by a leading American politician, Hillary Clinton, in her presidential debate on October 13, 2015 stating that the 2008 financial crisis was caused by shadow banking. Clinton did not define shadow banking. This section offers a rational characterization of shadow banking to depict the core of modern economic philosophy that has caused periodic depressions in USA. Section 3 vividly describes the rising juggernaut of rationality in governance and the defeat of the antithetic forces of irrationality. Section 4 presents the failed attempt to assassinate the character of the enunciator of ancient philosophy, Krishna, by a top University of Chicago Professor, Wendy Doniger, in a book published by an elite Anglo-American publisher, Penguin Books-Random House. Section 5 concludes that the philosophical clash between ancient and modern ethos has ultimately made the ancient philosophy of *Hindutva* triumphant.

2. Shadow Banking, Shadow Academy and Shadow Governance

In the Democratic debate on October 13, 2015, Mrs. Hillary Clinton asserted that the financial crisis of 2008 was caused by <u>shadow banking</u> as per advise of <u>experts</u>. She did not define shadow banking. This is a dangerous obfuscation of the factual finding of the Financial Crisis Inquiry Commission, published in 2011, that the financial crisis was caused by a failure of <u>experts</u>, financial honchos, and government regulators including the Federal Reserve.

To see dispassionately why introducing the jargon of "shadow banking" as the cause of 2008 financial crisis is dangerous for the future of the US economy, let's focus on the failed expertise/wisdom that caused the crisis. This failed expertise has guided the post-crisis US policies to revive the economy. What has the failed expertise produced in the 7 years following 2008? Unprecedentedly and alarmingly rising inequality, shrinking middle-class, 94 million people still searching for jobs, $14 trillion of new Fed money printing and new government borrowing.

Introduction of the jargon of "shadow banking" is obviously motivated by the following:

- To obfuscate, if not erase, the factual findings of FCIC that the 2008 crisis was caused by a failure of the established expertise which is concocted and promoted by the elite academy and followed religiously by industry honchos and government regulators.

- To hoodwink enterprising American households that their political leaders have not embraced the established expertise before the crisis as well as afterwards.

- To spiel shadow banking as another form of invisible hand (god). "Invisible hand" was first concocted by the founder of modern economics, Adam Smith, in year 1776 when the US became independent. Smith presents a gospel that invisible hands emerge periodically to cause economic crises to take away the accumulated wealth of a vast majority of enterprising households. This gospel was revived by current established experts in a book published by the Oxford University Press, authored by a Yale finance professor and endorsed by established academics in the elite academy including Dr. Ben Bernanke, ex-Chairman of the Federal Reserve.[15]

- The gospel of shadow banking is being peddled by the failed experts to circumvent criticism that god (invisible hand) caused the 2008 crisis.[16]

- To propagate shadow banking as a more reasonable academic gospel - new avatar of "god" and "invisible hand" - that causes periodic illiquidity (spontaneously triggered by sunspot!) resulting in enormous decimation of wealth of the enterprising households to justify Federal Reserve's printing of oodles of new money and the government's reckless borrowing. This gospel of failed expertise obviously presumes that enterprising households are too naive, if not too stupid, to understand expert-proffered notions of "god," "invisible hand," "shadow banking," and "illiquidity." Indeed, an academic paper promoted by established academic experts presumes spontaneous (sunspot-triggered) illiquidity in the financial markets to 'justify' Federal deposit insurance, which is the basis of moral hazard to snatch away financial freedom of enterprising individuals and businesses. Such academic presumptions or gospels are thus promoted as public policy prescription! This academic paper was reprinted by in a Federal Reserve publication to rationalize the 2008 crisis.[17]

- After I warned about eroding American competitiveness and about recurrence of the Great Depression in a memo in January 2005 sent to President Bush[18] with copies to many important members of Congress including my then Senator Barack Obama of Illinois, Dr. Ben Bernanke was chosen to head the Federal Reserve despite the opposition from a glorified maestro of wealth creation in USA, Dr. Alan Greenspan. The most crucial factor for choosing Dr. Bernanke as the head the Fed was that he was the only economist who had a doctoral dissertation on the Great Depression. The crucial conclusion of this dissertation was that the GD could have been avoided if the Federal Reserve created sufficient credit to redress illiquidity. Most experts have praised Dr. Bernanke for practicing as Fed-chief what he had researched. This research had the philosophical backing of eminent deceased like Maynard Keynes, Milton Friedman and their followers known as Keynesians.[19]

- That the US can print oodles of money to revive the economy from every depression is the basis of hubris of established academic expertise underlying the proclamation that the American system of banking and finance is invincible. In fact, the President of American Economic Association has openly talked about invincibility of US banking and finance in the wake of my submission to the US Congress in 2003 of a published paper that details how a looming economic crisis would unfold unless my safe banking policies were adopted. I had then warned that vested interests would not allow adoption of such policies until taxpayers lost trillions of dollars.[20]

- Academic hubris has led established experts to suppress competing selfless research that proves unconstitutionality, inefficiency and instability of the current system of governance. This system is prone to severe economic depression from which revival is impossible until it is completely replaced with a constitutional-efficient-stable system.[21] These research findings obtain in the most comprehensive general equilibrium model of micro-economic game theory (ever written in the literature) in which the optimal behavior of households, firms, government regulators and markets lead to equilibrium macro-economic policy. This research led me to warn about the onset of GD, the fallacy of the Keynesian philosophy and potential instability in society in more clear terms in my 2005 memo to President Bush and in several memos to him and Congressional leaders thereafter published in pro-prosperity.com.

- The failure to revive the US economy after printing oodles of money (to redress "illiquidity") proves once again that the moral-hazard prone unconstitutional-inefficient-unstable system of governance is the root cause of the ongoing modern form of Great Depression.

Ultimately, though, vested interests (the failed experts, industry honchos, government regulators and their political patrons) have failed to suppress research on constitutional-efficient-stable system of governance, despite their high decibel spiel of gospels of "illiquidity," "invisible hand," and "shadow banking." But their denial in accepting the reality and continued sway over governance has resulted in massive inefficiency in the economy:

- Rising public and private debt and deep inequality between the rich and the rest.
- Stagnant, if not declining, productivity is just a small indication of massive inefficiency. For example, say, 10000 economic experts suppressed the selfless research findings of paramount importance to the economy through the blind academic referring system controlled by shadow invisible hands. Each of these experts continues to earn at least five times of the pay of this researcher. Multiply the average annual income of a failed expert by 10000 and at least 30 years of their hubris-ridden punditry to see the gargantuan direct loss to the economy. Their talents could have been productively used in other endeavor. A silver lining of super efficiency in this example is the fact that a negligible amount of funds were needed to discover truths of immense significance to economy. My research was not driven by any pecuniary incentive or reward or publicity. It was driven by curiosity to find rules of governance of banks and financial markets that could avert the frequent banking failures and economic recessions since the first stock market crash I saw in USA in 1987. My ulterior motive obviously was and continues to be serving the enterprising individuals that prop society and my existence.
- The indirect loss due to suppression of selfless research challenging the established system of governance is trillions of dollars, as expected in my memo to Congress in 2003 and vetted by reality reported after the 2008 crisis emerged.
- Trillions of dollars waged on energy, food and emerging markets have been wiped out because depressed households with shrinking incomes, severe underemployment and fear of the future are consuming less, eating less and wasting less. The economy is naturally reaching the point of

affordable prices through deflation and efficiency by defying the diktat of shadow banking, invisible hands, shadow academy and shadow governance.
- Universities have laden their graduates with massive debt after emptying the students' parental savings by propagating a mythical hope of good jobs and economic prosperity with university degrees.
- Banks and trading houses as well as universities have piled up sumptuous facilities with the hope of continued backing by the unconstitutional system of robbery.

Endless jargons coined to obfuscate the root cause of the ongoing economic depression shows that the "shadow academy" is confounded about the excesses it has engineered in the economies around the world. Perhaps to present the academy as pro-poor, this year's Nobel Memorial Prize was awarded to someone for measuring poverty, although the winner has candidly expressed to a premier Indian television channel, NDTV on October 16, 2016 that he did not know whether there existed a unanimously agreeable norm for measuring the degree of poverty! Why is the sudden obsession of the academy for poverty? Is it a gimmick to camouflage the reality that the prevailing academic wisdom is solely responsible for driving the vast majority of enterprising households to poverty as defined by a unanimously agreeable norm that I have presented in numerous memos and papers and a book[22] published in 2005 and scripted since 2002?

- I have presented unique, unanimously agreeable norms for measuring economic prosperity, poverty and richness: the level and rate of growth of household net-worth.
- A negative and declining net-worth indicates growing poorer and a positive, rising net-worth indicates turning richer.
- A vast majority of households with negative and declining net-worth harbingers economic depression.
- I have pleaded for institution of such net-worth measures in memos submitted to top political leaders. I have also presented these measures in a paper, entitled "Constitutional System of Money and Finance," which is published in 2013 in the Journal of Financial Transformation, which claims to have 18 Nobel Laureates as authors.
- Is there any political leader, industry honcho, regulator or academic expert who considers any other measure other than net-worth for gauging his/her own economic prosperity? No! Even my 'non-expert' students and poor village friends unanimously agree that net-worth is the only measure of their own well-being as well as of their true financial freedom. Negative net-worth is financial bondage.
- Why are the academic experts and political leaders then not instituting these unanimously agreeable norms for prosperity, poverty or richness? This is bewildering, especially, in democracies.
- It is mind-boggling to note how the academy awards a Nobel Memorial Prize in Economics for measurement of poverty to someone who publicly admits, correctly, that he has not developed any unanimously agreeable norm to measure poverty! The academy is obviously confounded.

2.1 Shadow Banking Defined

Incidentally, "shadow banking" can be precisely defined as short-selling or fictitious, unconstitutional creation of assets and their derivatives for selling to investors, mutual funds and pension plans to rob private wealth surreptitiously, as narrated in a published paper on short-selling by privileged mega banks with power of market making and clearing.[23] Selling of a financial security that the seller does not own is legal under the current system of governance. Unprivileged traders have to borrow the security (from brokers who can legally transfer the security temporarily from actual owners) to sell it for cash, but remain obligated to purchase the security back to return the same (to the brokers). The short-seller expects the price to fall and so sells the security ahead of time at a higher price than the lower expected price at which he purchases the security later for a profit. Robber barons are, however, privileged market-making traders who can artificially create unlimited numbers of shares of a security (as well as US Treasury security[24]) to sell the same for real cash as per law they have created and foisted on people. Here is my synopsis of what happened around the 2008 crisis due to privileged short-selling by robber barons:

- Robber baron short-sellers short-sold fictitiously created mortgage backed securities (backed by no loan) to MBS holders like Lehman Brothers and Bear Stearns. The artificially created MBS were not backed by real mortgage loans and were later called toxic.
- Robber barons used their allies heading the US Treasury Department and Federal Reserve to shut down many MBS holders to erase any trace for such robbery while booking profits by closing their short-positions without fulfilling the obligation of purchasing the short-sold MBS securities, i.e., without covering their short positions.
- The robber baron short-sellers have also planned the same game with respect to the largest US mortgage lending companies, Fannie Mae and Freddie Mac, but are finding it hard to consummate their robbery because they have not been able to sway the government to shut down the two large institutions that lend to the vast majority of enterprising households who comprise the core of American economy.[25]
- The firms like Lehman Brothers, Washington Mutual, Bear Stearns, Fannie Mae and Freddie Mac that bought toxic MBS from short-sellers have been falsely blamed as the shadow banks that bought worthless toxic MBS and deserved to be shut down. The actual perpetrators of shadow banking (the robber barons that artificially created and sold the toxic MBS) went scot free due to their sway with government regulators and policymakers. This is the game of unconstitutional robbery facilitated by law and government intervention followed by public speech to erase all traces of such robbery by the perpetrators of shadow banking.
- Dr. Ben Bernanke has stated that the toxic asset-riddled Lehman Brothers, for example, lacked the necessary collateral. His assertion is based on worthlessness of all those toxic MBS that LB had purchased from mega short-sellers like Goldman Sachs and JPMorgan. The mega short-sellers fictitiously created such assets with no real loans backing them and got them rated high by public rating agencies to attract buyers like LH, BS, WaMu, mutual funds and pension plans. The buyers of such toxic assets trusted the mega short-sellers because the latter seemed trustworthy due to backing by regulators.
- The Fed and Treasury rescued the short-sellers (the true underlying shadow banks) and let them go scot free with a new Dodd-Frank Act of 2010 making the short-sellers systemically important too-big-to fail institutions to be run by too-big-to-be-jailed bankers and with the SEC protected from lawsuits against its permission of short-selling.
- Here are some pertinent rhetorical questions:
    - Why did the Federal Reserve pump directly tens of billions of dollars to Goldman Sachs and indirectly many more billions via AIG, and make Goldman Sachs a bank holding company overnight to let it draw cheap Fed funds?
    - Why did the Fed and Treasury not force GS and JPM to cover their short positions?
    - Why did the Fed not extend the same credit facility to the victims of shadow banking?

- o Wouldn't a fair treatment of all financial institutions have saved the victims of shadow banks like Lehman Brothers, Washington Mutual, Bear Stearns, etc. and restored trust in US banking, finance and governance? A fair policy-driven treatment could have perhaps hurt the robber barons and their allies in the government.
- o If shadow banking (short-selling) is the culprit behind the 2008 crisis, why did Dodd-Frank Act of 2010 have a new rule by which no one could sue SEC for its permission for short-selling?

- The robber barons armed with shadow banking laws and with de facto control over government have basically been eliminating those they rob while blaming the robbed for causing the crisis.

2.2 Shadow Academic Punditry Defined

Shadow academy can be defined as sophisticated suppression[26] of research discoveries that (a) can be adopted as law to avert surreptitious robbing, and (b) are, therefore, paramount to the vast majority of enterprising households:

- Elimination of rules that facilitate robbery, even surreptitiously, is necessary for restoration of constitutional fairness, economic efficiency and stability because the enterprising households are not too naive to know how they are being robbed.
- Robbery of hard-earned wealth of the enterprising households is economically inefficient and unsustainable because these households prop everyone including (a) the robbers, (b) the rulers that create the shield (rules of law) to facilitate such robbery, (c) the poor who depend on enterprises for employment and (d) even the failed academic experts, industry honchos and government regulators.

A vivid example of shadow academic punditry surfacing right now is the argument that a Recap-Release-Privatization of two home mortgage lenders, Fannie Mae and Freddie Mac, to end their conservatorship (Bloomberg News October, 19, 2015) would raise mortgage borrowing cost, hurt affordable housing and burden taxpayers. This punditry thus advocates continuance of government conservatorship and control of Fannie and Freddie with their profits usurped by the Treasury Department:

- This is specious shadow academic punditry.
- This punditry compares an infeasible disequilibrium policy (A) to Recap-Release-Privatize to end government control over the two home mortgage lenders with (B) continuance of unsustainable status quo and **suppresses (C) an efficient, fundamentally fair and feasible alternative policy to Recap-Release-Privatize-Regulate-and-Ban-Shadow-Banking** which attains in equilibrium within a comprehensive economic model of supply and demand for credit to ensure fair lending to **enterprising households** who truly prop the nation.[27]
- The status quo (B) is unsustainable because it eviscerates the financial wherewithal of the home mortgage lenders due to sweeping (robbing) of all their profits by the US Treasury Department.
- The profit-sweep (robbery) policy was enforced in August 2012, before my model on equilibrium between supply and demand for credits was circulated in April 2013. The government ordained such robbery, after confiscating and transferring the mortgage lenders' equities to robber barons in 2008, with a surreptitious agenda to eliminate the mortgage lenders dictated by those that have caused the 2008 crisis according to the Financial Crisis Inquiry Commission, namely, the TBTF banks run by TBTJ bankers, elite academic experts and regulators. The profits of Fannie and

Freddie stem from relatively higher interest rates paid by enterprising household borrowers than the cost of funds and operation of the lenders. Taking away these profits by the Treasury amounts to a significant transfer of wealth from enterprising households to creditors who would have otherwise paid higher taxes. The profit sweep (robbery) game was designed unilaterally by the mega creditors (robber barons) branded by the Treasury Department as 'market participants' to not only usurp the transferred wealth but also levy usurious interest rates on borrowers after Fannie and Freddie have been eliminated. This game unraveled after wide circulation of my model based on fundamental fairness and equilibrium in April 2013. The journals controlled by the elite academy that have published many papers based on presumed nonexistence of borrowers have, without review, returned my paper based on both borrowers and lenders, while embedded media pundits have been suppressing the existence of policy option C by not mentioning it in their published columns. The earliest published debate on pricing of credit dates back to 500 BC attributed to Staint Vashista, who has been described in British literature as a Hindu Lawmaker.

- The status quo (A) of government control of the mortgage lenders with financial disembowelment of their net-worth is fraught with enormous risk (to taxpayers, enterprising households and everyone they prop in the economy): (i) It encourages borrowing by relatively less creditworthy borrowers under Democratic government <u>and</u> (ii) sufficiently large mortgage lending fees levied on creditworthy borrowers to make mortgage lending by TBTF banks profitable and to facilitate eventual elimination of Fannie and Freddie to cause high interest rates under Republican control. Mortgage lending is not profitable for TBTF banks (as long as Fannie and Freddie operate) because they cannot generate sumptuous executive bonuses and political contributions from the thin return spread between lending rate and cost of funds that Fannie and Freddie can provide profitably. The surreptitious shenanigans to raise lending rates unsustainably that led to the financial catastrophe in 2008 are vividly illustrated in a published paper.[28] The status quo of government control over Fannie and Freddie by robbing their net-worth is unsustainable and risky for the economy.
- Continuance of government control over Fannie and Freddie thus entails enormous risk to economy, mortgage borrowers and taxpayers due to politics. This political risk has been omitted in Bloomberg News punditry. Why does this punditry not state that Democrats in control had pushed (for their constituents) risky affordable housing to relatively less creditworthy borrowers and the Republicans created the Federal Home Financing Agency in 2008 to raise mortgage lending fees to eventually eliminate Fannie and Freddie by transferring their mortgage business profitably (i.e., at enormous cost to creditworthy enterprising households) to the TBTF banks run by TBTJ bankers for privatization of profits and socialization of losses. <u>**Genuine punditry**</u> does not omit the political reality that bedevils the nation.
- The plain Recap-Release-Privatize policy (B) is <u>infeasible</u> because, without the government guarantee of Fannie and Freddie debt, privatized Fannie and Freddie will land in a fiasco on the day of release. Even the US private banks with government guarantees like deposit insurance, TBTF and TBTF protections are unable to increase their mortgage lending. The US policymakers first floated the idea of ending government guarantee of Fannie and Freddie debt on September 5, 2008. China and Russia had lent about $1 trillion to Fannie and Freddie as of that time. The Chinese government publicly warned that if the US government did not honor its guarantee of Fannie and Freddie debt, it would be the end of the global financial system if not the end of the world. US government then buckled and fully repaid Fannie and Freddie debt by essentially increasing the dollar reserve accounts of China and Russia held at the Federal Reserve Bank of New York. The plain Recap-Release-Privatize strategy is <u>unstable</u> because privatization

of Fannie and Freddie profits with a tacit risk of their future rescue imposed on taxpayers will lead to eventual bailout (socialization of losses) like that done for TBTF and TBTJ private banks.

- This Bloomberg News **academic punditry is shadow** because it omits the most significant policy option for taxpayers, mortgage borrowers and lenders, namely, Recap-Release-Privatize-Regulate-Ban-Shadow-Banking which obtains in general economic equilibrium with in a model of borrowers and lenders. The elite academy has published several models that omit borrowers to empower invisible/shadow creditors (robber barons) to fix interest rates for borrowers to pay. Perhaps to maintain invincibility of the invisible-shadow hand, the elite academy does not want to even review my paper based on suppliers (lenders) and demanders (borrowers) of credit to determine interest rate (price of credit) in economic equilibrium.
- The only rationale of such shadow academic punditry as published in Bloomberg News on October 19, 2015 is to obfuscate the public about the shadow banking shenanigans of TBTF banks run by TBTJ bankers on elimination of Fannie and Freddie in order to erase all the traces of unconstitutional robbery. Such punditry does not seem to worry about enormous inefficiency and potential instability fostered by shadow punditry and shadow banking practices. It seems as if Duryodhan and his lieutenants are fighting till the end to not cede the properties surreptitiously usurped from the Pandavas of Mahabharat.

2.3 Shadow Governance Defined

Shadow governance can likewise be defined as the prevalent unconstitutional system of robbery which is economically inefficient and unstable.

In conclusion of this section, thus, shadow banking, shadow academy and shadow governance have badly imperiled the US economy. Unanimously agreeable principles for governance[29] and academic recognition of research discoveries[30] which, enacted as law, can obviate all the shadows are vital for revival of the economy everywhere.

3. The Juggernaut of Rationality in Governance and Defeat of Irrational Forces

Why are many Sahitya Academi awardees returning their awards by complaining that India is turning irrational (intolerant, fascist, etc.)? Why is there an apparent rise in angry outbursts of *Hindutva* (ancient Indian philosophy) proponents against 'secular' forces causing unwarranted violence?

The answer to both the questions is the same: profound discoveries of truth, expressed rationally in terms of modern economics and philosophy showing: [31, 32]

A. That the goal of modern constitution, written by American founding fathers, is akin to that of the ancient Indian philosophy or *Hindutva*, namely, individual freedom.
B. That proscription of robbery, even surreptitiously, is necessary for individual freedom.
C. That the ***modern philosophy*** underlying the Anglo-American system (rules) of governance, established worldwide, has surreptitiously robbed and financially bonded the vast majority of enterprising individuals.
D. That the ancient Indian philosophical thrust of Gita (*Hindutva*) explicitly proscribes all forms of robbery: the state (King Dhristarastra) must not allow anyone (including the privileged

Duryodhan) to take away others' (Pandavas') property even surreptitiously (through Sakuni's Pashakhel).

E. That the modern constitution is not scripted as explicitly as the thrust of Gita. If the modern constitution were as explicit as Gita, no rules of law could be enacted, even democratically, to facilitate surreptitious robbery of private and public wealth through market shenanigans that have plunged the Western economies into financial depression.
F. That the modern constitution should be as explicitly rephrased as *Hindutva* to preclude all forms of robbery to attain the unanimously desired goal of individual freedom.

Contemporary research, thus, shows that *Hindutva* is not *Mythology*, according to self-serving colonial and neo-colonial proponents of modern philosophy. The term 'mythology' is derived from Sanskrit to mean science of lies. The modern books and journals - published by the elite academy to indoctrinate enterprising individuals with a dogma that they can be prosperous by worshipping and following the established system (rules) of unconstitutional robbery - should rather be termed *Mythology* because it is a pure myth (lie) that enterprising individuals subjected to systemic robbery of their hard-earned wealth will be prosperous.[33]

Gita has been rationally accepted by Indian courts as a philosophical document.

The triumphant *Hindutva* (ancient Indian philosophy) is, therefore, being pursued vigorously in India now to supplant other irrational philosophies which had been imposed by vested interests to rob and snatch away wealth and dignity of enterprising individuals. This change is fast and furious.

The *Hindutva* proponents need not be angry and certainly not violent to avenge for the injustice and indignity meted by the self-serving forces of irrationality. It is, however, rational to show the door to the forces of irrationality who have unduly pervaded government and propagated an unconscionable myth that their system of robbery is rational. This is a very important rational step to establish rational governance needed to regain India's lost glory. Einstein has stated that repeating the same steps with an expectation of a different result is idiocy. Any expectation that the establishment powered by the same forces of irrationality will somehow turn rational is irrational.

Rationality of ancient Indian philosophy should be simultaneously propagated as the only unanimously agreeable ethos of India (indeed of the entire humanity) - unless someone proves otherwise - as opposed to the disparate disagreeable philosophies predicated on robbery. For example, academic journals should publish my papers submitted to them or prove irrationality in these seminal papers founded on unanimously agreeable rationale of fundamental fairness.

3.1 Triumph of Rationality in Governance

Hindutva had been oppressed so far by the self-serving colonial and neo-colonial forces as idolatry driven by blind belief. Despite such oppression, Hindus have expected some Krishna or Rama to reappear to destroy the evil oppressing forces like the modern robber barons. Gita says that when evil forces multiply, some destroyer of such forces would reappear. This saying is rational since human genes carry attributes that demand fundamental fairness, that pursue at all odds to engender fundamental fairness, that give up on pursuits for fairness and that want to be unfairly privileged. Transformation of genes through birth is mathematically likely to produce genes in some human with attributes to pursue for establishing fundamental fairness (as in the ancient Indian philosophy) by eradicating the irrational forces. The

American founding fathers tried to establish fundamental fairness after winning their war of independence, but wrote an imperfect constitution which could be transgressed later through a surreptitious system of robbery.[34] Then emerged someone (that it is me is incidental) to discover the truth that the established system is unconstitutional, economically inefficient and unstable. This truth acts like "Sudarshan Chakra of Kaliyuga" because of its potency to destroy the heretofore established 'invincible' irrational forces of governance: through, e.g., adoption of new rules by US after catastrophic market crash in 2008 was found to be due to imperfect and delayed adoption of rational rules of governance proposed before the crash, change in government in India, etc.[35]

India is rising due to rationality in governance it boldly embraced since 2003. Citizens for Development triggered this process. CFD was formed primarily for eradication of the forces of irrationality subjugating the world. In early 2003, CFD formulated a strategy and communicated it to PM Vajpayee to not beg for friendship with USA and other Western powers. CFD's strategy appeared then 'crazy' and contrary to India's actions in the aftermath of Parliament attack. It was absolutely gloomy in India with troops at its western border waiting for acquiescence from West for a joint operation against Pakistan. NATO had virtually taken control over Pakistan and had shunned Indian friendship offer in the wake of World Trade Center bombing in 2001. If USA and by extension other Western nations now want a nuclear deal with Pakistan like the one with India, the West obviously would never help India weaken Pakistan. The West indeed orchestrated carving of a nation (Pakistan) out of British India to maintain its neo-colonial domination in the subcontinent out of its deep fear of a potentially united and strong South Asia that could not be confronted militarily.

The crux of CFD's rational strategy was Hindu-Muslim unity, social stability and economic efficiency and establishment of a smart city that would attract talents from all over the world, at least the non-resident Indians (the 'orphaned Hindus' according to a Harvard professor), to invest and feel safe to live in their motherland.

India has since 2003 turned into a juggernaut of rational governance. India may soon discard birth rights based on caste and class. Even the RSS has advised Hindus to embrace only the rational aspects of Sanatan Dharma.

The Indian stock market has sky-rocketed with BSE Index rising from 3000 in 2003 to 26000 now. Farmers have enriched enormously due to a rapid rise in the value of farmland. The size of Indian economy has risen 20-fold on a PPP basis. These are monumental outcomes of rationality in governance. Every country including perhaps Pakistan now wants India's friendship for survival. The chaos in India is how to enrich in a rapidly rising India, as opposed to the simmering anger in the developed world over rapid erosion of prosperity of the vast majority.

The purpose of this paper is not to list all aspects of rational governance strategies communicated by CFD with immense self-sacrifice in terms of facing the risk of retaliation from losing vested interests. The current PM Mr. Modi had vowed in 2003 (in the wake a CFD memo on a 'united, peaceful and prosperous India' to PM Vajpayee) to embrace a 'united, peaceful and prosperous' Gujarat. Gujarat has outpaced every industrialized country and every state in India in the rate of its economic growth. Gujarat did not have a single riot in the 12-year rule since 2003. The year 2003 is an epoch at least for India.

Any dispassionate analysis will conclude that Mr. Modi has risen as PM of India because of voters' correct belief that India had digressed from rational governance in the second UPA regime (when Dr.

Manmohan Singh effectively lost control) and that only Mr. Modi could restore India's path to rational governance. In fact, I had pleaded for Mr. Modi's nomination as BJP's PM candidate, when the party did not want to project its PM candidate and was somewhat averse towards a 'divisive' head.

I have seen everything Mr. Modi has done after becoming PM as consistent with rational governance of India advocated by CFD. He has established himself as a global leader capable of not only unifying Indians but also most of the world for rational governance in which India has already taken an unflinching leadership. I have communicated separately how Mr. Modi's international leadership potential may have unnerved neo-colonial forces reigning India so far.

3.2 Why *Hindutva* was destroyed in India and how to avert future threat?

- *Hindutva* is the ancient Indian philosophy or Sanatan Dharma.
- *Hindutva* was suppressed by the British. First, the British mangled the preachers of this Dharma who were primarily mendicant Brahmins. The British then created 'secularists' by training and bribing some of the same Brahmins to brain-wash masses about how the preachers of Sanatan Dharma were self-serving and oppressing the masses.
- The British obviously did not want a secular Indian sub-continent. They bribed Muslim Mullahs and Brahmin Priests to chant against each other's religion to enrage the masses to fight and kill each other. When the British came, India contributed 23% to global GDP. When they left India's contribution to global GDP was decimated to 1%.
- The British strategy engaged kings to loot productive subjects and distribute doles to the rest to keep people perpetually emaciated. The British would then easily collect the valuable loots of obedient kings and liquidate the disobedient ones. The masses rejoiced such colonial rule because it gave them food, and suppressed the suppressors (the kings) while the secularists on crumbs flowing from British preached to demolish Sanatan Dharma as irrational.
- That the British never wanted secularism in Indian subcontinent is obvious from the fact that they carved a new state based on religion (Pakistan) and dissected every community within India along the religious divide.
- The 'modern' British system of governance adopted in almost all parts of the world including in India is the same as their old one. It engages looters to keep looting the productive sections of a country while distributing doles to the deprived. It then engages robber barons shielded by an unconstitutional system of robbery to rob the looters periodically. In particular, this system anoints academic pundits to preach talented people to work hard and save their net savings in financial assets and engage trusted robbers (Masters of the Universe) to surreptitiously rob the savings. This system publishes scholarly tomes to paint such robbery as cyclical acts of invisible hands. Any academic researcher who dares to expose the system of robbery is subjected to McCarthyism. Families financially eviscerated by such robbery and brainwashed by established pundits have no option but to surrender their talented kids to serve the lords for printed fiat money. The system of sophisticated slavery (neo-colonialism) has continued unchallenged until it was bared in 2008 as unsustainable and inefficient thanks to a continual hurling of modern Sudarshan Chakras.
- The British and their counterparts practicing neocolonialism everywhere have now failed to suppress propagation of discoveries on (a) A Unifying Philosophy of Governance (Universal Religion and God)[36] and (b) Unanimously Agreeable Principle of Governance.[37] They have thus failed to permanently distort rationality and unanimous agreeability of the basic thrust of Sanatan Dharma or *Hindutva* or ancient Indian philosophy. No amount of ranting and raving by

neocolonial pundits can undo their epochal failure to perpetuate irrational governance. I will of course die, naturally or otherwise, but the triumph of unanimously agreeable principles of governance in the evolving world will remain indelible.

4. Failure of Modern Philosophers Associated with Top Academy to Assassinate the Character of Ancient Philosopher, Krishna

The previous sections show that the origin of modern constitution, scripted by the American founding fathers in 1776, is an imprecise form of the ancient philosophy of Hindutva founded by Krishna. The modern constitution does not proscribe surreptitious usurpation of public and private wealth, contrary to the explicit thrust of Gita. The modern constitution's imprecision has led to its transgression by numerous rules of law that drive the modern philosophy of robbing private and public wealth, nonchalantly. The modern philosophy is, therefore, antithetic to constitution as well as *Hindutva*. In an apparent effort to suppress this profound truth, the elite academy has concocted irrational discourse as scholarship designed to assassinate the character of the original author (Krishna) of fundamental fairness, which is intrinsic to ancient philosophy as well as modern constitution. For example, the University of Chicago's history professor Wendy Doniger’s depiction of Lord Krishna, in a book published by Penguin Books-Random House, as an amoral sexual character reflects an attempt to (a) assassinate the character that proved fundamental fairness as necessary for civilized coexistence of humans and (b) to hide the utter failure of the elite academy to refute rationally that fundamental-constitutional fairness (scripted as Dharma in Gita) is singularly akin to first-best efficient governance to attain economic efficiency and stability within a contemporary mathematical general equilibrium model of the economy.

Wendy Doniger depicts Krishna as an immoral sexual character on the front cover of her book, now banned in India. Such depiction amounts to assassination of a character (Krishna) who has scripted a philosophy of fundamental fairness, namely, no one should be allowed to usurp (i.e., rob) others’ wealth even surreptitiously. This philosophy of fundamental fairness is universally acceptable. This is why Krishna and his Gita are being revered. The Indian courts have lately proclaimed Gita as a philosophical document. This fundamental principle of fairness is the essence of modern constitution scripted by the founding fathers of America and adopted by all major democracies including India.

4.1 An irrational discourse of ancient human history is not scholarship:

1. Latest research based on extensive DNA mapping of people around the world shows that after popping in east Africa, humans migrated to India. The most significant truth established in this research is that India is the only nation that has all human forms (e.g.., Caucasian, Mongoloid) spread around the world.
2. Humans must have cultured and struggled for survival against onslaught of violent animals and devilish co-species before emigrating worldwide from India.
3. The struggle for survival and coexistence must have led to discoveries of various systems of governance (called religion).[38] India is, therefore, known as the cradle of humanity with most forms of religious beliefs.
4. The idea of organized religion must have emigrated from India to give rise to new religions like Judaism, Christianity and Islam.[39]

5. One can rationally infer that ancient humans found procreation as necessary for survival of their species. This must be why sex symbols are abundant in ancient scripture and sculpture.
6. The philosophy of fundamental fairness presented as Dharma in Gita is vital for human coexistence even now. This philosophy has become the thrust of modern constitution because it is unanimously acceptable by all human souls (even robbers do not want to be robbed). Since a unanimously acceptable philosophy touches all souls, it is the "soul of all souls" or Paramatma or epistemic truth compatible with everyone's conscience.
7. Depiction of Krishna, who gave humans such profound unanimously acceptable wisdom, as an immoral sexual creature (Hindu god) defies the idea of scholarship based on rationality.

4.1 Strategy of Losers: Assassinate the character that inflicts losses on them

Robbers follow a well-known strategy of assassinating a character who is very successful in blocking robbery, philosophically or otherwise. The established paradigm of governance (a form of religion) founded by the elite academy of economics and finance has been spearheaded by the University of Chicago. This paradigm is based on mythology (science of lies).[40] It crashed publicly in 2008. The U.S. Congress has blamed the authors of this paradigm (established experts in the elite academy) and their disciples for causing the manmade (avoidable) crash of the system, which has hobbled the economy and wiped out millions of jobs and trillions of dollars of wealth. This crash empirically validates the theoretical findings of research on first-best efficient governance (Constitutional Raj Dharma) mimeographed since 1991[41] that **the now-failed established system is**:

- Unstable and inefficient.
- Fundamentally unfair (irrational).
- Not acceptable unanimously.
- Designed to bestow privilege, power and wealth on a few guardians of the system by usurping (robbing) the produce and service of principals (citizens) of a society.
- Subjecting the principals (citizens) to second-best sustenance.

The elite academy has actually failed to offer any alternative system of governance which is stable, efficient and fundamentally fair. The elite academy has also failed to refute that an alternative system (rules) of governance exits. **The alternative system discovered in a general equilibrium model is**:

- First-best efficient, which means it begets first-best status for principals (citizens) of a society who persevere to produce and serve.[42]
- Economically stable and efficient.
- Fundamentally fair, obviating privilege for anyone.
- Unanimously acceptable.

One can call the first-best efficient system of governance Constitutional Raj Dharma (CRJ) because of its following attributes:

- CRJ attains fundamental fairness (rationality) mandated by the modern constitution.
- Fundamental fairness is akin to the ancient Indian ethos, the thrust of Gita of Krishna.
- CRJ is epistemic truth, which means it is unanimously acceptable.

- CRJ has been discovered in the most general math-econ model of general equilibrium, ever scripted in the literature, and is irrefutably robust.[43]
- No one including the elite academy has proved that CRJ could cause instability, inefficiency or fundamental unfairness.

4.2 The elite academy has lost its game

- The elite academy uses narrow math-econ models to claim that no alternative system like CRJ exists. These claims have been proven to be false within the most general math-econ model developed since 1991. The narrow models are subsumed within the general equilibrium model.

- Using its false claims, the elite academy has established and promoted the now-failed second-best system of governance. The established system is designed to bestow first-best privilege, power and wealth on a few (including rulers) by subjugating the vast majority of principals to second-best economic sustenance.

- The elite academy has furiously suppressed the <u>truths</u> discovered by research on the alternative first-best efficient governance and (using its power in the academy and industry) destroyed the career of the author since he first mimeographed it in 1991 as a financial economist at the Board of Governors of the Federal Reserve System. The academy has, however, failed to refute these <u>truths</u> because it could not concoct a more general model to paint as false the truths discovered in research or to find errors in theorems and proofs on first-best efficient governance.

- Top journals established and controlled by the stalwarts in the elite academy have published many of my papers. They have, however, returned my CRJ papers without any review. This shows that they have been frightened to admit that the system of money and finance they established and promoted so far is unstable, inefficient and unconstitutional. The publishers, controlled by wealth looted through the established system of legalized robbery, have so far been swayed by the colluding academic stalwarts and robbers.

- The elite academy must be now in tatters, intellectually. My CRJ paper, "Constitutional System of Money and Finance," has been published in 2013 in the Journal of Financial Intermediation, which claims to have 18 Nobel Laureates as its authors and top experts from the elite academy and financial industry as its editors.[44]

- The elite academy and ultra powerful cohorts must have now lost its battle against an Aam Admi from a poor Indian village. They have also lost their influence over government policies in the U.S., Europe and Japan. The situation has been so reversed now that a former Treasury Secretary, Hank Paulson, laments lately about politicians setting policies based on blog-sites (without naming pro-prosperity.com which is privately and discreetly visited by the bigwigs). Hank Paulson was Goldman Sachs CEO. He served as financial Czar of the Bush Administration with enormous power to have financial bazookas (authorized by the US Congress) in his pocket to blow when needed to subdue financial companies he did not like. He is an alumnus and currently a professor of the University of Chicago.

4.3 Summary of this section

The ancient Indian philosophy (akin to CRJ within a contemporary economic model) has triumphed, intellectually and practically in the real world. Now, no one can stop worldwide spread of CRJ. All attempts to dig dirt to paint CRJ author's character have failed. My Bhanjanagar Farmhouse has been raided. My writings have been checked for plagiarism. My computer was hacked by (as per data I have recorded) the proponents of the now-failed system of governance including the Cambridge University in early 2009. The hackers had set a rule in my email server to delete all my email correspondence with publishers including the Cambridge University Press whose editor had accepted but whose administrator had rejected to publish my book in 2003.

The stalwarts of the elite academy tried in vain to paint the 2008 financial catastrophe as an act of god (that no one saw coming) through a book authored by a Yale Professor and published by the Oxford University Press. They failed to define god rationally.[45] The U.S. Congress rejected the theory of god causing a crash of a human-designed economic system in 2011, consistent with my prior communication on an impending financial meltdown and on policy proposals to preemptively avert the crisis.

The elite academy has struggled to paint my model as driven by esoteric philosophy. But they have failed to do so. It is because I have transparently shaped within a general equilibrium math-econ model, "***Constitutional [fundamentally Fair] Capitalism for first-best efficient governance obtained in general equilibrium based on rational microeconomic analysis, devoid of parochial dogmas, politics or prejudice***,"[46] and proved that the existing narrow economic models are driven by biased dogmas to bestow privilege, power and wealth on a few by subjugating the vast majority to second-best sustenance. Honestly, my journey may be more thrilling than super Bollywood movies.

Krishna is not physically present to defend assassination of his character. ***I wish, however, that Penguin Books pursued its legal fight-rather than surrender in an out of court settlement-to prove scholarship based on rationality in Professor Wendy Doniger's book with no ulterior intention to assassinate the character (Krishna) whose philosophy is vital for human coexistence and survival and holds good in general equilibrium within a modern math-econ model of the economy for stability, efficiency and fundamental fairness***. Note the remarkable coincidence of dates:

- A book authored by a Yale professor (Gary Gorton) on god causing the economic catastrophe published by the Oxford University Press came out almost when the economy crashed.
- The elite experts used Gorton's book to paint the crisis as an act of god without even defining god rationally in their testimonies before the Financial Crisis Inquiry Commission hearings in 2010.
- I wrote a rejoinder to the US Congress in March 2010 stating that the elite experts were lying.[47]
- A top investment bank contacted me in March 2010 to serve as its expert to testify before the US Congress, regulatory bodies and courts. It offered me whatever I asked as compensation. I then questioned why the bank was not approaching elite experts and withdrew by telling that my only value to the bank was a surrender of my integrity through testimony that truths discovered in my research and communicated to the US Congress were indeed false.

- The U.S. government indicted and fined Goldman Sachs $500 million in April 2010 on the same sort of issues raised by my research. Major U.S. banks have since then paid billions of dollars in fines for fraud and are still on the hook for potentially criminal acts.

- The FCIC wrapped its investigation very fast to conclude in a report released in January 2011 that the 2008 crisis was manmade and caused by failure of the elite experts and their disciples heading the financial industry and government regulatory bodies.

- Penguin Books-Random House published a book in 2011 to denigrate Krishna (the author of the ancient human philosophy akin to CRJ) as an amoral character driven by sex.

- Hindustan Times reported that the U.S. had changed its policy towards Mr. Narendra Modi of BJP because of a reversed power balance in Washington D.C. almost at the same time as Penguin Books withdrew its book on denigration of Krishna.[48]

Incidentally, the foundation of the now-failed established economic paradigm was laid in a book authored by Adam Smith in 1776, the year of independence of USA. The U.S. became a capitalist economy based on this book, which Professor Gary Gorton of Yale reincarnated in a new book on slap of invisible hands published by Oxford University Press almost at the same time as the U.S. economy plunged into a crisis. The "invisible hand" has been transparently visible to the author of CRJ and this was known to the established experts since 1991. I am still alive to tell the truth.

5. Unanimously Agreeable Philosophy of Governance is Antithetic to the Common Underlying Ethos of Every Modern System of Governance

This section argues that the common ***underlying ethos*** of every system of governance adopted by modern nations so far - be it *socialism*, *communism*, *libertarianism, laissez faire capitalism* or *Islamic system* - is usurpation of enterprising wealth creators. This ethos is very antithetic to my ***unanimously agreeable philosophy governance*** defined by a guarantee of the democratic government of *We the People* to not enact any law facilitating usurpation of private or public wealth, even surreptitiously.

Socialist and *communist* systems rely on a popular theme of equality to transfer wealth created by enterprising individuals to relatively indolent people including the rulers. More importantly, these systems stifle motivation and creativity of inherently talented and enterprising individuals and, therefore, retard production of globally competitive merchandise and service, leading to a decay in national competitiveness and decline in international value of national currency - which makes most people poorer. This is how the Soviet Union collapsed and China had to replace its cooperatives and communes, driven by equality in pay, with new profit making enterprises rewarding entrepreneurs. India too had to disband its socialist-mixed economy. The underlying philosophy of *Islamic System* is schizophrenic because it touts for equality advocated by Islam but tolerates authoritarian leaders enjoying nonpareil privilege.

Surreptitious systemic robbery of enterprising wealth creators underlying the Anglo-American system of governance of USA and Europe has been exposed by the financial catastrophe of 2008. The financial catastrophe of 2008 caused a massive loss in USA of about $13 trillion of hard-earned wealth and 9 million of good paying jobs, while the government's borrowing and Federal Reserve's money printing has ballooned to $24 trillion, those searching for jobs has reached 94 million and the number of families in foods stamps and poverty has sky-rocketed.

The financial catastrophe of 2008 publicly bared the Anglo-American system of robbery. The Financial Crisis Inquiry Commission of US Congress blamed the elite pundits of systemic robbery and their disciples heading the finance industry and government regulatory agencies for , for causing the 2008 crisis. That Anglo-American rules constituted a legalized system of robbery is supported by evidence that (i) none of those blamed by FCIC for causing the enormous crisis has been jailed and (ii) the too-big-to-fail banks paid more than $100 billion in penalty for mortgage fraud.[49]

The ensuing economic malaise and simmering social unrest in USA, Europe, Japan, China and India have made it necessary for nations to embrace my unanimously agreeable rules of governance for efficiency, stability and ***fundamental fairness*** or constitutional capitalism.[50] The unanimously agreeable philosophy is now "at the epicenter of transformation of USA from its currently established system of robbery of enterprising wealth creators - which has been proved as inefficient, unstable, fundamentally unfair (unconstitutional) and unanimously disagreeable - to an antithetic system which is unanimously agreeable and which attains within a general dynamic equilibrium model as efficient, stable and fundamentally fair or constitutional."[51] [52]

By ***fundamental fairness***, I do not mean government-ordained equality which has failed in every country that had practiced it.[53] My ***fundamental fairness*** is a guarantee by the government of ***We the People*** to not pass any rule that facilitates legalized robbery of individual or common wealth, with impunity. Such fundamental fairness is unanimously agreeable because even the robbers do not want to be robbed.

A system of governance formed with unanimously agreeable rules for such fundamental fairness is uniquely necessary to motivate inherently talented and enterprising individuals to innovate and produce their best by employing others and paying taxes to run a fundamentally fair government. Furthermore, wealth held under the custody of individual wealth creators-under a fundamentally fair system-minimizes (diversifies) the risk to aggregate national wealth. This contrasts systemic robbery which causes risky concentration of national wealth that can be easily looted or destroyed by intruders, invaders or terrorists. The unanimously agreeable system (e.g., the safe central banking rule) is, thus, attained in general equilibrium within a model in which the government provides service not-for-profit at the least possible cost.[54]

Despite unanimous disagreeability of systemic robbery, Robber Barons had succeeded, until they were publicly exposed due to failure of their system in 2008, by spreading a mythology that individual freedom could be attained only through ***small government that levies little taxes*** in the name of *libertarian laissez faire capitalism*. Myth in Sanskrit means lie. Mythology connotes a science of lies. Epistemic lies are ultimately exposed and epistemic truths always prevail, eventually. The libertarian system based on epistemic myth was bound to fail. The true unanimously agreeable philosophy of governance, attained in a math-econ model of general equilibrium in 1991 and articulated and communicated in plain English to US Congress and Presidents during 2003-2007, exposed the myth about the pseudo unanimously agreeability of libertarian small government levying little taxes. The libertarian system has made governments worldwide grow (not shrink) by borrowing unsustainably to make up for the taxes surrendered.

The libertarian system failed because it is based on rewarding indolence and subservience (as opposed to efficiency and independence) in governance, academic-media punditry and wealth management. This system still persisted for centuries because it created leaders in government, academy, media and financial industry driven by the following mission:

1. To advocate and enact laws needed to perpetrate legalized robbery of enterprising wealth creators with impunity.
2. To keep quiet about transfer of robbed wealth to the custody of embedded Robber Barons.
3. To forever remain subservient to the Robber Barons to receive a share of the systemically robbed loot via private accounts held secret by law.
4. To demolish any political or intellectual challenge to the system.

The crux of all the existing systems of governance is *subsidies and quotas* (based on birth to certain caste, race or social status) which are (i) inefficient (making a nation uncompetitive), (ii) unstable (causing social unrest) and (iii) fundamentally unfair (unanimously disagreeable).[55] My unanimously agreeable philosophy of governance can be named constitutional capitalism, which eliminates all forms of subsidies and quotas. The <u>opponents</u> or <u>targets</u> of my philosophy are the seekers of subsidies and quotas in any form: (a) socialists and communists or (b) Robber Barons and their anointed leaders in government, industry, academy and media who are willing to surrender their own freedom, in lieu of a share of the systemically robbed wealth, to spread myth (lies) about the now-failed libertarian system to systemically rob and subjugate the enterprising wealth creators.[56] Socialism and communism have failed to make nations efficient and stable in the long-run. So has the libertarian system of privatizing profits and socializing losses.

The systemic robbery in the libertarian system of legalized robbery is facilitated by the following:

- Federal Deposit Insurance Corporation and Federal Reserve help Robber Barons (i) rob valuable assets of smaller banks and 'shadow' banks not protected by the FRA and (ii) get massive taxpayer funds in the name of 'rescuing' the smaller banks and 'shadow' banks.

- FDIC was created though Banking (Glass-Steagall) Act of 1933 to provide federal insurance of deposits held under the custody of 'private' banks. The federal deposit insurance provision of the law effectively blackmails *We the People* to create new money on the back of people for the 'private' banks whenever the latter default on repayment of deposits under their custody. This law thus facilitates a 'private' bank to rob insured deposits and then handover itself to the FDIC. The

FDIC then transfers the valuable assets of this bank to Robber Barons along with more taxpayer funds to the latter for 'rescuing' the failed bank. This makes the banks run by Robber Barons ever larger and too-big-to-fail with protection by the FRA-1913. Robber Barons in the process have become too-big-to-be-jailed.

- The Security and Exchange Act of 1934 permits Robber Barons to control Market Making and Clearing operations. This facilitates Robber Barons to see vividly on real-time the flow of orders for trades submitted by everyone else like pension plans, mutual funds, and individual investors. Robber Barons can then trade against the interest of everyone else in the market with massive cheap public funds. This guarantees Robber Barons to rob everyone else with impunity. They quickly privatize the profits and leave the corporate banking shells as wards of the public. The Security and Exchange Commission, created by this act, permits artificial creation and selling of securities not owned by the sellers. Due to their privilege to view short and long positions of every other investor/trader in the clearing house and real-time order flows, the Robber Barons thus have a legally guaranteed privilege to squeeze wealth with impunity from other short-sellers and shareholders..

- The Dodd-Frank Act of 2010 made the SEC's short-selling rule beyond judicial purview and made the TBTF banks systemically crucial (not subject to shut-down).

- The Housing Economic Recovery Act of 2008 facilitated a takeover of Fannie Mae and Freddie Mac (which were well-capitalized according to the Treasury Secretary) under conservatorship to use them as 'bad banks' to rob their equity as well as $187 billion of taxpayer funds lent by Treasury to Fannie and Freddie to bail out insolvent TBTF banks. Fannie and Freddie were forced to buy worthless (toxic) mortgage assets from TBTF banks at par. The DOJ later charged TBTF banks more than $100 billion in fine for mortgage fraud so committed.

- Robber Barons want to pass new law to shut down Fannie and Freddie to collect usurious interest rates from credit-worthy mortgage borrowers.

6. Conclusion

This paper has argued that the essence of modern constitution–to protect private property needed for individual freedom–is not as explicitly stated as the ancient Indian philosophy *Hindutva* scripted in Gita, namely, to not usurp others' wealth, even surreptitiously. The Unanimously agreeable system (rules) of governance presented in this paper is consistent with the ancient Indian philosophy, but antithetic to the ethos of every system of governance ever adopted by modern nations - be it *communism*, *socialism*, *libertarianism*, *laissez faire capitalism* or *Islamic system*.

The ethos underlying every system of governance adopted by modern nations thus far is surreptitious robbery of enterprising wealth creators with the loot shared by relatively indolent usurpers. Any form of surreptitious robbery of enterprising wealth creators is antithetic to my unanimously agreeable system (rules) of governance with a philosophy of fundamental fairness (constitutionality) which are attained within a rational math-econ model of general equilibrium. The unanimously agreeable system is not a dogmatic assertion. It is amenable to (a) rational rejection for unreasonableness of the axioms used in my model to attain unanimously agreeable rules of governance in general equilibrium, (b) finding errors in my model or theorems and (c) argument about unreasonableness of my unanimously agreeable rules based on any other axioms or models. Stated for brevity, ***my philosophy*** connotes the rational general equilibrium results, not some dogma. This philosophy of fundamental fairness has been transgressed by every modern nation because of failure to script constitution explicitly to proscribe every form of robbery, privilege, subsidy or quota. This failure has led to financial bondage of a vast majority of enterprising individuals worldwide.

The only way to attain inclusive prosperity and freedom of enterprising individuals is (a) to mandate a new constitutional preamble of unanimously agreeable rationale of fundamental fairness to proscribe all forms of robbery, unfair privilege, subsidy or quota and (b) to shape all other articles of the constitution and rules of law conforming with this preamble. This new constitutional preamble is the essence of my unanimously agreeable philosophy of governance, which is akin to the thrust of Gita or the ancient Indian philosophy of *Hindutva*. This paper substantiates that unanimously agreeable philosophy and rules of governance have indeed triumphed in the real word because of their necessity for civilized coexistence of humanity.

7. Appendix of Endnotes and Citations

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[1]The author is Director, Research Center on Finance and Governance, and Founder of Citizens for Development and Pro-Prosperity.Com. He can be reached by email at sacharya@pro-prosperity.com . He teaches at the University of Illinois at Chicago, but this paper does not express the official view or position of UIC. The author is grateful to numerous individuals, especially, Dr. Bhupal Singh and his students in appreciating the unanimous longing for civilized co-existence.

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