



RATIONAL ACADEMY OF UNANIMOUSLY AGREEABLE & CONSTITUTIONAL GOVERNANCE

सर्वग्राह्य सम्बिधानिक शासन औ तार्किक दर्शन परिषद

Date: March 9, 2019

From: Dr. Sankarshan Acharya,¹ Associate Professor of Finance, University of Illinois at Chicago & Director of Academy of Rational Philosophy of Unanimously Agreeable and Constitutional Governance.²

To: Honorable Governor, Speaker and Majority and Minority Leaders of the House of Representatives, President and Majority and Minority Leaders of Senate, and other Honorable Members of Senate and House of Representatives of Illinois.

Cc: Honorable Board of Trustees, President of University of Illinois; UIC Chancellor, Provost, CBA Dean and Finance HOD; and other concerned citizens.

Sub: The constitutional mandate of Illinois—of rewarding and promoting faculty research that contributes to the economy of Illinois/USA—as well as university policies on conflicts of interest and prejudice have been violated due to deliberate blockage of pay and rank of a member of faculty, despite immense measurable contribution of his research to economy. *This is a factual appraisal of a citizen for rumination by elected representatives, not a complaint or grievance of an employee of a university.*

Honorable Governor and Elected Representatives:

I was appointed as a tenured Associate Professor of Finance in August 1995, when I was a financial economist at the Board of Governors of the Federal Reserve System, after a national search for a senior professor position in the Department of Finance of the College of Business Administration within University of Illinois at Chicago. The then CBA Dean had given me an informal assurance that I would be promoted after joining UIC.³ I relentlessly pursued my research agenda, which was structured during five years of lucubration as a Fed economist, and which was the basis of my appointment at UIC.

My research agenda has been about general equilibrium of the economy for efficient resolution of moral hazard (blackmailing).⁴ The Fed did not admit when I was a financial economist but has ultimately

¹ <http://pro-prosperity.com/Sankarshan%20Acharya.html>

² Academy of Rational Philosophy is currently a non-profit and zero-income-earning independent Research Center, dedicated to individual freedom, civilized co-existence and survival of humanity. More details about it can be found at <http://pro-prosperity.com/Research-Center-in-Progress.pdf>

³ Incidentally, my first job was at the rank of an Associate Professor, when I was 24 years of age holding a degree in Master of Technology in Industrial Management from Indian Institute of Technology. I then had received an offer of a Scientist position in a prestigious British-established research institution devoted to tea gardening and manufacture, which is the best of its kind in the world, and which is now under the Council of Scientific and Industrial Research of the government of India. The then Director (Ph.D. from U of I at Urbana-Champaign) of this CSIR research institution relaxed the requirements of this position, such as a higher degree and at least 5 years of experience.

⁴ <http://pro-prosperity.com/Research/moralhazardliberty.pdf>



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conceded now that the most serious problem facing the economy is *moral hazard*, which is an academic euphemism for blackmailing.⁵

My research has generated a nonpareil rational mathematical model of the real-world economy and general equilibrium rules that obviate moral hazard (blackmailing). This model is the most general ever written in the literature: In the model, potentially leveraged enterprises including households maximize their net-worth, the government enforces rules of law and the market prices securities by arbitrage trading.⁶ The equilibrium rules attained in this model are necessary for stability, individual freedom and civilized coexistence of humanity. These rules form *unanimously agreeable and constitutional system of governance of banks, financial markets and economy*. This system of governance is antithetic to the established system of robbery of enterprising wealth creators with impunity.⁷

My research shows that the established system has been designed and surreptitiously foisted on *We the People* by top academic gurus in finance and economics and their anointed disciples in government and industry for systemic robbery of enterprising producers with impunity. Propagation of my research has contributed to ending the modern world liberal order which is founded on unconstitutional and unanimously disagreeable system of robbery.⁸

My research has made me the humanity's sole author of unanimously agreeable and constitutional rules of governance, obtained in a rational, scientific, unbiased and non-dogmatic general equilibrium model of the real-world economy. Parts of this research have been published in academic journals, notably, a paper, entitled, "*Constitutional System of Money and Finance*," was invited and published in 2013 in the Journal of Financial Transformation which has 18 Nobel Laureates as authors.⁹ This article comes at the top of about 1 billion websites that appear on Google search for system of money and finance.

I have rationally (unbiasedly) proved that models in the existing literature on economics and finance starting with Adam Smith (1776) - which have been evoked to support the established system of robbery - are not only biased and dogmatic, but also designed for systemic (legalized but unconstitutional) robbery of enterprising wealth creators with impunity. My research shows that the established system of robbery is economically inefficient and detrimental to individual freedom, civilized coexistence and survival of humanity.¹⁰

A book authored by Yale Finance Professor Gary Gorton and published by Oxford University Press claims that the 2008 financial catastrophe was caused by some Invisible Hand (God) without defining the latter rationally.¹¹ This book was presented by top academic experts, finance industry honchos and government regulators before the US Congressional Financial Crisis Inquiry Commission to testify (falsely!) that the

⁵ <http://pro-prosperity.com/Federal%20Reserve%20Now%20Admits%20that%20Moral%20Hazard%20in%20Banking%20and%20Finance%20is%20a%20Serious%20Problem.html>

⁶ <http://pro-prosperity.com/Research/moralhazardliberty.pdf>

⁷ <http://pro-prosperity.com/Systemic%20Weakness%20in%20the%20United%20States%20Economy.html>

⁸ <http://pro-prosperity.com/End-of-Liberal-Order.pdf>

⁹ <http://pro-prosperity.com/Research/Constitutional-Monetary-Finance-System.pdf>

¹⁰ <http://pro-prosperity.com/End-of-Liberal-Order.pdf>

¹¹ <http://pro-prosperity.com/Cause%20of%20the%202008%20Financial%20Catastrophe.pdf>



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2008 crisis was caused by some rationally undefined Invisible Hand that no one could see coming. I had promptly submitted a rejoinder¹² in 2010 to the FCIC members stating that the financial catastrophe of 2008 was, factually, a manmade crisis due to suppression of preemptive policies submitted to Congress in 2003 which could have averted the economic disaster¹³ and which indeed were adopted by the US Government to stem the domino of crashing markets in 2008.¹⁴

The FCIC must have found the trail of my evidence presented to it in my rejoinder as correct and credible to determine and report in January 2011 that the 2008 crisis was manmade due to a failure of the *proponents of the established system of robbery*, namely, the anointed academic experts in finance and economics, industry honchos and government regulators. These proponents have ensured that journals on economics and finance promoted by them (a) deliberately debar publication of research antithetical to the established system of robbery and (b) push dogmatically screened research to promote and prop the existing rules for systemic robbery with impunity.¹⁵ I have rationally and factually presented the triumph of my research on unanimously agreeable and constitutional governance in several memos and working and published papers.¹⁶

Just fathom the immense real-world significance of my rational unanimously agreeable and constitutional system of governance in a couple of simple class notes (attached), which only my MBA and advanced undergraduate students at UIC can learn. Students at elite schools of business, like Harvard and Yale, let alone others, have walked out of classes to protest against their top professors for not telling the truth about the 2008 financial crisis, which was correctly considered by the Federal Reserve as worse than the Great Depression. These schools can only teach, irrationally, about how some rationally undefined Invisible Hand (God) robs enterprising producers' wealth, periodically, with impunity, based on a Yale Professor's irrational, unscientific and dogmatic tale published by Oxford U Press, and recommended by prominent *proponents of the established system of robbery*.

My department, college and university have factually acted as proxies for the *proponents of the established system of robbery* by deliberately blocking raises in my salary and rank by counting publications in journals of economics and finance under the purview of these proponents. This has indeed violated (a) constitutional mandate of the state of Illinois on rewarding faculty research that contributes to the economy, (b) the university policy on conflict of interest in decisions, such as, blocking raises in my pay and rank based on my publications in journals of economics and finance under the purview of the proponents of the established system of robbery who are, by their design, incited to not publish in their journals any paper antithetical to the established system, such as, my papers on unanimously agreeable and constitutional governance because doing so would undo their system, power and benefits, and (c) the university policy against prejudice, e.g., of the *proponents of the antithetical established system of robbery* (including their proxies

¹² <http://pro-prosperity.com/USPresidentTruthTriumphs.html>

¹³ <http://pro-prosperity.com/Global%20Economy%20Chatterbox/Warning-USCongress-In-2003-On-Home-Mortgage-Debate.html>

¹⁴ <http://pro-prosperity.com/Cause%20of%20the%202008%20Financial%20Catastrophe.pdf>

¹⁵ <http://pro-prosperity.com/Systemic%20Weakness%20in%20the%20United%20States%20Economy.html>

¹⁶ See, e.g., <http://pro-prosperity.com/Juggernaut-UAPG-crushing-BSR.pdf>, <http://pro-prosperity.com/Constitutional%20Capitalism.html> and <http://pro-prosperity.com/triumphantphilosophy%20-%20one.pdf>



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in my university) towards a discoverer of unbiased, rational, scientific, unanimously agreeable and constitutional rules of governance

I have promptly informed my department, college and university the finding of US Congressional Financial Crisis Inquiry Commission soon after the FCIC report was published in January 2011 that the *proponents of the established system of robbery caused the manmade (avoidable) economic crisis of 2008*, which was worse than the Great Depression according to the Federal Reserve. None of the journals of economics and finance promoted by the *proponents of the established system of robbery* has any publication on why such a crisis was impending and how it could be preemptively averted. I have, however, published a paper on Safe [Central] Banking (2003) in another refereed journal and conveyed it to the US Congress in March 2003 with explicit policies to avert the crisis preemptively,¹⁷ which were indeed adopted to stem the domino of crashing markets in 2008.¹⁸ My department, college and university were and still are not legally obligated to adhere, even tacitly, to the *unconstitutional and unanimously disagreeable diktat* of the *proponents of the established system of robbery* (about suitable journal publications for raise in salary and rank), especially when such diktat contravenes the constitutional mandate of the state of Illinois and policy of the university. Yet, they continue to do so, deliberately, see, for example, the attached email memo from my department.

Details of unconstitutional and illegal decisions of my department, college and university to deliberately block my rank and pay:

1. The Head of the Department of Finance surreptitiously crafted a memo in early 2009 to paint counterfactually and irrationally that I did not do any research in finance and economics since 2003. I was subsequently informed informally through a colleague that the HOD then was pressured by the then Dean to write this memo (which I accidentally saw in the file of UIC legal adviser dealing with my complaint). More importantly, the CBA and UIC Administrations must have considered this memo seriously, as is obvious from my stagnant salary and rank. When I sought interference of the then President of U of I and of the Board of Trustees, I got a memo from the then UIC Chancellor stating that she was the penultimate decision-making authority for UIC faculty complaints and that she had agreed in toto with whatever my department, college and provost had recommended (which was to continue to repress my income and rank).
2. Whichever academic journals in economics and finance my department considers maybe the same as those used by the departments of finance in other universities in deciding raise in salary and rank of a member of faculty. Publications in these journals may indeed measure contribution to the economy, for example, my paper on bank foreclosure rule co-authored with J.F. Dreyfus and published in the Journal of Finance (1989) of the American Finance Association was enacted as U.S. law (FDIC Improvement Act of 1991) that was used worldwide to restore stability in banking in the aftermath of 1987 market crash. Within a few years of enactment of this law, stock markets in USA quadrupled as investors saw stability in the system of banking and finance due to the

¹⁷ <http://pro-prosperity.com/Global%20Economy%20Chatterbox/Warning-USCongress-In-2003-On-Home-Mortgage-Debate.html>

¹⁸ <http://pro-prosperity.com/Cause%20of%20the%202008%20Financial%20Catastrophe.pdf>



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FDICIA. I have published numerous papers (which are not antithetical to the established system of robbery) in top journals of economics and finance, such as, the Journal of Finance and International Economic Review. I have once declined the invitation of Review of Financial Studies to publish one of my papers.

3. Publications in such journals do not, however, necessarily measure contribution to the economy. For example, prolific authors publishing in such journals, who have been anointed as top economic-finance experts and government regulators, have been blamed by the US Congress/FCIC for failing to foresee, let alone prevent, the worst manmade (avoidable) crisis in U.S. economic history.
4. The FCIC report has classified 300 reports and documents which should tell FCIC's reasoning for (a) how top economic experts and regulators failed and (b) why FCIC sided with facts presented in my 2010 rejoinder while ignoring testimonies of top finance industry honchos, experts in economics and finance and regulators including Federal Reserve Chairmen. A rational analysis of facts and events show unambiguously that the prolific authors in journals of economics and finance (anointed as experts and regulators) failed because they suppressed (did not want to see) publication of my research in the journals under their purview.¹⁹ The journals of economics and finance and their authors have, therefore, failed to prescribe any preemptive policy to avert the crisis.
5. Through my research on rational general equilibrium of the economy, I have not only seen the crisis coming ahead of time (2003), as published in another academic journal not recognized by my department. I have also promptly warned the US Congress, Federal Reserve System Conference organizers and media (New York Times and Washington Post) in 2003, with several follow-up memos in 2005, 2006 and 2007 to President and Congress about the impending economic crisis that I saw coming and unfolded in 2008. My paper and memos, submitted to US Congress in 2003, present specific general equilibrium policy proposals to preemptively avert the impending crisis.²⁰ US Government, indeed, adopted these policies to stem the domino of crashing markets in 2008.
6. I have promptly appraised my department, college and university about the above facts. It seems the college and university depend on decisions of my department, which continues to be oblivious about these facts and counts on publications in a set of journals of economics and finance whose prolific authors anointed as top experts have failed according to US Congress.
7. Suppressing measurable contribution of my research to the economy by my department is really unconstitutional according to the mandate of the state of Illinois.
8. Furthermore, the prolific authors who control publication in journals of finance and economics (prescribed by my department) have vested interests in blocking my publication (they have returned

¹⁹ <http://pro-prosperity.com/Cause%20of%20the%202008%20Financial%20Catastrophe.pdf>

²⁰ <http://pro-prosperity.com/Unanimously-agreeable-Safe-Central-Banking.html> and <http://pro-prosperity.com/Global%20Economy%20Chatterbox/Warning-USCongress-In-2003-On-Home-Mortgage-Debaacle.html>



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my papers without review)²¹, which makes my department's decision—to count only publications in these journals for raise in my pay and rank—violate the university's policy on conflicts of interest.

9. The decision to block my pay and rank amounts to gross blatant prejudice of the failed experts in economics and finance (and their proxies in my department)--who are hell-bent to block publication of my research in the journals they control with a view to perpetuating their system of robbery of enterprising wealth creators with impunity--towards an unbiased discoverer of unanimously agreeable and constitutional rules of governance of banks, financial markets and economy.

Points to ruminate:

- Only the Honorable Governor, House and Senate of Illinois are empowered by the citizens to ensure adherence to the state's mandate on rewarding and promoting faculty research that contributes to the economy, especially, through unanimously agreeable and constitutional rules of governance which are necessary for individual freedom, civilized co-existence and survival of humanity.
- A successful peerless researcher -- who has discovered unanimously agreeable and constitutional rules of governance for individual freedom, civilized co-existence and survival of humanity that have indeed been adopted by US government to stem the domino of crashing markets in 2008 -- should have received at least one cent more in salary than the remuneration of failed top academic experts whose failure (according to US Congress/FCIC) caused a manmade (avoidable) crisis in which \$20 trillion of hard-earned wealth and 9 million good paying jobs were wiped out.
- My department, college and university do not certainly house the failed top academic experts who are held responsible by the US Congress and FCIC for causing the manmade (avoidable) finance catastrophe in 2008. My department, college and university have no legal obligation, compulsion or mandate to consider decisions of the failed top academic experts to not publish in their journals my papers on unanimously agreeable and constitutional governance. My department, college and university must not, in any case, violate the mandate of the citizens of Illinois on rewarding and promoting faculty research that contributes to the economy.
- Rationally, therefore, I should have earned since 2003 at least one cent more than the salary of the highest-paid member of faculty and administration in UIC that voted against a raise in my pay and rank.

Conclusion: This memo is surely not a complaint or grievance of a university employee. This is a citizen's appraisal of the truth about the following:

²¹ <http://pro-prosperity.com/Constitutional%20Capitalism.html>



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- (a) How the current irrational and unscientific system of robbery of enterprising producers and wealth creators has been severely undermining efficiency and competitiveness of the economy and is, thus, threatening civilized coexistence and survival of humanity.
- (b) How this irrational and unscientific system is surreptitiously excoriating the scientific-rational vitals of the modern academy.
- (c) What the University of Illinois should and could do to lead the modern academy to abandon its support for the unscientific and irrational system of robbery, which will, of course, necessitate U of I to credibly recognize and reward, appropriately and consistently with the mandate of the state of Illinois, the humanity's sole author of a unique, sustainable, unanimously agreeable and constitutional system obtained scientifically through a rational general equilibrium model of the real-world economy.

I hope that you as well as the current Board of Trustees, President of U of I and Chancellor and Vice Chancellor of UIC will see this assessment, rationally and scientifically, to consider raising my compensation and rank and to assess my cumulative incremental wage lost, unconstitutionally and irrationally, since 2003.

I look forward to hearing from you.

With profound regards,

Dr. Sankarshan Acharya

<http://pro-prosperity.com/Sankarshan%20Acharya.html>

Director, Rational Academy of Unanimously Agreeable & Constitutional Governance

Attachments:

1. Unfair and unconstitutional structure of banks and financial markets.
2. One-bank subsidiary holding company structure, as an example, to obfuscate the bank foreclosure rule enacted in FDIC Improvement Act of 1991.
3. Investment decision making.
4. My department's prescribed list of publications.