



## INDIANA UNIVERSITY

OFFICE OF INSTITUTIONAL EQUITY

Date: 1/25/2021  
From: Office of Institutional Equity  
To: Eliza Pavalko, Vice Provost for Faculty & Academic Affairs  
Re: Report & Recommendation on Allegations of Misconduct by Eric Rasmusen

### **Investigation Report**

This memorandum serves as a report of an investigation conducted by the Office of Institutional Equity (OIE) in response to allegations of misconduct by Eric Rasmusen (Respondent), a Professor of Business Economics & Public Policy in the Kelley School of Business (KSB or School), which may be in violation of the university's Non-Discrimination Policy UA-01, the Discrimination, Harassment & Sexual Misconduct Policy UA-03, the Code of Academic Ethics ACA-33, and IU's Principles of Ethical Conduct. Consistent with the timing of the complaints and concerns raised in this matter, this investigation has been conducted pursuant to the procedures set forth in archived Policy UA-03.<sup>1</sup>

### **Allegations**

It is alleged that Respondent has engaged in harassing and discriminatory behavior toward students and employees in the academic and work environments, while a professor within the Department of Business Economics & Public Policy within the KSB. Collectively, allegations from students and faculty were that the scope and extent of Respondent's unwelcome comments based on race, sex, national origin, sexual orientation, and religion created hostile academic and work environments.

### **Investigation**

#### **A. Background**

Between September and November 2019, four students who had enrolled in Respondent's BUS-G406 Business Enterprise & Public Policy class (G406), submitted complaints regarding Respondent's conduct in the classroom, via IU's online bias reporting website. Per standard bias response processes, the Director of Bias Response in the Division of Student Affairs reached out to these students to learn more. Information regarding their complaints is provided below under section C.

In November 2019, Respondent shared a link to an article on his Twitter account entitled, "*Are Women Destroying Academia? Probably*" written by Lance Welton and originally posted on the Unz Review. Respondent quoted a line of the article that said that "geniuses are overwhelmingly male because they

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<sup>1</sup> At the time this investigation began, UA-03 was referred to as the *Sexual Misconduct Policy*, and addressed sexual misconduct. It is now archived policy UA-03. The archived policy provides the process for addressing sexual misconduct, including allegations of sex-based discrimination and harassment. It was and remains the practice of this office to apply the procedures for allegations of sexual misconduct against faculty where allegations include both sexual harassment as well as one or more other forms of discrimination and/or harassment based on another protected class, such as in this case. Therefore, the procedures under Archived UA-03 guide this investigation and adjudication process, and all allegations included herein.

combine outlier IQ with moderately low Agreeableness and Moderately low Conscientiousness." That same day, Respondent also tweeted about Lisa Page—the Justice Department lawyer who was in the news following an affair with an FBI official— referring to her as a *“slut who was having an adulterous affair at the office.”*<sup>2</sup> Respondent’s tweets quickly came to the attention of the IU community<sup>3</sup>, as they were retweeted by an outside account with half a million followers. The university began to receive a significant number of complaints, including concerns reported by current and former students, concerns shared by Respondent’s colleagues, as well as concerns from the larger IU community - KSB alumni, outside recruiters who worked for corporations and other entities that would typically recruit KSB students<sup>4</sup>, parents, and those in the general public.

On January 3, 2020, OIE sent Respondent a letter notifying him of this investigation arising from allegations of unwelcome comments based on race, sex, sexual orientation, and religion, that had allegedly created hostile academic and work environments. On August 26, 2020, this office sent Respondent an updated notice to ensure he was informed that, based on additional information and reports to our office, this office was reviewing additional allegations. These included further regularly-occurring comments on Twitter<sup>5</sup> and other social platforms. These appeared to be closely connected with other complaints and concerns discussed below, so a supplemental notice was deemed to be fair and appropriate.

Beginning in September of 2019 and continuing through the spring semester, the university received complaints from Respondent’s current and former students regarding their concerns with his conduct in the classroom, as well as from faculty within KSB regarding his conduct within the Department and School. Many of these individuals shared complaints indicating that Respondent’s behavior in the classroom and in his Department are disrespectful to some students and colleagues. These indicated a pattern of behavior, which singles out some groups and relates to, or concurs with, the positions Respondent has taken in his online posts and tweets. The information summarized below is compiled from information gathered through the Division of Student Affairs online bias reporting and response process; from KSB Dean Idie Kesner, who made herself available shortly after the November 2019 Twitter post to meet with students who raised concerns and complaints regarding Respondent; as well as from information individuals shared directly with this office.

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<sup>2</sup> For purposes of this report, statements made by Respondent online (via Twitter or his blogpost housed on his website) are provided in the original and are italicized, unless otherwise noted.

<sup>3</sup> For example, around that time an IU student submitted Respondent’s tweets to a Twitter account in the dating world (“SheRatesDogs”). The same Twitter account also highlighted a November 19, 2019 tweet in which Respondent stated that he just realized *“Women’s Studies and Home Ec are the same thing. They are both meant to teach a woman how to live her life. It’s just that only one of them keeps its promise.”* The SheRatesDogs Twitter account also linked to a 2003 Chicago Tribune article highlighting the Respondent’s derogatory tweet regarding homosexuals (see Footnote 6).

<sup>4</sup> KSB has explained that executives at several companies have indicated to KSB they are reevaluating whether to recruit at KSB in direct response to Respondent’s Twitter posting.

<sup>5</sup> This included the following: *“I just dropped my freshman son off at Purdue earlier today. Those girls are really showing off their legs! And I could see girls sitting alone just hoping for a friend—even a female friend, maybe. Parents don’t realize that college is a jungle full of hungry predators.”* (Twitter Aug. 22, 2020); *“In their hearts which would churchgoing parents rather have their daughter surrender, if necessary (a) their college degree, or (b) their chastity. It would be a tough decision for all of us, even if an easy one. What do \*you\* think, reader?”* (Twitter Aug. 22, 2020); and *“Quite true—but what about a debt-free virgin versus a harlot making \$150,000/year as a lawyer? It gets tougher.”* (Twitter Aug. 22, 2020).

Following Respondent's November 2019 Twitter post, KSB implemented steps to monitor Respondent's classroom to address concerns raised of potential bias in the classroom. Around that same time, Respondent instructed the students in his Fall 2019 G406 class to use anonymous emails to send him questions in connection with this incident. Students described that for one of their classes, Respondent instructed that they all needed to send him an anonymous e-mail related to the incident, and that in order for each student to get class participation points, 100% of the students in the course had to send at least one anonymous question to him; if any one student did not participate, then no one would get class participation points. Respondent then responded to these questions in a written statement which was then made available to his students. These responses are attached as Attachment A.

B. Respondent's website, blog, and social media connections to the classroom and the workspace

Since the start of the current investigation, this office focused on gathering information related to Respondent's conduct in the classroom and academic environment. As noted above, Respondent was noticed specifically that there had been concerns alleging potential discriminatory conduct in those settings. As the investigation progressed, the concerns brought forward and set forth below, particularly by students, suggested a greater connection between Respondent's online statements and his role and influence in the classroom and the department. As a result, as referenced above, Respondent was provided notice of that broadened concern and OIE reviewed Respondent's website, blog and social media statements in connection with his classroom and academic department comments as part of this analysis.

Respondent's online posts include both content directly related to his academic area of economics, as well as content on a wide variety of topics and issues including poetry, politics, current events, history and religion. In this investigation, OIE reviewed online and social media posts that appear to concern a protected class: such as race, national origin, religion, sex, and sexual orientation. To provide context to the statements Respondent has made online while an instructor and faculty member at KSB, this report incorporates a sample of the latter types of posts as footnotes herein, where such statements appear relevant to the nature of the complaint raised by students and faculty. A more complete collection of Respondent's postings that malign or mischaracterize under-represented minorities or individuals with protected characteristics remains available online.<sup>6</sup>

C. Students enrolled in Fall 2019 Classes

Both prior to and around the time of the publicized 2019 Twitter incident, four students filed complaints via an online bias incident reporting form regarding Respondent's Fall 2019 G406 class. Their online submittals are set forth below in the order received through the online site:

One student, Witness 1, reported that she dropped the class early on, due to her perception that Respondent was anti-Semitic. The student stated that Respondent's "textbook was blatantly anti-Semitic." The student shared a photo from a page in the textbook which included a photo of Adolf Hitler. As Respondent explained (see section F. below), the photo was intended to be used as part of an illustration of Pareto improvements, an economic concept, and was alongside photos of Respondent, a slave in bondage, and a puppy. It was not labeled in any way. The student stated that "this page alone

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<sup>6</sup> We note that many of Respondent's posts and blogs are no longer online; his Twitter account appears set to delete posts after three months and his current weblog site is new. Some views of Respondent's older weblog site are available as archives dating back to 2007.

shows (Respondent) is not fostering a safe learning environment.” She stated that she “felt very unsafe and targeted in his class.” She went on to state her view that “his textbook, which he wrote himself, had an unnecessary and unexplained photo of Adolph Hitler which prompted me to drop his class. I have been told by students who stayed in his class that he has continued his class with anti-Semitic language and readings the class is required to do.”

Another student, Witness 2, complained that Respondent made homophobic statements. In summarizing the incident, the student stated the following: “[Respondent] was explaining in our G406 class that he has a student who met his future wife in [his] class during a previous semester. [Respondent] looked around the room and said something to the effect of ‘Hm there are only two potential couples in this class, based on how you are all sitting’ and then referred to me (a female) and the male student sitting next to me as one potential couple, and then to another male/female set of people sitting elsewhere. There are several rows of all males and all females, and [Respondent’s] comment implied that those people could not be a couple. I would dismiss this as simply an out of touch comment, however he has a documented history of homophobic and sexist comments. In fact, in 2003 the university had to address a blatantly and horrifyingly homophobic blog post he made.<sup>7</sup> Given these factors, I don’t think that he is fostering a comfortable environment for students that identify as LGBTQ+, and I think that IU should strive to take action about even small comments like this that could be deeply hurtful to this group of people.”

A third student, Witness 3, reported the same incident in class, as follows: “Respondent was telling a story about two of his former students who were getting married. He was saying that they sat next to each other in class, and wondered out loud if there were any potential couples in the room. He then scanned the room, and most people were sitting next to someone of the same gender. I was sitting next to a male, and he pointed to us and said that we would be the only potential couple in the room. This comment made [me] extremely uncomfortable as it put me on the spot and implied I was romantically interested in someone I was not, and heavily implied that there could not be any same-sex couples. As a bisexual woman, I found it to be offensive and exclusionary of other people in the room who might not be heterosexual. This professor has a history of making other offens[ive] comments and this is just one of them that personally impacted me.”<sup>8</sup>

In addition, this student shared her belief that Respondent’s “biases carry over into the classroom.” She, like other students in the class, indicated that Respondent’s personal website was linked to his home page in Canvas (IU’s learning management system), and that students had to go to his personal website to access certain information for class. She stated that she knew about the Respondent’s

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<sup>7</sup> In his 2003 blog post, Respondent stated: “A second reason not to hire homosexuals as teachers is that it puts the fox into the chicken coop. Male homosexuals, at least, like boys and are generally promiscuous. They should not be given the opportunity to satisfy their desires. Somewhat related is a reason not to hire a homosexual as a doctor even though you would hire him as a lawyer: you don’t mind if your lawyer has a venereal disease such as HIV or hepatitis, but you do mind if your doctor is in a class of people among whom such diseases are common.” It should be noted that Respondent’s online statements have been an issue for KSB dating back to at least this time, when his weblog appeared on an IU server and he posted this statement. In response to this 2003 post, Respondent was asked to remove his weblog from the university’s web pages by the then Dean Dalton.

<sup>8</sup> As an example of this history, in 2009, Respondent posted the following on his blog, titled **Encouragement of Sodomy at Bloomington High School North** – “From WFHB: ‘Bloomington High School North Counselor Greg Chaffin explains how to create support networks for LGBTQI students within the school environment as well as in the larger community and stresses the importance of such social and familial networks for personal success, health and well-being.’ Home schooling for high school is looking better all the time.” (Feb. 6, 2009.)

biases/positions before the Fall 2019 Twitter incident “blew up” and even before taking his course. She explained that before the Twitter incident “blew up” she filed her online report because she had witnessed several comments in class which she described as xenophobic and racist. In addition to the marriage comments incident, she described another incident (stating it was the “worst example”) when Respondent was talking about the Japanese class system in World War II. She stated that Respondent said that in Japan everyone looks similar, and so no one can tell the difference between classes. She recalled he then pointed to an African American student in the class, and commented that it was not easy to hide one’s class in the U.S..<sup>9</sup>

She noted that for their class, students had to go to Respondent’s personal website to link to the assigned class textbook, which Respondent authored. She indicated that there were numerous examples of bias in Respondent’s textbook including in the pictures used throughout. She, and other students, pointed out his choice of pictures which they believed were unrelated to the course material. The examples she provided were pictures of Hitler and a 1787 medallion designed by Josiah Wedgwood for the British anti-slavery campaign entitled “*Am I Not a Man and a Brother?*.”

A fourth student, Witness 4, also submitted an online complaint, reporting concerns with the marriage comments as described above, as well as two other incidents. She wrote that a few weeks prior to the marriage comments, Respondent “was talking about Japanese lawyers and said ‘or \_ awyers’ perpetuating a gross stereotype,” indicating Respondent used a stereotypical mispronunciation. She also reported that Respondent “called out a classmate saying ‘you have an Indian name’.”

In addition to the reports submitted above, a number of students met with the Dean and/or this office following the Twitter incident to share concerns and provide information. Some of these students reported that they heard negative things about Respondent from other students prior to taking this class. For most students, the class was a required course for their degree. Several of these students noted that Respondent generally only uses the pronoun “he” when speaking in class. Multiple students specifically brought up Respondent’s heterosexual-only marriage discussion (see reports above) and expressed their dislike and discomfort with this incident. Several shared that in class, they perceived that Respondent indicated he could readily identify people’s country of origin, that he commented on people’s races, and, providing the same example as Witness 4, that he once mocked a stereotypical Asian pronunciation of the word “lawyer.” Students also reported that Respondent would frequently call on a fellow student in the class, a Chinese student, specifically to answer questions about China, which many students found to be insensitive. Specific information from each student follows.

One student, Witness 5, noted that because of his ethnic background, he might be subjected to bias by Respondent; however he also indicated that he did not feel that there was any clear evidence of bias. This student didn’t feel that Respondent’s presentation of what the student referred to as a more conservative viewpoint was necessarily a bad thing. This student, like the others interviewed, commented that the professor only used the pronoun “he” to refer to any gender when he was speaking in class.

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<sup>9</sup> Respondent’s thoughts on Blacks (as well as Hispanics and women) being accepted into universities (yet purportedly, according to Respondent, being less competent than other students) can be found in Respondent’s May 4, 2010 blogpost: “*So, Harvard, like virtually all famous universities, buys off females and minorities with ‘a commitment to diversity’ — in other words, quotas. By boosting less competent women, Blacks and Hispanics at the expense of the more marginal men, whites, and Asians, Harvard preserves most of its freedom to continue to discriminate ruthlessly on IQ.*” (Quoting Steve Sailer.)

A female student in the class, Witness 6, who indicated she had immigrated to the U.S. as a child, shared that she had heard prior to taking the class that Respondent's website had "weird, offensive things on it." However, she explained that she had to take the class, so she had decided to just not look at his postings on the website at that point. Prior to the November 2019 Twitter incident, this student did not believe that "anything that happened during class was strange or offensive." She noted that she attended office hours twice with Respondent and indicated that she did not feel as though he treated her differently from other students because of her immigration status. She also stated that during class she heard some comments from Respondent that made her think, "Wow! I can't believe he just said that!", but she also stated that she thinks every professor says some things like that, and she did not consider Respondent's comments to be anything more than that. She explained that "as a Black student at a PWI [Primarily White Institution], I've had worse happen, and have expected this at some point. I've experienced worse, so I've just ignored it and got through the class. I didn't read the website, and it was towards the end, so I just wanted to get through it. For some of the other students, it was the first time they have experienced this direct discrimination. Based on [Respondent's] views, it wasn't a surprise."

Witness 6 then shared that she believed that she was the first student in the class to see Respondent's November 2019 Twitter comments. She shared a screenshot of these Twitter comments on the group text message that students in the class shared. Witness 6 explained that, at this point, in light of Respondent's comments on Twitter, she found herself reevaluating her past interactions with Respondent. Looking back to when she went to him for help, she found herself wondering, "did he think, 'oh, here's a student who needs help,' or did he think, 'Well, of course she needs help.'" In explaining this, she indicated that she meant because of her race.<sup>10</sup>

With regard to Respondent's blog, another student, Witness 7, explained that he and other students learned about Respondent's blog directly from Respondent himself through the class. The student explained that Respondent was very open about his blog, and linked directly to the blog on his course syllabus. This student stated that he sometimes read Respondent's blog, so he "knew [Respondent] had some crazy ideas." In regard to class, he recalled one Black student that Respondent would say "oh, you are Black" and use him as an example in what Respondent was discussing. He also described that when Respondent would talk about Japan, he would refer to Witness 8 (below) in the discussion, and Witness 8 would then note that he was Chinese, rather than Japanese. Witness 7 also stated that Respondent would also mention what he perceived to be an individual's race even when it "wasn't at all relevant to the story" – mentioning an example of a story Respondent told of a car accident, and that Respondent pointed out, for no apparent reason, that the man in the story was Hispanic.

Witness 7 stated that class got "even more awkward than it already was" after the November 2019 Twitter comments became public. Witness 7 stated that the Twitter incident was a topic that "dominated class afterwards, it was very distracting." Witness 7 also stated that "it was apparent that

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<sup>10</sup> Respondent posted the following related to affirmative action and race in his July 6, 2009 blogpost, entitled **Marginal White Males and Affirmative Action Opposition**: "Then, however, colorblind reality intruded. Mrs. Obama apparently didn't pass the rather easy Illinois bar exam on her first opportunity. Soon, she gave up her law license and took a less cognitively taxing job working for Mayor Daley as a political fixer. Think about it from Mrs. Obama's point of view. She'd been scraping by on affirmative action for years, but quotas mostly evaporate when it comes to making partner. The law firm's partners can put up with employing subpar Blacks as associates for a few years to stay out of trouble with the government, but they take the partnership hurdle seriously. The New York Times said: 'But Black lawyers, the study found, are about one-fourth as likely to make partner as white lawyers from the same entering class of associates.' So, why kill herself in the likely hopeless task of making partner when she can go into Chicago politics, where she'll be smarter than the average ward heeler?" (quoting Steve Sailer).

[Respondent] held grudges against the provost and vice president. He was kind of personally attacking them in class. He felt slighted and wronged, and made his views apparent.” This student also stated that, “I never felt personally attacked [by Respondent], but I felt uncomfortable for other people. I never felt scared to go to class or victimized. Mostly I just hated the class. I was done.”

When asked about the concern expressed by other student witnesses about being called on to answer questions about China, Witness 8, the student who is from China, told investigators that he was glad to be called on to answer these types of questions, and would have been offended if Respondent had not asked him about his native country. This student was complimentary about Respondent as his instructor and found him very helpful during his office hours. He told Investigators that he believed that the students who complained about Respondent never attempted to attend his office hours to get extra help. This student learned that “the American students found that there were cultural conflicts,” but he did not consider himself as part of the affected group. He stated that he “chose to ignore [the Twitter situation], because as a Chinese man, this isn’t how we handle things.”

Another student, Witness 9, stated that “for the most part there was a very clear division between [Respondent’s] personality on Twitter, and the subject matter of class, and he was good about that division.” Witness 9 then stated, referencing the 2019 Twitter incident, that “up until that point, there weren’t any issues in class, but after that it was hard for [Respondent] to have any control over the class.” Witness 9 told OIE that he didn’t support “99% of things on [Respondent’s] twitter.” Witness 9 indicated that Respondent did make comments in the classroom based on individual protected characteristics, but he could not recall specific examples. He stated that he “never felt uncomfortable to the point he couldn’t participate, but also shared being aware of others who were upset and he felt they were justified to be upset. He stated that it was interesting to “go back and read up on what [Respondent] believed. I wasn’t angry or anything, since that was just how he felt about certain things.”

Witness 10, another student in the class, indicated that he was not comfortable in the class, but not to the point that he couldn’t contribute. He explained that he considered the fact that Respondent did not consider that some people could be in same-sex relationships, “archaic and inappropriate”.<sup>11</sup> Witness 10 shared that when the 2019 Twitter incident broke, that he felt “elation,” and stated that he was “glad someone is calling out this older white male who thinks he knows something the rest of us don’t. He’s the epitome of Trumpism; he’s professing things that are incorrect but speaking from a point of power, using his platform to sound smarter, to share these factually incorrect ideas.” This student stated that, “after all this happened, I was intentionally disrespectful because I think he’s a horrible human being. I would be on my phone, scoff at things he was saying.”

Three students, including Witness 2 and Witness 4 who submitted the online reports noted above, along with Witness 11, shared the following examples of what they referred to as uncomfortable situations created by Respondent in the classroom. In one example, they described that the Respondent pointed to students who appeared to be from outside the U.S., and stated that the international students should

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<sup>11</sup> As an example of Respondent’s beliefs on same-sex relationships, the following 2003 blogpost from him, reposted November 22, 2008, appeared: “How about homosexual males (I don’t have much idea about lesbians.) I think they are attracted to people under age 18 more than heterosexual males are. I seem to remember Robert Heinlein saying that age at which a woman’s beauty peaks is 22. Of course, the later Heinlein was odd about sex, but 22 sounds reasonable. Men are attracted to a young but physically mature woman. But what is the ideal for homosexual men? For some it is certainly the mature, broad-shouldered, hairy 25-year-old. But my impression is that the 16-year-old beardless boy would attract more votes. And the 16-year-old beardless boy is not so different from an 8-year-old beardless boy as the 16-year-old girl is from the 8-year-old girl, so we should expect homosexuals to be far more tempted by 8-year-olds than heterosexuals are.”

prepare a YouTube video to demonstrate/prove to recruiters that they can speak English. They described that when Respondent seemed to realize that his comment appeared to single out international students, he then expanded his comment to say that all students should post YouTube videos to demonstrate how articulate they are. The students noted that they used the word “appeared” in this anecdote, because they observed that Respondent would sometimes call on students whom Respondent deemed to be Asian in appearance but who were actually from the U.S. The students felt that Respondent often improperly singled students out because of what Respondent deemed to be their race, ethnicity or nationality to make his point, even when the students felt that using this type of information was irrelevant or unimportant to the point Respondent was attempting to make. They also felt Respondent had done this in ways that called on someone inappropriately in class (e.g., assuming that a Chinese student would be able to speak about Japanese historical information). They indicated that Respondent tended to characterize people by stereotypes; one example they gave was his reference to Hispanic drivers. The three students also stated that Respondent mocked people from Asia who could not easily pronounce the letter L. They shared the anecdote already noted above, when Respondent pronounced “lawyers” in what seemed like a mocking Japanese accent. They also commented on Respondent’s choice of what they described as “random quotes” (e.g., particularly anti-Semitic quotes from “The Merchant of Venice”).<sup>12</sup>

These three students indicated that other students chose to drop the course, and assumed this was because students felt intimidated or uncomfortable, but they did not have any specific information about why these students opted to drop.

They also noted that some of Respondent’s course materials (e.g., his powerpoint slide decks) were not uploaded to Canvas, and that this forced students to go to the Respondent’s private website to retrieve these materials. They indicated that this was Respondent’s effort to encourage students to access his blogposts.

These students (and others who spoke with the Dean) pointed out that the professor’s articles and theoretical presentations presented in class were not balanced. In most cases, they felt that the professor presented only one side of an argument and only the side that agreed with his own viewpoint.

Finally, these students raised their concern that Respondent was going to release the video recording of the class session that followed the late 2019 Twitter incident. They were concerned about their safety (see section F below). They worried about Respondent’s supporters viewing the video, which contained some students’ images, and what risks they faced because they could be identified by Respondent’. They were concerned about what Respondent’s supporters might do to students who disagreed with Respondent.

Two other students, Witnesses 12 and 13, shared the following anecdotes from class. They described a time in class when Respondent told a story about a doctor’s mistress. The students used this example to demonstrate their perception that the only time that Respondent refers to women in class was in situations like this where a woman is deemed to be submissive to, and dependent upon, a man. And as

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<sup>12</sup> An example from Respondent’s August 26, 2003 blogpost, and reposted November 22, 2008 follows. This post refers not only to his apparent bias against homosexuals in teaching positions, but also to an apparent bias against teachers who practice religions that he does not believe in: **“HOMOSEXUALS AND HINDUS AS TEACHERS: Professor Volokh posts the good question of why Christians object to homosexuals as schoolteachers when they do not object to Hindus, even though idolatry is the greater sin. This isn’t too hard to answer, though. Some points: 1. Many Christians do object to Hindus as schoolteachers, in the same way as they object to atheists, Mormons, and so forth as teachers. That is why there are Roman Catholic and evangelical private schools....”**



mentioned by other students above, these two students stated that Respondent uses the pronoun “he” exclusively for describing individuals employed outside the home, but uses “she” when speaking about women who stay at home in more traditional “home maker” roles or who are mistresses. When asked if they knew the point of Respondent’s story in connection with the course, they shared it had something to do with the value of the woman who takes care of the home.

These two students also described Respondent’s take on affirmative action that he discussed in the class. The students explained their belief that the way Respondent characterized affirmative action could easily make the African American students in the class uncomfortable. They then mentioned an African American student who dropped the course; they could not tell whether this was for health reasons or because the student was made uncomfortable by Respondent’s views and comments on race. They referenced that Respondent has assigned an article to the class about issues around poor class attendance among the Black population.<sup>13</sup>

In another example, these students recalled that the Respondent pointed to an African American student and said, “This will be of special interest to you.” He then referenced a study where white car salesmen took advantage of white buyers, and white car salesmen took still more advantage of Black buyers, but that Black car salesmen took most advantage of Black buyers.

These two students, like others, confirmed that they had to go to the Respondent’s personal website (which contained his blogposts) to gather course related materials. Regarding the class and grading, they indicated that if a student wanted a good participation grade they felt they had to echo Respondent’s “voice,” explaining that they felt they had to express the same position and perspectives that Respondent supported.

This office also outreached to those students who dropped Respondent’s course. However, none connected with this office to discuss any concerns.

#### D. Former Students

Former students also contacted the university to report their experiences and concerns regarding Respondent’s conduct during the time they took his courses.

A former PhD student, Witness 14, was enrolled in Respondent’s BUS-G751 Game Theory class in Spring 2014. After reading an article about the recent posts by Respondent, she contacted this office to share that it was “no secret” that Respondent made these types of comments in the classroom as well. She recalled a time in the classroom when Respondent stated “Gays shouldn’t be teaching.” She stated that she was stunned by this and asked him to repeat it, to which he then stated something like, “Muslims are bad people but gays are worse. Gays are more likely to corrupt youth.” She described that his comments had nothing to do with the class topic at hand, and that it seemed like the class was in shock.

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<sup>13</sup> On his April 10, 2010 blogpost, Respondent posted the following: *“Present affirmative action proponents don’t want too many whites, Asians, or foreigners, because given the limit on the total number of people that would displace others, but they certainly want some of them, given valued things they bring to the university. The same was true of the 1920’s Ivy Leagues— even Princeton— which valued smart Jews, but didn’t want too much of the class to be made up of smart Jews, Midwesterners, and so forth. They could have reduced the quotas to 0, legally, but they did want some of the Jews. On the other hand, the Southern colleges of the same era wanted zero Black students, not just a very small number of very good Black students.”*

She recalled a number of international students in the class, and being concerned for them. She recalls feeling “dumbfounded” and after leaving class that day, telling her friends about his behavior. She stated that one friend expressed their concern to her because Respondent was on their dissertation committee. She also recalled a friend who took another of Respondent’s classes, and whom she recalled shared with her that Respondent stated to that class that Asian students need to pick American names to make it easier on him and that they need to assimilate better. Finally, she explained that the Respondent’s Game Theory class was a PhD requirement for Business Economics majors, and that she and some of her classmates had no choice in taking Respondent’s class.

Another former student, Witness 15, who had been enrolled in Respondent’s G406 class in an earlier semester, in Spring 2019, described her belief that Respondent’s practice of cold calling on students was gender based. She stated that she had begun to track Respondent’s frequency and observed that he called on women more often and often used dismissive comments when women didn’t answer correctly. She did not observe this same conduct when men didn’t answer correctly. She noted that composition of the course was 39% women. She also stated that Respondent would discuss uncomfortable topics, such as women’s reproductive health and the use of birth control, in the context of economic frameworks. She also described that Respondent singled out students based on their background or race – for example she explained that when Respondent spoke about affirmative action in the class, he would call on the only African American student in class; and similarly when speaking about an international issue or country, he would only call on non-white and non-U.S. students.<sup>14</sup> She explained that she preferred not to speak in class because she observed his reactions to be biased. She felt that the participation in the class by her classmates was also low because of a general discomfort with Respondent’s responses to student comments. She also explained that because of the power differential between student and faculty member, she “didn’t want to poke the bear. It’s not worth arguing with someone whose position is so far away.”

Another student who was enrolled in Respondent’s G406 in an earlier semester, Spring 2019, Witness 16, explained her perception that Respondent is a “very intelligent man so it is easy for him to frame his bigotry as academic arguments.” She explained that Respondent’s personal website was listed on their course syllabus and that students had to go to that personal website in order to access certain materials assigned (e.g., certain readings, slide deck presentations used in the class). She stated that he “pushed students to go to his personal website and encouraged them to read his blogs.” In the classroom, she stated that he frequently said things that were “off-putting.” One example she provided was about immigration. She stated that while the professor would discuss this topic in “academic terms” using “economic concepts and context,” it was clear he was making the point that immigration and immigrants were a drain on the economy. She felt this could be upsetting to non-U.S. students enrolled in the course. She also recalled Respondent stated in class, “Nothing happened to me in 2003, and nothing will happen to me now.”<sup>15</sup> Finally, she shared that she is in the Business Economics and Public Policy (BEPP) club, which already has few women. She expressed concern that women will avoid the field (and club) given Respondent’s controversial and negative Twitter statements about women.

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<sup>14</sup> From Respondent’s December 22, 2009 blogpost: *“Affirmative action kills. I just came across the New York Times obituary for Patrick Chavis, one of the five medical students whose race gave them admission over Bakke in the famous case.”*

<sup>15</sup> See footnote 7 for reference to the 2003 incident.

## E. Faculty

The School and OIE also heard from several faculty in the same department as Respondent who expressed significant concerns about his conduct towards colleagues and generally within the department, and the impact of his frequent social media posts on their work environment. OIE gathered information from several faculty members, including the current and former chair, as well as senior and junior faculty members.

One male faculty member indicated that it was clear to him that “on a subjective level [Respondent] just does not like women” and expressed sympathy for his female faculty colleagues who had to interact with Respondent, but who felt unable to share their own views or express discomfort in their work environment. He stated his belief that in performance reviews or tenure committees, Respondent is negative about females, but did not provide specific examples.

Some faculty shared that Respondent would comment on the physical appearance of the female staff and faculty, including their clothing and hairstyle. This included a comment about a female staff employee, who had recently cut her hair; Respondent stated out loud to others that he did not find her haircut flattering and wondered whether her husband approved of her hairstyle. Another such comment occurred when Respondent told female faculty, whenever they were wearing dresses, that their dresses “looked good” on them. Several faculty shared that Respondent routinely expressed his judgment about the appearance of his colleagues, especially female colleagues when they were wearing dresses, and one shared that female faculty would feel as though they are “regularly being judged on her appearance,” rather than on her merits as a professional colleague.

A few faculty, including female faculty, shared that Respondent talked often about current events and topics of controversy, and that some of these comments touched upon sensitive issues for women and faculty of color in the department, such as reproduction rights and marriage. Junior female faculty indicated that they felt unable and were fearful to express their opinions or contrary thoughts in response to Respondent because of his status as a senior faculty member. These junior faculty feared he might not like them if they expressed their contrary views and that this would directly affect their tenure evaluation.<sup>16</sup> Some junior faculty described feeling unwelcome and uncomfortable in their work environment, primarily due to Respondent’s conduct around them during department meetings, department lunches, and generally in the department, and referred to it as a “toxic atmosphere.” They indicated that during these settings, he often espoused his opinions, comments and critiques – very often these were connected to his negative beliefs about women and other protected classes. This included a time following the 2019 Twitter incident in which he expressly brought up the subject of his tweet during a departmental meeting, while directing his attention solely towards a female faculty member. They explained that because of Respondent’s senior position and the decision-making power he has as a senior faculty member in evaluating and voting on tenure and promotion decisions, they felt they had no option but to silently listen to him in these situations – and that they were restricted in their ability to express any opposition to his views, to express their discomfort, or otherwise to avoid him or seek relief from him. In light of his social media posts about gender and minorities that they were aware of, and even more so based on the comments he routinely expressed in the department that often touched upon women and minorities, they perceived that he had negative views about them, as women and as a person of color, and did not believe he would evaluate them fairly as they progressed through tenure processes. They expressed feelings of vulnerability, stress, and an inability to participate meaningfully in the department because of Respondent. Other, more senior faculty expressed

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<sup>16</sup> These same faculty expressed fear in sharing these concerns for purposes of this investigation.

sympathy and awareness of this discomfort felt by junior faculty in being unable to speak up and empathized with their fear that Respondent was biased towards them based on his comments and his online statements.

Several of these more senior(?) faculty expressed concern with respect to Respondent's influence on retention and tenure decisions, and one faculty member expressed that "the process is presently tainted by inequality and bias," as a result of the disparaging comments that they indicated they have heard Respondent make about women and minority groups. In terms of Respondent's role in the hiring process, one of the faculty reported hearing negative reactions from Respondent during a department meeting in which they were discussing increasing the diversity of the department. This faculty member also stated their view that, with regard to promotion and tenure decisions within the Department, "the bar of achievement will always be significantly higher for those he [Respondent] considers inept or not suited for the job."

Some faculty members expressed concerns about their physical safety following the 2019 Twitter incident, primarily with respect to students who came to the department to show their support for Respondent after the November tweets, and their fear that others would come to protest his behavior. One faculty member felt as though Respondent's presence in the department encouraged students to treat other faculty members with disrespect: "I was in my office and heard this strange, combative conversation. I got up and went down the hall and an undergraduate was berating a female colleague in a way that they would never treat me."

One faculty member feels that Respondent has become emboldened since the 2019 Twitter incident. This faculty member told Investigators that they overheard a student ask Respondent how he was afforded the ability to have such a strong voice, and that Respondent's reply concerned them. This faculty member recalled Respondent saying to the student something like, when you are as far along in your career as I am, and as close to retirement as I am, you have a lot more opportunities to speak out than if you are new in your career. The faculty explained that "to me this meant, I've got nothing to lose, I'm full tenured, close to retirement, I'm going to speak my mind and ignore repercussions." This faculty member explained that they feel great frustration at their own position as the faculty member that most students are familiar with (because the course they teach is required for all students in the major) and yet this faculty member believes they have no authority to take any action.

#### E. Other Alleged Conduct Concerns

During the course of this investigation, several other concerns were raised by students and leadership regarding Respondent. These concerns allege possible misconduct outside of the non-discrimination and sexual misconduct policies. We have described these allegations and related information below.

First, following the November 2019 Twitter posts, the university took steps to evaluate the classroom environment, based on concerns of alleged bias. This included seeking Respondent's consent to record a video of his class in December 2019. Following the recording of his class, Respondent downloaded his own copy of the recording—without authorization from the university and after being specifically instructed not to download the video due to student privacy concerns—and created an edited version of the recording. Respondent then provided this edited version to a reporter with the *Indiana Daily Student* (IDS). A number of students in the G406 class approached the Dean's office with concerns of his editing the video and sharing it with a reporter. These students stated they were concerned about both their privacy and their safety. The university objected to Respondent's downloading, editing and distribution of that recording, and the IDS reporter has indicated that she has since destroyed the copy

provided to her. The university asked Respondent to destroy copies of the video in his possession, and he indicated his refusal to do so. The university informed Respondent that he was infringing on the university's copyright and violating university policy. The video depicts a number of students' faces and the names of students who spoke in the class, including the email address of a student Respondent used as an example when showing students how to set up an anonymous email address. Following this incident, several students signed forms opting out of Respondent's use of any recordings from class.

Second, numerous students shared concerns with Respondent's textbook and the process students had to use to obtain the textbook for his course. Students in the course bid on the "rights" to print the textbook and distribute copies to the rest of the class. For the first half of the textbook, students name the price they will charge their individual classmates for the text, and the lowest bidder wins. The winning student is then responsible for producing and distributing the textbook and is allowed to keep any profit that they receive. For the second half of the textbook, the process is repeated but the second-to-lowest bidder wins. Students shared concerns that, for those on scholarships, this made it difficult to budget their expenses for the semester. Students also raised concerns that this process violated Indiana state law which requires textbook prices to be known to students in advance of the course. In the Fall 2019 semester, the same student (Witness 8) won both rounds and stated that he felt the exercise was "fun" and that he did not lose any money on the exercise.

Several students also shared their privacy concerns regarding Respondent's manner of distributing grades. They described that for Respondent's class, he asks all students to sign an agreement in which they agree to his practice of passing out graded assignments in a single folder where students can view each other's assignment grades. The students said that they felt they had to sign the agreement. Witness 5 stated that Respondent told the class that if they did not sign the agreement, he would try to find another method but that their assignments may end up in the folder anyway.

Students also reported that Respondent assigned "scribes" for notetaking in his course on a rotating basis with an instruction document posted on his personal website that included: *"The scribe will record a check mark next to the portrait of each person who says anything in class. He will circle the check mark if the person says something especially useful or says a number of things that put together seem worth the circle. He will record an X if someone talks too much or unhelpfully, and nothing at all if someone doesn't talk. Also, if someone says something especially noteworthy, write his name and a few words on the seating chart to help me remember it later."* (See Attachment B.)

The scribe for an assigned class would track class participation, though Witness 5 stated that it was never clear how this factored into student grades. One student explained that the "scribe" had to use the class seating chart, which included each student's name and picture, which they accessed on Respondent's public website.<sup>17</sup> Students shared privacy concerns regarding this process, including that the list of which students would serve as scribe on what class days was also shared on Respondent's publicly accessible website.

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<sup>17</sup> The student shared a link to the seating chart on Respondent's website [www.rasmusen.org/g406/seating-chart-studentview-fall2019.pptx](http://www.rasmusen.org/g406/seating-chart-studentview-fall2019.pptx); at the time OIE tried to access the link, however, it was no longer working.

## F. Respondent

OIE interviewed Respondent on September 8, 2020. Respondent provided a further written response on September 11, 2020. The written response is attached in full as Attachment C.

When asked about student concerns that he singled out an Asian student in class and used a stereotypical Asian accent, Respondent recalled an Asian student but did not recall saying the word 'lawyer' in a mocking, stereotypical accent. When asked about choosing to call on students on the basis of their national origin or ethnic identity, Respondent stated that he does not do that, and that he calls on all students in his class. Respondent stated that he did not recall students expressing concern about who he called on, until this year when students discussed it in the anonymous comments he solicited in Fall 2019. (See Attachment A, page 9.)

When asked about in-class behavior or comments when he did not acknowledge the potential for same-sex relationships among his students, Respondent declined to respond to this concern.

When asked about the student concern regarding the photo of Adolf Hitler in his textbook, Respondent stated that the photo is part of an illustration designed to complement a discussion on the Pareto principle. Respondent stated that the point of the illustration is to discuss the decision of who counts as human. Respondent stated that the inclusion of a photo of Hitler in the illustration is "designed to make you think." Respondent stated that this illustration is discussed in class, not only included in the textbook readings.

When asked about Witness 14's report that he made comments in class in which he criticized gays and Muslims, specifically that "Muslims were bad but gays were worse" and that gays should not be teaching, Respondent did not recall making that statement in class but believes it could have come up as an illustration about controversy, specifically the 2003 controversy of him expressing those specific opinions. Respondent mentioned several times during the interview that he liked to talk about controversies in class – at one time stating he meant talking about "how we react to being attacked" and responses to controversies. He did not indicate how these discussions related to the subject matter being taught.

Respondent was made aware of student concerns regarding posting of student identities on his personal website and the cost of his textbook, but declined to respond to these concerns during his interview with OIE.

When asked if the response to his tweets in Fall 2019, and students sharing that they were uncomfortable, made him reconsider his tweeting, Respondent declined to comment. Respondent stated that he does not consider his Twitter account a way to engage with his students, and that it is "quite separate" from teaching.

When asked about concerns regarding the work environment in the Business Economics & Public Policy Department, Respondent stated that he felt that it was a somewhat collegial department, before the Fall 2019 controversy. Respondent stated that he started the Department's Tuesday brown bag lunch to increase regular interaction with his colleagues. Respondent stated that at department gatherings, such as lunches, conversation will shift into social topics and "sometimes" has gotten uncomfortable, but that no one has told him that he has made anyone uncomfortable.

When asked about his colleagues' response to the Fall 2019 Twitter incident, Respondent stated that he felt that his colleagues blamed him for being controversial, but did not disagree with his actions. Respondent stated that he does not view his Twitter account as a way to communicate with his colleagues within the department, and found the idea "ridiculous."

When asked broadly whether the Fall 2019 controversy had given him any pause in continuing to use his Twitter account to comment on things in the news, Respondent stated that it did, but then also stated that he has "tried to resist being suppressed."

### **Applicable Policy**

The university's Non-Discrimination Policy, UA-01, prohibits discrimination on the basis of age, color, disability, ethnicity, sex, gender identity, gender expression, genetic information, marital status, national origin, race, religion, sexual orientation, or veteran status. Discrimination includes harassment based on any of these protected classes. Prohibited discrimination occurs when someone is treated differently based on their membership in one of the protected classes identified above. Discrimination includes prohibited harassment directed at someone because of their membership in a protected class (or the perception that someone is a member of a protected class), that has the purpose or the effect of substantially interfering with the individual's access to education or work, or creating an intimidating, hostile or offensive working environment or academic experience. When analyzing whether discrimination has occurred, this office considers whether there have been any adverse impacts on an individual work or education environment and whether individuals outside of the protected class received more favorable treatment. If there was an adverse impact on an individual's work or education environment, this office considers whether there is a legitimate, non-discriminatory reason for the action.

Under UA-03, sex and gender-based discrimination is further prohibited. Sex and gender-based discrimination includes verbal, nonverbal, graphic, or physical aggression, intimidation, or hostile conduct based on sex, sex-stereotyping, sexual orientation, or gender identity, but not involving conduct of a sexual nature, when such conduct is sufficiently severe, persistent, or pervasive that it interferes with or limits an individual's ability to participate in or benefit from the university's education or work programs or activities.

The Code of Academic Ethics also speaks to the responsibility of faculty as university citizens and expressly incorporates the UA-03 Policy as well, indicating that faculty may be disciplined for conduct that is in violation of the Sexual Misconduct Policy, UA-03.

Further, it sets forth Specific Responsibilities for academic appointees, stating that as a component of academic ethics, "[a] teacher will strive to develop among students respect for others and their opinions by demonstrating his or her own respect for each student as an individual, regardless of age, color, disability, ethnicity, sex, gender identity, marital status, national origin, race, religion, sexual orientation, or veteran status."

Finally, with respect to their "Relation to the Community," the Code of Academic Ethics states that "... [T]heir positions as members of a university and of a learned profession impose special responsibilities. When they speak or act as private persons, they will make it clear that they are not speaking or acting for the University. They will also remember that the public may judge their profession

and the University by their utterances and conduct, and they will take pains to be accurate and to exercise restraint.”

### **Analysis and Recommendations**

Based on the information collected by OIE, there is a lengthy and substantial record of Respondent making verbal statements in the classroom, and some in the workplace, which are also reflected in his online posts (and vice versa), and that these inappropriately reference, touch upon, or are related to race, sex, religion, national origin, and sexual orientation- all protected classes under university policies and the law. Among those are statements in which Respondent describes or otherwise infers that the protected class at issue is less qualified, especially in reference to their participation in education and academia. The persistence and pervasiveness of such demeaning statements have a cumulative effect of creating a hostile environment that a reasonable student or faculty member in those protected classes could find offensive and could lead to the reasonable perception that they are treated differently by Respondent because of membership in those protected classes.

#### **Respondent’s classroom comments, written statements, and their connection with online posts:**

Turning solely to the conduct in the classroom, this included concerns reported by current and former students of how Respondent singles out students in class, based on what he perceives as their national origin, race, gender, sexual orientation, national origin, etc., when discussing topics that he relates to such categories in a stereotypical and discriminatory manner. Even prior to the Twitter incident of 2019, for some students Respondent’s classroom environment was an unwelcome one in which they reasonably perceived discrimination and several students reported bias related concerns with the university prior to that time. For former students, examples of how students perceived negative bias by Respondent in the classroom included his negative comments about “gays” and Muslims; directing comments about assimilating or proving language ability towards international students; negative comments about immigration; singling out African American students in class when talking disparagingly about affirmative action; and using women’s reproductive health and birth control to discuss economic principles for purposes of teaching his class.

In his Fall 2019 class, the incident regarding Respondent’s comments about marriage – and singling out students within the class to pair only males and females for purposes of marriage – as well as his mocking pronunciation of the word “lawyer” with a derogatory, purportedly Asian sounding accent, stood out as significantly concerning to students. In addition to these specific examples, several students referred generally to the fact that Respondent’s comments of this type were common, although they did not provide additional examples. One of those students dropped Respondent’s course.

One student also shared their perception that Respondent cold-called on female students more than male students, and was more dismissive of female students than male students when they gave an incorrect answer. Students reported that Respondent primarily uses the pronoun “he” when teaching and giving anecdotes in class about business and economics, and Respondent uses only male pronouns in written instructions to the class (see e.g., Attachment C). Students reported that Respondent shared stories in class regarding mistresses and women who choose to be homemakers rather than work outside the home, with the inference being that the first-mentioned roles for women were appropriate, while the latter role was not. Based on these experiences from students in Respondent’s class, some students reasonably perceived that Respondent was treating women unequally. Some students also reasonably perceived as discriminatory Respondent’s comments in class based on religion – as



exemplified by comments about Muslims and on what some perceived to be Respondent's anti-Semitic views; regarding national origin and race, based on comments toward Asian and African-American students in the classroom; and regarding sexual orientation, based on his comments on who could or should marry.

Respondent's online activity is also relevant because as evidenced above, and further explained below, he has directly inserted his online activity into the class and, at times, into departmental settings with colleagues as well. An overarching theme heard from students was concern about Respondent's statements outside of the classroom – on his Twitter account and also on his website/blog, which students, at that time, had no choice but to access to participate in classroom requirements.

As noted above, students were required to link to class materials through Respondent's personal website. Respondent's personal website, in turn, contained oftentimes highly-charged and openly-discriminatory blog and other online statements. Thus, for those students who found Respondent's in-class comments and other behavior toward women and under-represented minorities harmful or objectionable, their educational experience with Respondent meant that they were doubly exposed to Respondent's apparent prejudices against those who are not white, male, heterosexual, American, and Christian, as he apparently is. On the website, persons of a different sex, gender identification, race, national origin, or religion would find themselves belittled. Affirmative action was also belittled. Respondent's online writing uses terms and language that include long-abandoned and outdated pejorative language and derogatory terms (which overlap with similar classroom conduct), and in these writings sometimes connects these comments with terms of violence. For example, in his posts Respondent commonly uses the term "he" to cover all genders; uses the spelling of "Moslem"; has used the pejorative term "retard" for an individual with a disability; and references "lynching" and "gassing" in a non-historical or sarcastic context.

Respondent's online posts are part of the way he has made his opinions public over the course of many years. He has expressly promoted his website and blog to students and he required students to access course materials, including syllabi, rosters, exam questions, and other material, via his website. Student and faculty accounts of Respondent's comments and behavior in the classroom and the department echo Respondent's views in these posts. Based on the information and concerns shared by students, Respondent's classroom became, at times, yet another audience for the views expressed in his online commentaries. Respondent is a prolific writer online and seems to want to reach as many people as possible with his opinions as evidenced by his practice of quoting his own blog statements on his Twitter account with a link to his website. This is the holistic, actual, real-world environment that colleagues and students experience and describe when interacting with Respondent in the department and the classroom. Respondent's comments and self-promotion on the internet are inextricably interwoven with his classroom behavior. He considers his opinions integral to his academic work, which in turn, flow into his comments in the classroom. Respondent has either no sensitivity to – or a complete disregard for – how his opinions may be viewed by others, and what effect his spoken and written words may have on those over whom he has evaluative power. The Code of Academic Ethics reminds us that the student-professor relationship should be governed by an atmosphere of mutual trust and respect. Respondent's treatment of students in his classroom does not promote respect for others as individuals; rather, Respondent demonstrates that he views his students through a lens that categorizes them (quite unfairly at times) consistent with the discriminatory views he expresses elsewhere.

The examples included above demonstrate Respondent's actions in the classroom and his continuing practice of using the classroom to reiterate the types of discriminatory, pervasive statements he promoted prominently in his online platforms. These instances date back through many years and have

been encountered by students throughout the courses Respondent teaches, in varying degrees, for many years. The written and spoken statements created an environment in which those taking the course, those who dropped the course, and those considering whether to take the course, have reasonably believed that Respondent does not provide them equal access to education in his class and reasonably believed they were viewed and evaluated differently than their peers.

It is fair to say that many students and some faculty members have no issues with Respondent's statements and may be able to work and study with him without a direct impact. While several students felt personally discriminated against based on their protected class, some others indicated they did not necessarily feel personally targeted or directly harmed, but shared their concern for the harm Respondent's conduct may have for other current and prospective students. Those faculty and students who choose to could still be able to work with or take Respondent's classes. However, it is reasonable that some students and faculty, particularly those that are female, those that are members of religions that Respondent apparently does not follow or agree with, and those with different sexual orientations, different races and national origins than Respondent, could reasonably feel that their access and treatment in the classroom and the educational environment provided by Respondent was less than equal and that they were prejudged, disrespected or thought to be less qualified by Respondent. Those students and faculty should not be forced to take Respondent's classes or be evaluated by him as a condition of completing a certain business degree. When evaluating colleagues in any protected class, given the Respondent's clearly stated views that persons in those protected classes are less qualified or less meritorious, he has made it clear that he is unable to evaluate them fairly and should therefore recuse himself from any evaluative decisions regarding faculty colleagues in any of these protective classes.

The university's policy UA-3 covering sexual misconduct, both previously and now in its updated form covering all types of discrimination and harassment, contains the following sections on intellectual inquiry and debate:

- A. *In determining whether discrimination, harassment and/or sexual misconduct has occurred and what type of remedy, if any, might be appropriate in a given case, the university will also consider the fact that free intellectual inquiry, debate, and constructive dialogue are vital to the university's academic mission and must be protected even when the views expressed are unpopular or controversial. Accordingly, any form of speech or expressive conduct that is protected by state or federal law, including the First Amendment, is not subject to this policy.*
- B. *This policy is meant neither to proscribe nor to inhibit discussions, in or out of the classroom, of complex, controversial, or sensitive matters, including matters involving protected characteristics, when, in the judgment of a reasonable person, they arise for legitimate academic and pedagogical purposes. This includes intellectual inquiry, debate, and dialogue on related issues. The mere expression of views, words, symbols, or thoughts that some people find offensive does not by itself create a hostile environment.*

There are numerous other places that academic freedom is listed as a stated value of the university. Even in the university's highest level code, the Principles of Ethical Conduct, there is an entire section on academic freedom including the provision that, "In the exchange of criticism and ideas, show respect for those with differing views and allow others to express their views." In this case, not only students, but also faculty junior to Respondent, pointed to the power differential in place, and indicated they felt restricted, intimidated, uncomfortable, and otherwise unable to differ with Respondent's views without being negatively affected in their academic experience and, for faculty, their professional success.

All policies related to academic freedom also include responsibility, including, as the Code of Academic Ethics states:

*A teacher will strive to develop among students respect for others and their opinions by demonstrating his or her own respect for each student as an individual, regardless of age, color, disability, ethnicity, sex, gender identity, marital status, national origin, race, religion, sexual orientation, or veteran status.*

Students shared that Respondent promoted his website and blog in class, and linked to his social media accounts through his class, most obviously in that students had to go directly to his personal website in order to access the required course information and the textbook for the class. Several shared that Respondent encouraged students to read his blog both by sending them to the same location to access course materials and expressly encouraging them in class to read it. And students shared that Respondent would routinely speak about and opine in class on a wide range of topics they perceived to be well beyond the scope of economics, such as controversies surrounding him personally, religious quotes, commentary on certain protected categories, etc.

The university must balance taking any actions based on Respondent's statements with its interest in maintaining an undisrupted, fair and inclusive learning environment for students and place of employment for faculty and staff. It is clear that Respondent's statements have created a disruptive environment for the KSOB, mostly for those students in his class where, for example, he discussed the controversy and the university's handling of it and required all students to ask him questions about it for participation credit. They have also created a disruption more broadly for KSOB, as a whole, over the years, and for students and faculty in the Business Economics and Public Policy Department. Moreover, while Respondent may have a right to say and write what he chooses online, he does not have the right to incorporate, or inflict, those ideas – where they treat protected classes in a negative or stereotypical manner - so clearly into the academic environment. Once he does so, his views adversely impact others in the university community; this is the logical and reasonable outcome.

In his written statements to students following the Twitter incident in 2019, Respondent spoke about how he was being treated differently based on his conservative viewpoints, and that this his comments are protected speech. It is important to clarify that we do not find that Respondent has engaged in discrimination based on merely presenting viewpoints and discussing controversial topics within the class related to business and economics. Rather, the recommendation of a finding of discriminatory conduct arises out of those instances where Respondent has treated students differently based on protected characteristics, and spoken about individuals based on their protected characteristics, in disparaging and discriminatory ways. As the evidence set forth above shows, this has occurred both through his written and spoken words in class, as well as through his online platforms, with the latter being linked directly to his classroom materials.

The university's policies require us to examine whether Respondent's conduct has interfered with or limited an individual's ability to participate in or benefit from the university's education or work programs or activities, or whether there has been an adverse impact on the academic environment. We conclude that Respondent has created an environment where students reasonably perceive that Respondent views certain individuals less favorably than others based on protected characteristics, leading to a hostile environment that for some created unequal access to education. As such we recommend a finding that Respondent has engaged in discriminatory conduct in violation of UA-01 and UA-03.

### **Respondent's comments to faculty members:**

Both male and female faculty noted comments by Respondent to others within the department, particularly regarding the physical appearance of women and his views regarding women's clothing choices (particularly women who wore dresses). As one male faculty stated to express his sympathy for his female colleagues, "it is clear on a subjective level [Respondent] does not like women."

Respondent's comments to female faculty members regarding appearance were unprofessional and unwelcome. He also routinely introduced controversial, gender-related topics into the workplace without regard for his position of power over junior faculty who felt unable to express their discomfort or indicate that Respondent's anti-female discussion topics were unwelcome and hampered a collegial and professional workplace. Male and female faculty alike expressed their perspective that, based on Respondent's own actions and statements, he is biased against women. This was reinforced in his November 2019 Twitter statement about geniuses and women in the academic environment, which he expressly raised again in a departmental meeting, restating the message from his Twitter account while directing his attention solely towards a female faculty member.

Faculty expressed their ongoing frustration and concern that Respondent's statements and comments regarding controversial topics often focused on topics related to protected classes, and that these statements and comments were regular occurrences. Some junior faculty described being fearful to speak up for concern of negative effects on their career progress, and declined to be identified as complainants, making further pursuing this aspect of the investigation difficult. It is worth noting that Respondent's past statements about women (particularly the tweet about women's IQs) are well-known, as described above, and that those statements have reasonably and rationally contributed to the perception by Respondent's female colleagues that Respondent has an inherent bias against them.

The evidence supports the existence of an intimidating and offensive working environment, as experienced by female faculty and faculty of color, but also as perceived by some male colleagues, based on what they perceived as inappropriate and unwelcome comments directed to, or about, females in the department, coupled with Respondent's ongoing commentary and discussion, in departmental settings, about topics that minimize or insult those in protected categories. While not a direct supervisor, Respondent does have the ability to exert influence over women and minorities based on his stature in the department and role in hiring, tenure and promotion processes. Because he has this powerful role, it is reasonable to conclude that his conduct has created an intimidating and offensive work environment for some faculty and interfered with or limited their ability to fully participate in, or benefit from, the academic workplace and departmental activities.

### **Recommendation**

We recommend a finding of discriminatory conduct by Respondent due to the documented effects of his conduct in the classroom, reinforced through his online written statements which students have been directly exposed to, due to the manner in which Respondent established access for course materials. With such a finding, we also recommend sanctions appropriate to ensure that students receive equal treatment and access to education and that students are not forced to participate or interact within an environment where they may reasonably feel discriminated against, especially as business economics students. We recommend that Respondent receive clear instruction in regard to appropriate conduct

and behavior in the classroom and the academic environment.<sup>18</sup>; that Respondent be prohibited from linking any component of his university teaching to his private website, or otherwise linking to or promoting his blog and other online platforms through his teaching materials, syllabi, textbook, or assignments; and that Respondent's courses not be the only option for any required courses for students, thereby giving students who do not wish to take his class, but still complete the degree program, another alternative; and that consideration be given to whether graduate students should be required to have Respondent supervise their progress in any way, including being assigned to committees that make decisions on student awards or progress or oversee or evaluate qualifying exams or other graduate milestones. Students should retain the choice to select the Respondent to serve on their dissertation committees or serve as their advisor if they wish to do so, but the Respondent should not be assigned to those supervisory roles by the Department.

With respect to Respondent's conduct within the academic work environment, we recommend a finding of discriminatory conduct by Respondent and appropriate sanctions. To start, we recommend Respondent receive clear instruction and warning about unwelcome behavior and conduct in the academic work environment and their impact on colleagues and that he be clearly informed of future expectations regarding professionalism in the workspace and equitable treatment of all faculty regardless of any protected characteristics.<sup>19</sup> We also recommend that consideration be given to how to ensure that faculty in the Department, particularly junior faculty, are not required to interact with Respondent in a manner tied to their advancement in the Department. Strong consideration should be given to whether Respondent should continue to be permitted to participate in departmental hiring decisions or have an evaluative role for junior faculty in the Department in terms of their hiring, tenure or promotion,

The analysis above and recommendations herein do not include consideration of the concerns articulated regarding other alleged misconduct by Respondent, specifically concerning the textbook purchasing process he has utilized, as well as issues related to the video recording of the class and other potential student privacy concerns. These actions could be in violation of FERPA and university policies, including, for example, section A.III.8. of the Code of Academic Ethics (failure to comply with the directions of authorized university officials). We leave to the Decisional Official consideration of those concerns along with any appropriate sanction(s).

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<sup>18</sup> Such instruction should include, at minimum, that Respondent shall not engage in conduct that singles out any individual on the basis of any protected class or perception of any protected characteristic, including but not limited to a student's gender, sexual orientation, race, religion, national origin, or his perception that a student identifies as any particular gender, sexual orientation, race, religion, national origin, etc.

<sup>19</sup> See fn 18 as reference. This also includes, but is not limited to, behavior that would single out female colleagues regarding their dress and hairstyle, and behavior that would single out faculty based on their gender, race, national origin, etc.

# Attachment A

## Student Questions Answered

December 9, 2019

Eric Rasmusen

For Reading only in the Office. Do Not Make Copies. Do not photograph. This is copyrighted material, and may not be recopied even for personal use. This is intended only for students in G406, Fall Semester 2019.

If you'd like to talk next term after the class is over and graded, feel free to stop by. In particular, if you're the person who cited the article on the limitations of economics, I'd value learning more about what you thought about that article and about the approach of Week 1 of G406.

### 1. Why did you require that all questions were submitted anonymously?

The first reason is so you would learn to use anonymous email. That's something useful to know about. Very possibly, when the need for it comes up in your life, it will be some emotion-fraught and sudden need, and you won't want to take the time to figure out that it is possible to do it and easy to do it, so it's good to learn it now. This is why I asked everyone to send me a message, not just those of you with questions.

The second reason is so it would be easier for you to be honest about what you were wondering about, and easier for me to answer. This in turn has two parts.

First, if you ask me an uncomfortable question such as "Shouldn't you be fired for this?", you don't have to be afraid I'll grade you down in G406 or refuse to give you a law school recommendation or say bad things about you to other professors. And I don't have to worry about myself unconsciously doing any of those things.

Second, it's hard to ask and answer uncomfortable questions when both sides know who is asking them. It makes it too personal, on both ends. Most people don't like saying negative things to people they know personally, and don't like hearing them either. Anonymity makes it less personal, and easier on both sides. On the Internet this is generally a bad thing--- a thing so bad that it's probably the major reason why so many people despise Twitter and why blog comment sections become clogged with useless, stupid, comments. If people on the internet were required to use their real names, civility would be restored quickly. In a situation like ours, though, you and I both want frankness and we don't worry about mere insult, so it is best to have anonymity. It's OK, though, if you do let me know who you are at some point and which were your individual questions, if you have some reason for that.

**2. [of various questions] These are all questions that many of us expected you to address, but we did not get any answers.**

The Lessons are Lessons that anyone in such a situation would benefit from-cold objective lessons on how to confront enemies who wish to subdue you. They were about managing a crisis, not on whether you should have avoided a crisis in the first place, or whether the particular actions that cause a crisis are right or wrong. Those are interesting things to discuss also, but those are so individual-specific that I didn't think they would be worth discussing in class. Everyone in class should learn how to react if they themselves or a friend, relative, employee, or employer are attacked on the Internet for their beliefs. Not everyone will be attacked for being conservative or Christian.

**3a. Do you agree with your infamous retweet/quote?**

**3b. Furthermore, do you feel that every person who comes from a different background (be it a different race, gender, sexual orientation, religion, etc. than you is just as capable as you, and that they have a place in academia and any career they so choose?**

**3c. Do you feel the women in your classroom as capable as the men?**

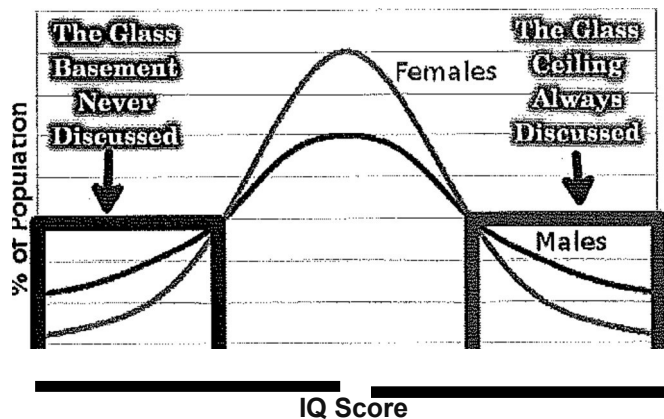
The quote I tweeted said

"Geniuses are overwhelmingly male because they combine outlier high IQ with moderately low Agreeableness and moderately low Conscientiousness."

The indisputably true part of this is that "Geniuses are overwhelmingly male". Genius is defined in different ways, but it is generally agreed that geniuses are people with extraordinarily high intelligence. The broadest definition would be that anybody with an IQ over 140 is a genius. That is equivalent to somebody with a combined SAT score of over 1430, about 1 in 200 people in America. That definition is so broad that I would guess that all of the tenure-track BEPP faculty would count as geniuses, and many Kelley students too. Most people would use a narrower definition, where, say, 1 in 10,000 people would count as a genius, and it wouldn't be mere IQ, but also unusual creativity and perception. Whether we use the narrow or the broad definition, though, most geniuses are male. Does anyone deny that, or is it just they don't like it to be said? See, for example, <https://gz.com/441905/men-are-both-dumber-and-smarter-than-women/>.

One would expect geniuses to be more than 50% male, and more male the more narrow the definition, because even if male and female IQ's both average 100, as is true for children (though perhaps not adults--- see <https://www.igcomparisonsite.com/SexDifferences.aspx>) A standard and as far as I know undisputed fact is that males have a higher variance than females, which implies that if the means are the same, there will be more male outliers both for very high IQ's and very low ones.





What I found interesting was the idea that geniuses had low Agreeableness and Conscientiousness, words capitalized because they are technical terms, referring to numerical scores on two of the "Big Five" personality traits, (The other three are Openness, Extraversion, and Neuroticism.) Wikipedia puts it, "Low agreeableness personalities are often competitive or challenging people, which can be seen as argumentative or untrustworthy," and "Low conscientiousness is associated with flexibility and spontaneity, but can also appear as sloppiness and lack of reliability." agree that it is quite plausible that geniuses in the sense not just of high IQ but of people with unusual perception and creativity tend to be nonconformists and rule breakers, though I also wouldn't be surprised if that turned out to be wrong.

I certainly don't think people who come from different backgrounds than me are exactly as capable as me, neither more capable nor less. That would be very surprising, wouldn't it? In fact, people from the same background as me aren't as capable as I am--- it sounds immodest, but I wouldn't be a Kelley professor unless I were unusually capable in certain dimensions. Most people of Northwestern European descent who are heterosexual conservative Christian men are not as capable as me. Probably you are wondering more about group averages than about me personally, though, and I'd say that we have to be specific about which dimension of capability we're talking about, but it would be surprising if different groups had the same average abilities, whatever ability we look at.

One also has to be clear about which groups we are talking about. Question 3c asked whether I thought the women in my G406 class were as capable as the men. I haven't thought about that question, and I don't know the answer, either for the Fall 2019 class or over the years, so if there is a difference either way, it is not so big as to be obvious. We wouldn't expect there to be much difference, even if women and men generally had different abilities, since Kelley students are carefully selected for high ability, without, I think, bias against either men or women, so we'd expect the same high ability from both.

Note, too, that even though more geniuses are male than female, that doesn't say much, if anything, about men and women in general or men and women in G406. Geniuses are highly unusual, so knowing some fact is true about them doesn't tell us much about normal people.

**4a. Do you think men are better suited for academia than women?**

**4b. In initial interviews when asked about whether you agree with the content of the "Are women destroying academia? Probably." article you mentioned that you haven't had time to go back and read it yet. Have you had time over thanksgiving break/ do you have time now? If so, what aspects of that article do you agree/disagree with?**

That's hard to say. Most men are not suited for academia, and neither are most women. To be suited for academia, one should love studying some subject and enjoy telling other people about it, and be willing to accept a much lower salary but much more flexible hours than in alternative jobs. I think men are more apt to like to obsessively hunt after discovery, but less apt to enjoy teaching. Men are probably less willing to accept low salaries, and put less value on flexible hours. So perhaps women are better suited to academia. It depends mostly on the individual, though.

I actually didn't have time to read it again till now, but I meant to eventually so I'm happy to do it now to answer question 4b. On reading it again, and the sequel which came out by the same author at Unz Review on December 7, I do agree with lots of the content, though I think the title is hyperbole---deliberate exaggeration to get attention. It certainly is true that our female administrators at IU--- Provost Robel and Dean Kesner--- had a highly emotional response to my genius quote that focussed on the emotions they felt rather than on truth, and they have a strong distaste for disagreement, individuality, and nonconformity, which the article argues is the problem with female administrators. I've known enough male administrators with the same features, though, to be a bit dubious that it's just due to their sex. I think it's possible that women are destroying academia--- that women are more prone to the idea that even if something is true, you should prefer falsehood if it will avoid offending people--- but it is too simplistic as an explanation for academia's problems.

**Sa. What are some of the limitations of your lessons learned? I.e not all of us will be able to use tenure as a defense, and not all of us will work for the government or some government funded entity.**

**Sb. If a typical employee at a for-profit business had tweeted or blogged the same ideas that you have expressed they would likely be fired. How would this "crisis management" process differ for someone in a university setting compared to a typical business setting? Why should it be different?**

**Sc. A few times in class you have mentioned that a university like IU may be willing to pay a lot of money to a tenured professor to get them to "go away." Has this been offered to you and if it was, would you ever consider it?**

Academia is special, of course. It is like the government, with its civil service protections, and like a union job. Professors, government workers, and factory workers won't get fired for their political opinions, though it may block their promotion. Probably most jobs are like that, though. You are thinking of a particular sort of job: being an employee at a company where the boss is intolerant of opposing political views or where the company is worried about public relations and is willing to fire otherwise valuable employees if their views would offend important customers or clients or their co-workers. Many IU students will go to work for such companies.

The same lessons learned will work for them, though, except that they are less likely to lead to success. Any employee who is threatened with being unjustly fired has some power against his employer. He can make the employer look bad. If the employer

wants to fire him to please client X, he can threaten to make a fuss that will make client Y dislike the company. He can disclose facts about the company that will make it look bad to everyone, if they treat him badly--- and if he knows some game theory and realizes the power even he, a lone individual, has. The basic principle of the Lessons is to take steps to neutralize the attacks against you and to show those with power over you--- notably, your employer--- that if they try to hurt you, they will be hurt too. The main difference in a job with a big corporation is that if you want to succeed, you will be well-advised to conceal your political views, whatever they are, or at least conform to what your boss likes. That is one of the reasons corporations pay higher salaries than academia--- you have to worry more about pleasing your boss by agreeing with him.

**6a. When handling your twitter controversy you never apologized. Do you not see benefit in acknowledging others worries and then responding? You seem to take great pride in your own "lessons learned" but fail to learn from other's lessons in this area.**

**6b, In regards to our assignment to ask you a question via email, the first question that came to mind was why you haven't seemed remorseful in any of your responses to the criticism you received. Correct me if I am wrong, but I don't believe I have seen or heard "sorry" at all.**

**6c, Your comments greatly impacted the ability of students in our classroom to feel safe and comfortable, and made several of us feel targeted and attacked. Do you understand the impact this had on all of us, and do you feel remorseful for making many of us feel targeted or uncomfortable?**

**6d. Do you understand why women or gay people may feel uncomfortable taking a class taught by you because of the views you have espoused on twitter along with the views on your blog over the last ~15 years? Aside from blind grading, do you think there are other steps that you could take to alleviate their concerns?**

I have no reason to feel remorseful. All I did was tell the truth, give my opinion, or pass along an idea. If some people are offended when they hear someone disagree with them, that is a character flaw on their part, and it is good to get them used to hearing dissenting voices. I myself am quite used to hear people saying things I think are highly offensive. It happens much more to conservatives than to liberals, since the press is liberal, and academia is almost uniformly liberal. I think much of the problem is that liberals never meet conservatives, and do not know much about other peoples and times, and so they are dismayed when meet with opposing opinions.

There is no way to alleviate such concerns, since the intrinsic problem is differing worldviews. Those who are offended by conservative views will only be happy if they become accustomed to hearing such views or if they are allowed to suppress them completely, which means avoiding half their fellow Americans, most foreigners, and practically all works written in the past.

It is a large part of the function of education to bring students into contact with new ideas that malrn them feel un com for ta ble . If students start with false ideas, coming into contact with true ideas will often have that effect. If students start with ideas which are true but which they take for granted and have never thought of why they are true, coming into contact with opposing views helps them understant themselves, by forcing them to think about why the other side is wrong. A college that gives no offense to its students is not educating them properly.

The question that should be asked about an idea of a fact claim is always "Is it true?", not "Is this idea offensive" or "Is the person making this claim on my side, or are they the enemy?"

**7. Is there anything about this event that you regret?**

Yes. I don; tlike it that several of my colleagues in BEPP have sent me nasty emails, that I had to worry about my family's security, or that the Dean and Provost have reacted in a way that dishonors Indiana University.

I've also made mistakes that I regret. I didn't answer the Provost's falsehoods about me immediately. I didn't ask for help, and I didn't accept help quickly. I wasn't able to make all my students think I could be relied on to treat them fairly.

**8. What is the most valuable lesson you feel you have gained from this experience?**

The most valuable lesson is that when I'm in a crisis, I need to use other people's help. I need to ask for help, I need to tell people how to help, and I need to think about how to help other people even if I'm in trouble myself.

**9. How well or how poorly do you feel the Dean and Provost have handled this situation?**

The Dean and Provost handled this badly. They did not realize how transitory a Cancellings is, and how falsely the Internet depicts strength of feeling and the size of opposition. A few hundred Tweets and a few thousand Likes made them panic. On the scale of the Internet, with millions of people just in the United States and more overseas, even ten thousand is a small number. In fact, one person can generate that much traffic by use of computer bots. Even emails are easily faked. You should carefully weight what you see in trying to gauge public opinion.

Also, I think principle is more important than public opinion. College administrators should defend their faculty, even if they disagree with them. In the long run, this is the best policy, because you cannot expect loyalty if you discard your people whenever outsiders complain. If a professor has done no wrong, you should not criticize him just to agree with public opinion; if he *has* done wrong, you should make it right even if there is no outside pressure.

If the Dean and Provost had issued an innocuous statement about the private opinions of faculty and staff being their own business, not the university's, it would have come out better for them. They knew me personally, and knew I could not be bullied and was going to fight back. There was no point in starting a controversy and making it national news. It was the Provost's statement, in particular, that blew up the affair into an embarrassment for the university instead of an isolated case of an eccentric professor.

**10. In class, you have expressed that you have learned lessons on crisis management, but have you learned any lesson regarding how your opinions and thoughts affected those around you?**

Yes. People are far more in tolerant than I thought, and incredibly self-righteous. Many people can't stand to be anywhere close to someone with differing views, even if those are views of the average American. They view many opinions as taboo, unclean, in a way similar to how a high-caste Hindu of the year 1900 would view having to eat at the same table as an untouchable. They do not seem to realize that most people in most times and places hold drastically different opinions from their own, and I can see how they would find reading works written before 1980 as offensive and so would never learn about the past.

**11. Furthermore, in many of your responses you have addressed your conservative, Christian viewpoints. I understand that your viewpoints come from that perspective, however I have many friends, family, professors, etc. who consider themselves both Christian and conservative who have never said anything to make me or the people around them feel targeted. My question then is, why do you seem to perceive this as an issue of liberal media bias against conservatives, when it is an issue of discrimination and bias through bigotry? I know there are conservative faculty who signed the statement about you, and there are certainly conservative people who find what you said inappropriate.**

**What makes you validated in saying these things to defend "the conservative viewpoint", when many others do not feel that way? And have your viewpoints as a conservative or a Christian changed or evolved at all as a result of this incident?**

Are there really conservative faculty who signed the statement about me? Last week a couple of conservative students came to my office and said they had never met a conservative professor at IU. I think I know a few, but almost all of them are afraid to make their opinions publicly known. That is even true of most Christian professors. Conservatives are scared to talk. Even liberals are scared to talk about hot button issues like homosexuality, given the level of intolerance in academia.

You use the words "bias" and "discrimination" and "bigotry" in a partisan way. Try to be ideologically neutral in thinking about them. Doesn't my treatment show a strong bias against people with my views, a likelihood that the Administration would discriminate against them, and strong bigotry in the sense of "intolerance toward those who hold different opinions from oneself"? On the other hand, conservatives and Christians have to be tolerant to those of other views or who engage in immoral or ungodly behavior or who ignore God, because otherwise they would be in constant conflict with those with whom they work.

Think about the views that 90% of people held in 1960: that homosexuality was abnormal and to be discouraged; that men should lead and had a duty to support their wives; that adultery is immoral; that a desire to change one's sex was sick; that marijuana should be illegal, that unlimited immigration would be bad for the country, and so forth. Indeed, those views are) I would guess, still held by 90% of the people in the world--- just not those of the USA and Western Europe. If someone has changed their views over the past 20 years in response to changing elite opinion, that person is not a conservative.

My own views have changed to the extent that liberals seem to be even more close-minded than I thought, and so there seems less reason to take their views seriously, since they are generally unwilling to argue for them beyond complaining that they find opposing views offensive.

Note that many people, especially among educated people, label themselves as "conservative" when they just mean that they like relatively free markets and they think taxes are too high, even though their ideal presidential candidate is someone like Joe Biden and they are on the extreme left on social issues. Social issues are where you can really tell whether someone is conservative or liberal. If someone favors gay marriage, abortion, marijuana legalization, and unlimited immigration, they are not conservative, whatever they claim.

**12. I think your views are deplorable and would like to see the university fire you. I don't think you should be fired for your beliefs, I think you should be fired for the suicide jokes you've made in class, for the way you assume student's national origin, and for the way you mocked Asian student pronunciation of the word lawyer.**

I'm glad you had this chance to tell me how strong your views are. Don't hesitate to send anonymous notes to professors if you feel this strongly, so they can reflect on whether they've been wrong. See below on suicide. Firing someone for their guesses on a student's national origin is rather extreme, isn't it? I certainly don't recall mocking Harry for mispronouncing "lawyer". Was he bothered? Was it that I misunderstood him and said I thought he said some other word? If he did mispronounce it, then surely we can be forgiven for misunderstanding it.

**13. Additionally, I think you foster a rather jaded learning environment for students by failing to acknowledge the limitations of pure economic analysis. [https:// acton.org/pub / religion-liberty/volume-8-number-4 /limitations economic-way-thinking](https://acton.org/pub/religion-liberty/volume-8-number-4/limitations-economic-way-thinking)**

I may fail at acknowledging the limitations of economic analysis, but I think it's undeniable that G406 spends much more time on them than the typical economics course. Indeed, that's a principal them in Chapter 1--- the morality and such that economics misses. The course puts a lot of attention on politics and law, though it does use economic analysis to bring those into economic analysis. Maybe I should try harder, though. It is definitely an important topic highly appropriate for G406.

The Acton.org article is good, even though I think it is wrong on a number of points as I explain below. I might well use it as an end-of-chapter reading next semester. Some comments on particular passages:

**Claims that rent controls or protective tariffs promote inefficiency, if they mean anything definite at all, mean that rent controls and protective tariffs reduce the size of the potential Gross Domestic Product.**

Dead wrong. The article itself notes that economic welfare and "wealth", even when measured in dollar terms, is not at all the same as GDP. If people value looking at forests more than making lumber into furniture, "wealth maximization" requires that the trees not be cut down, even though that would increase GDP.

**For people with the appropriate values, the most efficient way to commute to work could be in solemn procession, carrying candles and chanting psalms.**

True, but we can't use that argument to say that traffic jams aren't inefficient, because we know that people \*don't\* value commuting slowly. On the other hand, we can say that funeral processions are very likely efficient even though they are slow and tie up traffic of other people who want to go fast--- though it could go either way.

**Because economic theory explains the working of the invisible hand, it is in a very basic sense a defense of market systems.**

I don't see that at all. Economic theory does not start with the assumption that market systems are good. Rather, it concludes that market systems are good, in most but not all situations.

**We have become strongly attached to the privacy that the market system makes possible. But we do incur costs for this: crime, isolation, loneliness, anomie, a sense of impotence in the face of social problems, festering inequities that both market and government are too impersonal to overcome....**

**They are not effects of the economist's way of thinking, but the economic way of thinking has proved itself surprisingly blind to these costs, which is why I have emphasized them in discussing limitations of the economic way of thinking.**

This is quite true, and an example of the good things the article says. Economics tends to ignore social externalities and a lot of "big" questions about how society might be set up to improve happiness.

**And who really needs the neighborhood? Why concern oneself with the neighborhood school when an efficient real-estate market makes it so easy to transfer residence to where the neighborhood school is more satisfactory?**

Again, a good observation. When there are positive externalities from people improving their neighborhood, there will be market failure because of the free-rider problem. These externalities are hard to pin down and measure, and so although economic theory says they could be highly relevant, in practice economists tend to ignore them.

RELIGION & LIBERTY: VOLUME 8, NUMBER 4 Limitations of the Economic Way of Thinking PAUL HEYNE• JULY 20, 2010 <https://acton.org/pub/religion-liberty/volume-8-number-4/limitations-economic-way-thinking>

I've written a short article on limitations myself. See:

Maximization Is Fine-But Based on What Assumptions? Eric B. Rasmusen Econ Journal Watch, 11(2): 210-218 May 2014  
<https://econjwatch.org/articles/maximization-is-fine-but-based-on-what-assumptions>

You might like the book. The Economist's View of the World, by Steven Rhoads. It is similar in style and feeling to the Heyne article--- appreciation for the uses of economics, but going into particular ideas like Opportunity Cost and Externalities and then looking at where Economics is blind to gaps in the analysis.

**14. On October 2nd while passing out quizzes, you made a remark about suicide and said something along the lines of - If you are thinking about killing yourself that's alright, today we are learning about the statistical value of a life. Do you think making snide comments about suicide is appropriate in a classroom, in academia, or in general? Do you think I should submit a bias report for this instance? For reference, <https://studentaffairs.indiana.edu/student-support/get-help/report-bias-incident/index.html>.**

I recall making some awkward offhand remark that I regretted making, but only because it wasn't all that funny or apt. In general, quips about suicide are as appropriate as jokes about murder, or cheating, or any other generally serious topic-- it all depends on the context, and whether the quip helps the class along by waking people up or conveying some lesson. I can't see the site you link to (thank you for that) says "Bii-s h f c;id n t C'c urw l:1e11§ qtjieqrie IS sub) ecf to dl.scriminat:ibll; (harassmeffit;) .llbu e:ibullylllg/ ster.Jotypillg, hpsfility,



marginalization, or "otherf Qrlll of m \$treab;nent .Simpiy because they identify with or are part of a particular group." I don't see how suicide relates to this.

**15. According to you, gay men should not be around children because children are susceptible to the inherent bad things that you believe gay men do. Additionally, in class you shared a story about students who took your class and may get married and then said that only a couple of male/ female pairs in the class could get married. You clearly showed your belief that same sex couples are not acceptable. Do you think I should submit a bias report for this instance? Again, for your reference, <https://studentaffairs.indiana.edu/student-support/get-help/report-bias-incident/index.html>.**

Again, I don't see how a bias report would be relevant as a response to a deduction you make from my use of an example of two people from the class who got married. If I mentioned a couple of male-female pairs in the class, I forget that. Of course, I \*am\* opposed to same-sex couples, as every Christian who believes in the Bible must be given Romans 1, but even if I'd said that in class, it wouldn't be the same as bullying a student.

In any case, I think the bureaucratic approach to faculty misbehavior is misguided. It is so ineffectual that I suspect it is an administrative attempt to pretend they are doing something while not actually doing much. A better approach would be this:

1. Immediately send an anonymous note or email to the instructor, if there is any chance they might change their behavior.
2. Contact another professor in the same department, or even in a different department, whom you know from a past class or interaction. Or, just pick some professor you think might be approachable and sympathetic. Get their advice, and ask them to speak to the offender.
3. Go with some other students to see the department chairman and ask him to help.
4. If none of this works, nothing is likely to work except for something like publicizing the offender's misbehavior in the student newspaper or in leaflets slipped under all the faculty's doors or something like that. The threat of doing this, though, might be useful at stages 1 to 3.

**END OF FILE**

# Attachment B

## SCRIBES

Each class, one or two students are appointed to be “scribes”. Their job is to record student participation. I will distribute the class seating chart so they know everyone’s identity.

The scribe will record a check mark next to the portrait of each person who says anything in class. He will circle the check mark if the person says something especially useful or says a number of things that put together seem worth the circle. He will record an X if someone talks too much or unhelpfully, and nothing at all if someone doesn’t talk.

Also, if someone says something especially noteworthy, write his name and a few words on the seating chart to help me remember it later.

I’m not expecting you to necessarily speak up and say something brilliant in class. My expectation is more that you will say something every two or three classes, and maybe two or three people per class will say something especially noteworthy, worth the circle around the check mark. The conversion from marks to participation grade will not be mechanical. I will use the scribes’ marks as a guide to my memory for how well someone participates over the semester rather than totalling them up and making that the grade. I expect most people will get a 3.3 (a B+) for participation, which is the mean for the class curve.

The scribe himself should circle himself, the same credit for saying something impressive, so he doesn’t have to both scribble and talk (though he is free to make comments anyway).

It’s fine to switch dates with someone if you let me know. If you are late or absent, I will assign someone else to be the scribe.

# Attachment C

September 10, 2020  
Eric Rasmusen

### **Supplementary Responses to the Investigative Meeting about Me on September 8, 2020**

Thank you for your consideration in finding a convenient time for a meeting. I'm glad Indiana University isn't as nasty as some institutions. If I was a bit distracted at the meeting, it's because only two days before I became involved in an academic freedom case at Taylor University, the Christian college in Upland, Indiana. Their top scholar, philosopher Jim Spiegel, was summarily fired in late August, despite being tenured, for refusing to take down a pseudonymous *Youtube* of a song called Little Hitler about human depravity.<sup>1</sup> The song, as you might expect, does not support Hitler in the least—it's about the classic Christian doctrine of original sin, and how there's a "little Hitler" inside all of us. I even wonder whether Professor Spiegel intended this as a booby trap for his notably unintelligent Administration, tempting them to spring it so he could get them removed after they'd demonstrated there was a little Hitler inside of them. I'm chair of the Indiana AAUP Committee A, which deals with academic freedom issues at the state level, so I contacted him. At IU we have Professor Timothy O'Connor, who is one of the best-known scholars nationally in Spiegel's area, philosophy of religion, and he may be rallying the philosophy community. I know an investigative journalist who is looking into it. Many students and faculty are sympathetic, and, of course, what the university is doing is completely illegal. Taylor University does not seem to have as many rules and procedures as Indiana University to protect its faculty. It's curious, though, that you should bring up the picture of Hitler in Figure 1.2 of my course notes (discussed below). I do hope it's not that some administrator skimmed my notes and thought: "Picture of Hitler: he must be endorsing the Nazi Party".

It was good to hear that there were no allegations of anything severe enough to justify moving me from my office in Hodge Hall to a an office far away in the next building. It wasn't clear to me what allegations there were, if any, actually, that would warrant an investigation. The January letter mentioned "harassing and discriminatory behavior towards students and employees in the academic and work environment, while a professor within the Department of Business Economics & Public Policy within the Kelley School of Business. Specific allegations include unwelcome comments based on race, sex, sexual orientation, and religion, which have created hostile academic and work environments," but perhaps that was just boilerplate. (I don't mean to be picky, but looking back, I see that the January 3 letter spells my name "Erik Rasmussen"—that's good Norwegian, but it's actually "Eric Rasmusen"; my father and great-grandfather preferred anglicized versions).

I'm perhaps a bit lengthy here, but I hope you'll excuse me. When I was up for tenure at Indiana University in 1993, my department voted unanimously in favor, the business school committee was 3-2 in favor, and the dean was in favor. The campus committee voted unanimously against, however, and I was turned down on the peculiar grounds that my student

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<sup>1</sup> See *The New York Post*, "Christian college fires professor for warning against hate with 'Little Hitler' song," Justin Lee, September 4, 2020, <https://nypost.com/2020/09/04/christian-college-fires-professor-for-warning-against-hate/>.

evaluations were low in my first year of teaching at IU, though I was known worldwide for my teaching because of my textbook being the leading one in game theory and my student evaluations had been fine at UCLA, where I'd taught for six years. I let the world know, generating from what I hear second-hand a lot of support worldwide from the scholarly community, and wrote a request for rehearing that was something like 20 pages long, and the Administration reversed itself without any need for a formal appeal. I heard second-hand that the IU President at the time thought my submission was overkill—but it did work, and sometimes it is easier to write something long than short.

The Hitler photo example is very apt for considering the present sad state of higher education. Some students perhaps have never been challenged by hearing something they disagreed with, so they can't understand why some people were Nazis or slaveowners, and have never thought about whether if they were running a society, someone like Hitler should be entitled to civil rights. In keeping with Professor Spiegel's "Little Hitler" song, most people can't seem to believe that if they'd been white Georgians in 1850 or the typical Bavarian in 1938 they would have been just as enthusiastic about slavery and expelling Jews as they are about the conventional views of the present day.

FIGURE 1.2  
PARETO OPTIMALITY



(a) Anderson



(b) Brown



(c) Corman



(d) Daniels


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A policy should be adopted if it makes:

- (a) some people better off, and
- (b) no one worse off.

Whose well-being should count when we define "some people" and "no one"?



I don't go into that in class, though, except to hint at the idea that people's views are largely determined by their culture. Rather, I use it after introducing the idea of Kaldor-Hicks welfare maximization with the example,

Anderson and Brown want a stricter arsenic regulation and would pay up to \$30 and \$70 to get it, whereas Corman and Daniels don't want it, and would require payments of at least \$20 and \$10 to balance out their dissatisfaction with the new regulation. Since supporters would pay \$100 and opponents would accept \$30, adopting the regulation maximizes surplus.

Students think this is obvious, so obvious as to hardly be worth mentioning, just something the professor is doing to be boring and pedantic. It is not, although it is the foundation of all economic analysis, and should be, for practical reasons I later explain. It is not obvious for a number of reasons, but the one the Hitler picture illustrates is that it evades the philosophic questions of “Who’s welfare counts?” and “If someone had bad motivations, should his pleasure and pain still count?”. Thus, although Anderson may be a standard human whose pleasure and pain should count (“Rasmusen”, except for those who think I am like Hitler), do we count Adolf Hitler’s feelings just as much as anybody else’s? What about black slaves, who were treated as 3/5 of a free person for purposes of representation in the U.S. Constitution? What about cute dogs, who some philosophers say have feelings just as valid as human beings’? I tell the students that these are crucial questions, and you could still do the economic analysis if you adopt unconventional answers to them, but we put them aside in economics classes and they’re a reason it’s useful to take some philosophy classes too.

I forget if I did, but I think I may have said that when I showed my Fall 2019 students how to use anonymous email (so as to feel safe from me and, more important, from the Administration, in asking me questions about the Provost and Dean’s denunciations) that I used an article my most vociferous anonymous student critic asked for the spring 2020 readings. I think I didn’t, actually—looking at my course materials, I have it in the “Also good” folder and not in the five supplementary articles or the two that were required reading.<sup>2</sup>) I might use it for the published form of the book, though probably not. It’s a good article, on this same point—which makes me feel disappointed in myself, because the complaining student didn’t think I spent enough time on these issues, and perhaps didn’t even understand that that was the point of bring in Hitler, slavery, and dogs.

You asked me about whether people in my department felt constrained in what they could say to each other. I think they do. I haven’t felt anybody constrained in what they could say to me—as I said, we have vigorous disagreements, and, for example, one of our assistant professors even came to my office once specifically to talk about homosexuality and government policy--- but there is a definite atmosphere of fear when it comes to the Administration coming down on someone for their political statements. Free speech is as chilled as in Communist Eastern Europe before the fall of the Iron Curtain. Given that the Dean called one of the university’s top scholars racist, sexist, homophobic, and reprehensible, and the Provost called him vile, stupid, and bigoted, who wouldn’t expect that faculty and students at Indiana University are scared to speak? I have not talked about this with the junior faculty, because I do not want to put them on the spot. I, myself, am hardly likely to be a spy for the Administration, but it is not necessarily safe to voice your opinions even to someone who is sympathetic--- he might tell someone else what you said, through imprudence or inadvertence. But faculty nowadays are used to speaking very carefully on issues the Administration with which the Administration might disagree, at least if they are at

<sup>2</sup> (The article is “Limitations of the Economic Way of Thinking,” Paul Heyne, July 20, 2010, <https://www.acton.org/pub/religion-liberty/volume-8-number-4/limitations-economic-way-thinking#:~:text=The%20economic%20way%20of%20thinking%20has%20at%20least,dispute%20that%20last%20sentence%2C%20they%20are%20being%20disin>

genuous.

all to the Right of the Administration. On the other hand, in economics, at least, we have a culture of offering lots of comments on each other's work, a seminar culture designed to test out a paper's every flaw and find it and correct it before it goes to the anonymous referees--- or to kill the paper entirely, as has happened to many of my own paper that seemed like a good idea at the time but turn out to be energy sinks that ideally would have been killed after the first six months. We will have that, since most of our research is not on "hot-button" topics—though I think most of us would avoid hot-button topics for fear of persecution even if we thought we had a good research idea on something involving sexuality, race, abortion, etc.

Something relevant came up just today. Ibram X. Kendi has written this:

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To love capitalism is to end up loving racism. To love racism is to end up loving capitalism. The conjoined twins are two sides of the same destructive body. The idea that capitalism is merely free markets, competition, free trade, supplying and demanding, and private ownership of the means of production operating for a profit is as whimsical and ahistorical as the White-supremacist idea that calling something racist is the primary form of racism. Popular definitions of capitalism, like popular racist ideas, do not live in historical or material reality. Capitalism is essentially racist; racism is essentially capitalist. They were birthed together from the same unnatural causes, and they shall one day die together from unnatural causes. Or racial capitalism will live into another epoch of theft and rapacious inequity, especially if activists naïvely fight the conjoined twins independently, as if they are not the same.

That is Marxist, of course, and not moderate Marxism, either. But it is from a book that the Dean of the Kelley School of Business just recommended that all faculty and students read and learn from:

Sep 10, 2020 at 1:45 PM

Dear Kelley faculty and staff,...

Each month, I will announce a selection that students, faculty, and staff are encouraged to read, watch, or listen to on their own.....My selection for September is the book "**How to Be an Antiracist**" by **Ibram X. Kendi**. It is available as a [free e-book](#) through IU Libraries. While this initiative is not required for students, faculty, or staff, I hope you will encourage participation. I know many faculty members have their own innovative ways to connect with students. Here are a few suggestions from some of your colleagues:

- Promote this month's selection and panel discussion in class announcements
- Share posts about The Commons from Kelley's social media
- If the selection is a film, host a virtual "watch party"
- Let students know if you're participating; students like to have shared experiences with faculty
- Consider how the selection may tie in with what you're teaching during the month
- If you have opportunities for extra credit, consider including participation in The Commons as an option
- Encourage student organizations to carry on the conversation in their groups



I do hope you will join me in these discussions to further the conversation about the value of diversity in business and in our communities, and to help our students learn more about themselves and the society in which we live.

With Kelley pride,

**Idalene “Idie” Kesner**  
Dean, Kelley School of Business  
Frank P. Popoff Chair of Strategic Management

If faculty in the business school feel reluctant to speak their minds as a result of the Dean’s endorsement of books condemning capitalism as racist, we shouldn’t feel surprised. The attitude of the Dean, who has a yes/no vote on every tenure decision, will of course be much more important than that of any single faculty member. I am not submitting a formal complaint, but if anyone is criticizing me for my political views as a full professor, and implying that I am hurting the intellectual atmosphere because of my power and the relevance of my views for their area of study, I do hope that they will think about the bigger picture. I think Indiana University may have a hard time recruiting new faculty, given the way faculty here are treated.

At our meeting Tuesday, you asked about the atmosphere in my department, Business Economics and Public Policy. It is generally collegial--- though as I perhaps mentioned, three of the non-tenure-track faculty attacked me severely in public emails to the department last fall, saying, for example, that my rather conventional if conservative church was “a cult”-- we did have some unpleasantness a couple of years ago. We were searching for a new PhD to hire, and followed the usual procedure: a three-person committee looked at the 100+ job market papers that were submitted, narrowed it down to 25 or so to interview at the annual economics meeting, did the interviews (with help from others in the department who were at the meeting), and selected some to fly out—I think about five that year, which is more than usual. They flew out, presented their papers, met with all the faculty in office visits, and the chairman invited us to send in our comments. At that point, however, it became strange. There was disagreement over how to rank the candidates, but we didn’t have a meeting to discuss who to hire. Instead, the department chair, Jeff Prince, not only said he wanted to hire candidate X, but refused when asked to have faculty get together to even discuss it, much less vote. He said that as chair he had the right to hire untenured faculty unilaterally. He said he had delegated that to the three-person committee, consisting of the very prominent and “alpha male” Michael Baye, the Bert Elwert Professor of Business Economics, who, having been head of the department at Penn State, gives much useful advice to the chair, an associate professor who does not like conflict, and an assistant professor. He made the job offer, and rather than embarrass the department nationally, I acquiesced, after some strong words about uncollegial and unprofessional conduct. I complained to the Associate Dean and to the campus officer in charge (I forget her title), but they did the usual thing and supported the chair.

The next summer, however, the Associate Dean called a Kelly School of Business faculty meeting to have the faculty vote on school rules for hiring. She said that the school needed to have written rules saying that there would be a faculty vote for tenure-track hiring. Almost everybody at the meeting voted for the rule, which is, of course, almost universal among research universities. Michael Baye and Jeff Prince bravely put their hands up as No votes, but the rest of the faculty of the business school voted overwhelmingly for what was really a necessary rule

given that Indiana University is supposed to have the usual degree of faculty governance that respectable universities have.

This came up again at a business economics faculty meeting later. I do not remember the details— it was the kind of unpleasantness one tries to forget in the interest of “forgive and forget”—but Chair Jeff Prince made some false statement about the affair, and I publicly called him out on it. It was a nasty confrontation, no doubt scaring the junior faculty, but we got back to normal relations fairly quickly, and I think he learned to be more careful and not try to pull tricks.

Academia has lots of stories like this. Between when I arrived in 1992 and 2016 or so, the department operated by consensus quite successfully, but I have to admit that trust in the chairman is less now. At the same time, while I do not trust him, Jeff Prince is a good chairman generally: he does the hard work, he has administrative ability, and he’s a good scholar, though he had no appreciation for the idea of transparent and collegial decisionmaking and perhaps still does not.

The story of the disappearance of the Dalton Chair, which I held until summer 2019, is also interesting, but I will defer it till another day. The Daltons are still alive.

One final point. You asked about whether I’d posted course materials online, on <http://rasmusen.org>. I have. I bought that internet domain with my own funds sometime around 2003, after the University had attacked me for my weblog, and I have long used it for both personal and professional uses, since I pay for it myself. I used the Internet long before the University started doing so, finding it useful and convenient for my students, who do not have to sign in using the burdensome bureaucratic rules the University imposes. Of course, as you know, no faculty member is required to use the University internet course materials system, though I think sometimes administrators may forget that—but not needing to use it is something explicitly stated as a matter of academic freedom. I did post the course notes there with the Hitler-slave-dog example that I mentioned above. Dean Kesner did not seem to like it that I used my own domain. She mentioned that to me after the November 2019 controversy, and also mentioned that she did not like my idea of the course packet auction, so she is perhaps the complainant you mentioned at our Tuesday meeting; no student has ever complained, with the exception I will shortly relate.

The exception was not actually at Indiana University, but at Harvard, where I was on leave 2015-15 as John M. Olin Faculty Fellow at Harvard Law School and Visiting Professor at the Harvard Department of Economics. I taught the same undergraduate course there as I do at Indiana University. As is my usual custom, I told the students that we would not be using a textbook, because I had searched and not found a text on government regulation that was very high quality, and the best of the bad lot cost something well over \$100, which I didn’t want to inflict on them. Rather, I wrote up my own notes, which might eventually become a published book. I explained that the market for that kind of text was small, and it was a difficult subject on which to write a book because regulations are always changing, so nobody competent to write it had done so—they lacked the incentive of either money or reputation. I give out the first chapter, so they can get started on the reading, but then, in the first class session, I ask them what we

should do to get them the rest of the chapters. This starts a discussion on the very theme of the course--- how do we provide the right incentives to get the right people to exert effort that will help other people?

Typically, they first suggest that I, the instructor, make copies and provide them with the rest of the chapters too, not just the first. I tell them I'm too mean (jokingly-- I hate to even have to put in this parenthetical caveat), and that they should already be grateful that I'm not making them pay for a commercial textbook like other instructors do. Someone will ask if they can just read it online. I say No--- I, as an experienced teacher, think it's important that they have a hardcopy text, which they can underline, write in the margins of, and keep on a bookshelf after they graduate—even though I recognize that many of them won't do any of those things. Some will say that they can each print it out using their printing allowance. I say that this has two problems. First, I want each of them to have some pressure to actually do that and have the text rather than blowing it off, and I'd have to somehow be able to check that, and second, it would be a big waste of duplicated effort if each person had to print it off themselves, especially since they really ought to get it bound or punched into looseleaf folder form. This introduces the economic idea of “economies of scale”, which we may talk about for a bit. Then, someone will suggest that one person in the class print it off for everyone. “Who will do it?” I ask, “when he has to do all the work for everybody else, for no reward?” The response I hope for is “We could pay him,” to which my question is “How much, and how do we choose who will do it?”. I talk about how I could randomly assign someone to do the work for everybody else, but I might accidentally pick the person in the class for whom that would be most difficult and awkward—an athlete with a game the next week, or someone taking six classes this semester, or who holds two part-time jobs, etc.

At length—hopefully not too soon, since this makes for a very good progressive discussion, point by point, someone in the class suggests that we have an auction and see who will sell the course packet at the lowest price. I jump on that and say, “Yes, that's exactly what we'll do.” I explain that this will reveal who has the lowest effort cost and who can figure out the cheapest copyshop, or who would like the experience the most, or who needs to earn some extra money by making a profit on the sales. I lay out very specific rules for submitting bids—the exact kind of binding for the packet, and so forth--- and tell them that each must submit a bid, as a course assignment. They can easily deduce that if they don't want to have to sell the packet, they can bid \$1,000/packet and they will lose the auction and not have to fulfill the contract. What almost always happens (always, maybe?) is that half the people in the class submit crazy bids like that, intending to lose, most of the rest submit bids on the order of \$50/packet that they know will probably lose, and a few of them submit low bids on the order of \$20 having carefully researched various copyshops and strategized on the tradeoff between a low bid with greater chance of winning and a high bid with more profit but lower chance of getting that profit. Then, in the next class, I teach them about the efficiency of the market in eliciting information as to who can most cheaply produce goods and who most needs the revenue from doing so.

At Harvard, it worked out differently. The Harvard students are very smart, but they do not have quite the business sense of Kelley students--- at Harvard, they were economics majors, because there is no business major, and their interests are much more on extracurriculars (theatre, intramurals etc.) than on coursework, compared to Kelley. The girl who won offered too low a

price. She discovered that she was going to lose money. I offered to split her loss using my own wallet, but said that losing money was an even better learning experience than making money. She acquiesced, but then I got a call from the Chair of the Economics Department, an old friend of mine from our days at grad students at MIT. He told me someone else—not her—had complained to the Dean of Students, who had complained to him. “At Harvard, Eric,” he said, “it is not allowed to ever have students lose money. Make it go away!” And so I went to the class and said I’d pay for all the copying myself.

This story is a great help, because I tell it to my students at Indiana and it teaches them something crucial for their business careers. I can make them feel good about being Kelley students instead of Harvard snowflakes who don’t have any business sense and who complain if they get themselves into messes. And then I ask my Kelley students for the moral of the story. It’s important: the moral of the story is, “If you go to Harvard and you lose money in your business, you’ll get bailed out.” That’s what the Harvard students learned from the experience, and it’s important that Indiana students realize that without the clout of the Ivy League, they should rely on their own ability and judgement rather than expecting their connections in government to make their businesses profitable.

I’ve been meaning to write up this story for a while, so I’ve taken this opportunity. I might try to publish it in some “Teaching economics classes” journal, since it’s a good teaching tool.

Those are my thoughts on this matter. I am available if you have any further questions.