



RATIONAL ACADEMY OF UNANIMOUSLY AGREEABLE & CONSTITUTIONAL GOVERNANCE

सर्वग्राह्य साम्बिधानिक शासन औ तार्किक दर्शन परिषद्

To: Honorable President Donald J. Trump, United States of America
Cc: Everyone interested. This is available and updated at <http://pro-prosperity.com/End-of-Liberal-Order.pdf>
Date: February 1, 2019. Revised February 27, 2019.
Sub: End of Modern Liberal World Order.

Positive effects of circulation of this memo (updated as of February 27, 2019):

1. President Trump declared in his State of the Union address that socialism would not drive USA.
2. The most vociferous modern liberal pundit, Nobel Laureate Professor Paul Krugman, has admitted in a New York Times column¹ that Modern Monetary Theory (Keynesian Dogma) of printing or borrowing money in the wake of each economic crash is not sustainable. I have written about fallacy of Keynesian Dogma in a 2008 memo (revised in February 2014).² MMT was strategically designed by Robber Barons and their cohorts in the academy, industry and government to simply whitewash every periodic economic crash—caused by the established system (rules) of robbery with impunity of productive wealth creators,³ not by an Invisible Hand—by sprinkling new money over the robbed to preemptively douche the anger of the latter leading to a repeal the established system (rules).⁴
3. Liberal media has admitted that over-taxing the wealthy is inefficient and that the established system (rules) of governance that leaves the productive wealth creators behind should be reformed.
4. Liberal Democratic presidential candidates' demand for punitive taxation of wealth has been subdued.

It is time for the modern liberal order to recognize the necessity to repeal the established system of robbery with impunity. Incidentally, Professor Krugman (in a talk show after the 2008 crisis) has said that the cause and remedies for the crisis were written in an internet website. I wish he names that website and its author in a New York Times column! Professor Krugman, in a column in NYT in the wake of the 2008 financial catastrophe has mused, that he saw World War III. WWII has indeed started in 2008, but nonviolently and intellectually, consistent with CIA's correct prognosis that all future wars would be fought in the cyber space. The Scientific Juggernaut in this intellectual war is indeed crushing the established system of robbery with impunity of enterprising producers and wealth creators.⁵

Dear President Trump,

I saw, in between lines of your interview with NYT Publisher today, the end of the modern liberal order – invented and established by top academic gurus and their disciples in politics, government, academy, media and industry.⁶

¹ <https://www.nytimes.com/2019/02/12/opinion/whats-wrong-with-functional-finance-wonkish.html>

² <http://pro-prosperity.com/Fallacy-of-Keyensian-Economic-Philosophy.html>

³ <http://pro-prosperity.com/Cause%20of%20the%202008%20Financial%20Catastrophe.pdf>

⁴ <http://pro-prosperity.com/Systemic%20Weakness%20in%20the%20United%20States%20Economy.html>

⁵ <http://pro-prosperity.com/Juggernaut-UAPG-crushing-BSR.pdf>

⁶ <https://www.nytimes.com/2019/02/01/business/media/donald-trump-interview-news-media.html?action=click&module=Top%20Stories&pgtype=Homepage>



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This established order has thrived on robbery with impunity of enterprising producers and wealth creators through a system (rules) of governance it invented and surreptitiously foisted on *We the People*.

The only way this established order could thrive this long (centuries) is fabrication and propagation of *fake news* to suppress the real **unanimously agreeable longing** of every individual: **true liberty**, as opposed to blackmailing (moral hazard) for surreptitious robbery of enterprising producers and wealth creators.

1. For example, NYT, WP, Cambridge University and US Congress were simultaneously asked in March 2003 by the **author of bank foreclosure rule**⁷ – which was enacted as US Law in FDIC Improvement Act of 1991 – to publicize the necessity of **unanimously agreeable safe central banking policy** (UASCBP) to preemptively avert a looming financial catastrophe that could cost taxpayers trillions of dollars.⁸ UASCBP originated from this author's research⁹ when he was a financial economist at the Federal Reserve Board in Washington D.C. in 1991 after he saw surreptitious gross transgression of the bank foreclosure rule by the Fed member banks (Clearing House, LLC members) via bank holding company structure.¹⁰ This author even presented before Citigroup (then Citicorp) top management and Federal Reserve officials how the transgression of bank foreclosure rule was piling enormous risk on taxpayers while the few custodians of the established order cornered the systemic loot as private profits.

After my submission of UASCBP in March 2003, the US Congress asked the Federal Reserve to testify for safety and soundness of banks in October 2003 and then to hold a conference of experts in Fed System Conference in November 2003 to which I was invited. To be more efficient than being present at a conference of experts anointed by the established order, I had asked the conference organizers to distribute my Safe Central Banking paper among participants.

Then the top most established expert, **President of American Economic Association** president Dr. Robert Lucas, publicly pronounced that the US system of banking and finance was invincible! This was published by the established media!

The above episode narrates how fake news was concocted and propagated by the established order to suppress the real news (stemming from selfless fundamental research

⁷ <http://pro-prosperity.com/Research/Bank-foreclosure-rule-paper-Acharya-Dreyfus-Journal-of-Finance-1989.pdf>

⁸ <http://pro-prosperity.com/Global%20Economy%20Chatterbox/Warning-USCongress-In-2003-On-Home-Mortgage-Debate.html>

⁹ <http://pro-prosperity.com/Research/moralhazardliberty.pdf>

¹⁰ <http://pro-prosperity.com/Research/OptimalHoldingCompanyOrganizationCapitalStructure.pdf>



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in a dynamic, general equilibrium model of the real-world economy) of utmost importance to *We the People*.¹¹

NYT, WP and AEA President should apologize *We the People* for fabricating and disseminating fake news and for suppressing fundamental research discoveries immensely important for stability and prosperity of a nation.

2. In another example, sometime ago I saw heavy browsing/downloads from College Station (Texas) of my writings at pro-prosperity.com on triumph of ancient philosophy (described as Dharma in Gita scripted in palm leaves 5000 years ago) and of modern constitution written by founding fathers of USA after independence in 1776. Then I saw a column in NYT by two professors of Texas A&M University in College Station proposing Gita as a required philosophical text in US and European universities.¹² This is welcome even if they were afraid of citing me. Heavy downloads of these writings from France must have influenced even the French president to say publicly that he is a follower of Gita. Circulation of my research led the Indian courts to declare Gita as a philosophical text.

I promptly wrote to you and Prime Minister Modi of India about NYT propagating ‘fake news’ - proposing ancient Gita as a philosophical text for modern university departments - to obfuscate the ‘real news’ about the inevitability of “Modern Gita: Unanimously Agreeable and Constitutional Governance” for the modern world and of adaption of Modern Gita by the modern academy.¹³ I am yet to find a publisher of Modern Gita that bigwigs in the established order are surreptitiously reading.

Soon after I wrote it to you about Modern Gita, my website (pro-prosperity.com) went blank; it took an unprecedented day for the hosting company to revive it. The established order must have hacked the host server.

My computer was also hacked in early 2009. I saw Cambridge University was one of the hackers then. The hacking followed my email letter to the Cambridge U Economics Editor, Chris Harrison, stating that had CU Administration agreed with him to publish my book “Mega Game” which included UASCBP, the US Congress might have been swayed to adopt UASCBP to preemptively avert the 2008 financial catastrophe which wiped out trillions of dollars of wealth and millions of good paying jobs. The US Congress had to adopt on an ad hoc basis the same UASCBP (which I submitted in 2003) to simply stem the domino of crashing markets in 2008.¹⁴

¹¹ <http://pro-prosperity.com/Research/moralhazardliberty.pdf>

¹² <http://pro-prosperity.com/triumphantphilosophy.pdf>

¹³ <http://pro-prosperity.com/Modern-Gita.pdf>

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



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Instead of publishing the above factual news, the mainstream media propagated ‘fake news’ – cooked up by the established order – that Fannie Mae and Freddie Mac caused the 2008 financial crisis. The reality is that Fannie and Freddie were used by the established order to rob their equity and additional taxpayer funds (lent as debt to Fannie and Freddie) to buy the MBS based on fake (liar) mortgage loans surreptitiously sold to banks through short selling.¹⁵ While propagating fake news, the established media suppressed real news that Fannie and Freddie indeed saved the banks from bankruptcy due to the latter holding massive quantities (at least \$500B) short-sold MBS backed by fake loans. Mega bank holding companies had to pay a fine of \$200B for such short-selling of MBS backed by fake/liar loans, which was simply propagated as mortgage fraud.

3. The established order had promised to itself that it would slice and distribute \$5 trillion of Fannie and Freddie assets for nothing by simply propagating fake news that the latter should not be allowed to cause another crisis. The real news (that the fake news publishers want to suppress) is that the established order has been wanting to eliminate Fannie and Freddie to raise interest rates on home mortgage loans and to not cover their short positions in Fannie and Freddie securities.
4. The real news behind why Federal Reserve wanted to raise the interest rate is not rising inflation or economic growth (artificially fueled by over valuation of financial securities due to covering of short interests). It is to bring down the prices of US Treasury Securities which have been heavily short-sold by mega banks (Clearing House LLC members under the purview of the Fed) by artificially creating them out of thin air.¹⁶ It seems the mega banks will be bankrupt once again if the prices of their short interests are not brought down artificially by the Federal Reserve.
5. Senator Mike Crapo has just released ‘fake news’ in the form of a home finance reform plan in which he wants to privatize Fannie and Freddie as guarantors of home mortgage loans and introduce other such private guarantors with the guarantors guaranteed by Ginnie Mae which will be guaranteed by taxpayers.¹⁷ Introducing tiers of guarantors to be ultimately guaranteed by taxpayers will only aggravate, not reduce, risk to taxpayers. The

¹⁵ <http://pro-prosperity.com/Research/Coalition%20of%20Borrowers.pdf>

¹⁶ <http://pro-prosperity.com/Taxpayer%20is%20on%20hook%20due%20to%20short%20selling%20of%20Treasuries.html>

¹⁷ <https://www.marketwatch.com/story/congress-gets-back-into-the-fannie-freddie-reform-game-with-crapo-plan-2019-02-01?siteid=yhoof2&yptr=yahoo>



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tiers of guarantors with taxpayers as penultimate guarantors are equivalent to a multi-tiered bank holding company structure¹⁸ that caused the 2008 financial catastrophe.¹⁹

This 'fake news' obfuscates the real news (being suppressed by the established order) that moral hazard in banking and finance (which ultimately blackmails taxpayers)²⁰ is the biggest problem facing the US economy, as admitted lately by even the Federal Reserve.²¹

Simply put: mega bank holding companies (Fed member banks) operate secret private hedge funds for leaders running the established order in politics, governance, academy, media and industry.²² They use the BHCs (which are ultimately the wards of taxpayers) as platforms to privatize profits and socialize losses. When the BHCs become bankrupt (as they were in 2008), the established order blackmails the Congress/taxpayers to print money for them (by threatening that the economy will collapse otherwise) as they did through massive TARP, new Federal Reserve funding and outright embezzlement of unprivileged pension plans, mutual funds and myriad private household investors in 2008.

The established order wants to diminish the role of Fannie and Freddie, if not shut down these institutions, because they do not operate such secret hedge funds to benefit the leaders in the established order, surreptitiously.

Rather well-capitalized Fannie and Freddie, as currently chartered private mortgage financing companies with their MBS guaranteed by the taxpayers, stand in the way of raising mortgage interest rate that could primarily benefit the leaders of the established order.

As a matter of policy, if Fannie and Freddie simply retain their own profits as capital (with a complete return of all the transfers made from them to US Treasury due to the unconstitutional Net-Worth Sweep signed by the Obama Administration in 2012) will thwart the gargantuan moral hazard risk facing the taxpayers²³ of the kind publicly seen during the 2008 financial catastrophe, which even the Federal Reserve admitted as worse than the Great Depression.

¹⁸ <http://pro-prosperity.com/Research/OptimalHoldingCompanyOrganizationCapitalStructure.pdf>

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

²⁰ <http://pro-prosperity.com/Research/moralhazardliberty.pdf>

²¹ <http://pro-prosperity.com/Federal%20Reserve%20Now%20Admits%20that%20Moral%20Hazard%20in%20Banking%20and%20Finance%20is%20a%20Serious%20Problem.html>

²² <http://pro-prosperity.com/Public%20Financing%20of%20Private%20Hedge%20Funds%20is%20Unanimously%20Disagreeable.pdf>

²³ <http://pro-prosperity.com/Research/Coalition%20of%20Borrowers.pdf>



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President Trump, you have choked the fake news producers and propagators and have, thus, cut the wherewithal of survival of the established fake liberal order. This fake liberal order will now be caught by their supporters (primarily Democrats) who can no longer count on freedom based on free goods and services:

- You have tamed the Federal Reserve in its misadventure of raising interest rates to help the Robber Barons (mega bank executives and their privileged hedge funds). Federal Reserve officials were challenging me (when I was a Fed economist) to prove existence of moral hazard in banking. Now, the Federal Reserve has publicly admitted that its models do not work²⁴ and that moral hazard in governance of banks and markets is a serious problem for the economy.²⁵
- Your Treasury Department and Federal Home Financing Agency have recently announced plans to capitalize and free Fannie and Freddie from government noose.
- The Comptroller of Currency acting as Director of Federal Home Financing Agency has publicly stated that the FHFA and Treasury Department can no longer defend that the FHFA structure is constitutional, which I have claimed in my writings since 2009.
- You have appointed judges to ensure that laws and policies remain constitutional. A bench of 16 judges in Texas is now mentioning unconstitutionality of President Obama's sweep of all of Fannie and Freddie profits to fund Obamacare which has been found by US courts as unconstitutional.

Ultimately, as necessary for survival and civilized coexistence of humanity, Modern Gita is becoming the primary model of governance of US banks, financial markets and the economy. In time, Modern Gita will inevitably be embraced by the Academy as a required text.

The Unique Way to Attain Freedom

Every individual yearns for freedom. The only way freedom is lost is blackmailing, which can be physical or emotional. Human mind is naturally inquisitive, i.e., rational or scientific. Indoctrination of religious or irrational beliefs in naturally rational/scientific/inquisitive minds amounts to emotional blackmailing and surreptitious loss of freedom. Detecting this, liberals surfaced to establish the modern Academy in order to capture political power (control over people) with slogans that science has triumphed over religion and that the only path to freedom is dissociation from religion.²⁶ Through the modern Academy, liberals ruled the roost for centuries.

But, alas, the modern Academy established worldwide has surreptitiously foisted on humanity an unscientific or irrational, unanimously disagreeable and unconstitutional system (rules) of

²⁴ <http://pro-prosperity.com/Federal%20Reserve%20Now%20Admits%20its%20Models%20Don't%20Work.html>

²⁵ <http://pro-prosperity.com/Federal%20Reserve%20Now%20Admits%20that%20Moral%20Hazard%20in%20Banking%20and%20Finance%20is%20a%20Serious%20Problem.html>

²⁶ <http://pro-prosperity.com/A-Unifying-Philosophy-of-Governance.html>



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governance for surreptitious robbery of enterprising wealth producers with impunity.²⁷ This established system blackmails people, surreptitiously, according to rigorous scientific research since 1991, which has remained irrefutable so far.²⁸ This scientific research shows that the established system is economically inefficient and detrimental to survival and civilized coexistence of humanity.

After wide publicity of this credible and irrefutable scientific research on how individual freedom is lost due to surreptitious blackmailing of people by the established system of governance (which became publicly visible in the 2008 financial catastrophe), established gurus (mostly liberals) in USA, Europe and India faced thorough defeat.

The winners in the elections cannot, however, remain in control if the established system of surreptitious blackmailing continues or if they veer towards the bygone system of emotional blackmailing via religion and god.

Here is a test for your leadership to make USA great again:

- Repeal all unconstitutional rules of governance of the US economy, banks and financial markets to stop further robbing the productive and common Americans.²⁹
- In addition, credibly support the world's first unique Academy or Mandira of Rational Philosophy conceived in 1991 and dedicated purely to Unanimously Agreeable and Constitutional System (Rules) of Governance obtained within a rational/scientific, dynamic general equilibrium model of the real-world economy.³⁰ In this system of governance, no one including the government usurps others' wealth, dignity or life, even surreptitiously. This system is akin to Dharma (thrust of Gita³¹) scripted 5000 years ago when modern religions did not exist. Credible support means having Modern Gita published by an established publisher and endorsing the Academy/Mandira of Rational Philosophy.³²

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

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²⁷ <http://pro-prosperity.com/Juggernaut-UAPG-crushing-BSR.pdf>

²⁸ <http://pro-prosperity.com/Research/morahazardliberty.pdf>

²⁹ <http://pro-prosperity.com/Systemic%20Weakness%20in%20the%20United%20States%20Economy.html>

³⁰ <http://pro-prosperity.com/Research/morahazardliberty.pdf>

³¹ <http://pro-prosperity.com/Modern-Gita.pdf>

³² <http://pro-prosperity.com/Research-Center-in-Progress.pdf>