

RICHARD E. GEIS a personal journal
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Richard E. Geis, P.O. Box
11408, Portland, OR 97211

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2-11-80 Something big is cooking, I suspect. First Sen. Kennedy comes out strong for wage-price-profit-interest controls and gas rationing (the prescription of a statist intent on more and more power for the government).

Then the big consumer-interest spokesmen and women come out for wage-price controls.

And now a WALL STREET JOURNAL story (Feb. 8) begins: 'More economists are reluctantly concluding that mandatory wage and price controls and gasoline rationing are needed to curb inflation.

'The experts often disagree about details and acknowledge that mandatory controls might fail, but many, such as Bruce K. MacLaury, president of Brookings Institution, a Washington-based private, nonprofit research group, argue that there probably isn't any other good alternative left.'

Be it noted that the Brookings Institution is a Rockefeller/Morgan voice, and that MacLaury is both a member of Rockefeller's infamous Trilateral Commission, and a member of Rockefeller's Council on Foreign Relations.

MacLaury is being considered for the post of Treasury Under Secretary for Monetary Affairs.

Inflation will accelerate in the months ahead, inevitably, as a result of further credit/debt expansion, and the cost of living indexes will climb as a result of flow-through oil-gas cost increases in the economy.

A crisis is being force-drafted to justify controls and rationing.

I still believe Kennedy will be the Democratic nominee. Carter will fade as actual voting in the primaries begins and as his failures surface once more.

George Bush, of course, will be the Republican nominee; he's Rockefeller's man.

I'm beginning to seriously wonder if a recession is due now. Rail carloadings are up, and retail sales scored a gain in January. Loans are up and the banks are looking for borrowers again. This suggests plenty of reserves behind

on the banks' books, and a Federal Reserve which either doesn't know what it's doing, or a Fed trying to keep interest rates on an even par by making credit easier to avoid a crunch as credit demands escalate.

Either way, we're on the road to controls. And you can look for a lot of companies to increase their prices later this year in expectation of controls. Better to be frozen in a high-profit price than a low one, eh? That movement to protect oneself by increasing prices will, of course, shove the Consumer Price Index upward at a terrifying pace—thus making the case for controls even stronger, by Liberal, statist logic. Thus the cure for bad government is more bad government. Liberals, Socialists, Communists—they never learn, because they're not interested in a stable economy or a stable, free society; they're interested in making people do what they want people to do, in as many areas of society as they can manage. Power! Scare people, get them to let you manage their affairs under the pretext of helping and protecting them...and then you've got them hooked, and can make them squirm...order them around... Power over people is the sweetest power. And the sweetest of all is the power of life and death, the power over their work, their money, their beliefs...power over their food.

So it goes. There is a tide in human affairs, truly. And it has to run its course.

I have been working like a sonabitch in the garage, shifting wood and prestologs around, throwing away a hundred or so corrugated boxes (in which the issues of SFR are sent to me) to make room for two more 50 gallon barrels of kerosene.

The barrels and a fillup for them and for my present two barrels will come on the 13th.

Thus we'll have enough kerosene and oil and wood to last, in a worst-case social collapse/war, etc. to last, with care, four years (starting with full

tanks). In another couple of years I'll have the gardens developed to the point where I could grow all the fruit and vegetables we need.

And the backyard fences will, by then be ringed and intertwined with nice big, vicious, thorny rose bushes to keep out all but the most determined and prepared intruders.

Sounds like paranoia city, eh? It probably is, but also it is an expression of my insecurities and fears. We may never have to go four years without a fuel refill, or lack access to commercially grown food, or lack money to pay for it, but I like the feeling all that reserve gives me. It soothes something deep in my psyche.

Of course young women should be registered for a draft as well as young men. The new era of equality for women is spreading and deepening and putting down roots; it cannot be reversed now, short of a titanic social revolution which is difficult to imagine (one that would reverse that tide of cultural and social change, especially).

And with equality and rights come responsibilities and obligations. Of course, youth today are not the easily led, easily conned youth of past eras; now young people are insisting on an opinion and the right to decide which war they will fight. It's not clear yet if they'll fight in the Near East for Exxon, General Motors and the Chase Manhattan Bank.

They may decide to ride an electric bus instead.

2-15-80 POW! The Federal Reserve Board raised the discount rate from 12% to 13%. The discount rate is the interest rate the Fed charges banks when the banks want to borrow money.

This means all other interest rates will go up...the banks' prime rate will likely hit 16% or more, and mortgage rates also will climb—forcing a further squeeze on the housing

industry...all borrowing. This time around, too, the Fed might just allow a credit crunch of sorts to develop.

What else has happened to make it tougher to survive? The Wholesale Price Index went up (reported today) 1.6%, a tremendous jump, caused mainly by rising energy costs.

Politically, this gives Carter a wound, and gives Kennedy a big help, since he has been making points by attacking the Carter economic failures (while advocating more of the same government regulation and controls that caused the failures).

On the plus side, if the American hostages in Iran are released soon, Carter will make points. But that success will be a momentary up-surge, soon forgotten as continual economic problems become more intense.

Carter may soon be forced to ask Congress for standby powers to impose wage-price-rent-profit-controls. If Congress grants him such controls it will only be a matter of time before he uses them. (Of course he and the administration will swear up and down they will never impose controls, to prevent a tidal wave of protective, anticipatory wage and price increases.)

The best time to impose the controls will be this coming fall, a month before the election (if Carter is renominated.)

2-21-80 For what it's worth: a friend who is an astrology buff tells me that the period from March 12 to May 5, this year, will be baaaaad for America, since 6 planets are/will be in retrograde, astrologically speaking.

We shall see what transpires.

I am afraid the hostage situation in Iran is going to drag on and on. The Iranian government and Khomeini and the government-onto-themselves radicals who actually hold the hostages are only too aware that once the hostages are gone, Iran has no power lever and will quickly be ignored and/or punished.

Khomeini may not care much what happens to Iran—he's a dying man.

But Carter cannot afford to wait much longer for a hostage release. Most Americans will gladly trade a little national humiliation for the host-

ages. But there is a limit to patience and if the Iranians delay too long and play games with the U.N. panel due to visit and hear their grievances, and in the end still refuse to give up our people... Carter will be forced to impose sanctions and I suspect a sea blockade. The American people are very tired of being dumped on and kicked around. We don't get no respect no more. And the thinking is: screw this business of begging to be loved; it brings only contempt and muggings. Better to be feared and respected.

2-25-80 As I suspected, Carter-the-fool has been conned and humiliated by Khomeini and the Iranians. They dangled the hostages before Carter's eyes, tempted him with the prospect of a political triumph just before the New Hampshire primary, and got what they wanted—a United Nations investigation of the Shah's "crimes" and the United States' complicity in those crimes (including the CIA operation that put the Shah on the throne in the first place in the 50's.)

Now all Carter can do is pretend there is hope and that there are secret agreements and etc., and stall until after the New Hampshire primary where he hopes to put away Kennedy.

But Khomeini has now publically slapped Carter in the face with his latest speech in which April or May is now the earliest the hostages might be released. The militant "students" seem to have won again, and the newly elected president has lost. Khomeini, a dying man, seems filled with vindictive hatred for the United States and is willing to ruin his country to get satisfaction. He doesn't have anything to lose.

2-27-80 The results of the New Hampshire primary show two things: that as much as people are unhappy with Carter, they will stick with him if the only alternatives are a statist and a coward (who doesn't come across as really very bright) or an immoral flake who is opportunistic as well.

Kennedy has a chance if the economy starts to sink like a rock, and if Carter keeps turning the other cheek to in-

sults and an apparently endless keeping of the American hostages.

The other result of the primary show that in a conservative state George Bush has problems, especially if he tries to fudge along without clear ideas and clear policies (a la Jimmy Carter four years ago). He doesn't come to the electorate a pure product, and a born-again Christian. If he doesn't have some solid ideas and clear intentions by now, he's a con man or a fraud.

Nevertheless, he'll probably give Reagan a good run as Connally, Crane, Dole and Anderson fall away. Baker might stick hoping for a v.p. nomination. Bush is indeed the eastern establishment candidate, and obviously the darling of CBS.

But it now appears that the coming presidential election is now fully rigged. Even if Reagan wins the nomination and election, I suspect strongly now that he is a Rockefeller man.

Why? He fired his campaign manager yesterday and hired former Securities and Exchange Commission Chairman William J. Casey as the replacement. Casey is (or was) a long-time member of David Rockefeller's Council on Foreign Relations. And that is a sign and a signal. Casey, I suspect, is Reagan's control.

Whoever wins in November, the key cabinet and government posts will go to Rockefeller/Morgan men. The Establishment will have won again and continued its control of the U.S. executive branch, especially its foreign and economic policies.

MIXED METAPHOR OF THE MONTH:

"It's a yo-yo situation," added Donald Adams, the Republican Party Chairman in Illinois. "We've had the second inning of a 38-inning ball game. Reagan did very well, but it's still a horse race."

This Commentary section of REG, this issue, will be truncated (that sounds horribly surgical, doesn't it?) to make room for the last chapters of the serialized novel, SPLITTING. I really want to get the book finished.

3-1-80 The United States government, like all bankrupts, is casting around

for ways to cheat its debtors. One way, according to reports today, is to recast, refigure, the monthly Consumer Price Index so that it doesn't show as much price increase as before. Thus labor contracts and pension plans (including Social Security) with cost-of-living escalator clauses would be able to give less as the CPI (rigged) showed less "inflation".

I would not doubt that Congress could bring itself to pass a law to reduce interest payouts on government and perhaps corporate bonds, notes, certificates...all debt instruments, as interest rates decline. Thus if you bought a treasury note at 14% interest, the government, when interest rates declined to 10%, could legally pay you less than contracted for.

Consider the oncoming plights of banks and savings and loan companies: In order to attract funds and to keep deposits, they have had to offer 12-13% interest rates. What happens to their profit, cash flow, and ability to stay solvent if they find themselves paying off at 13% and being able to get only 10% in return? Or getting zero as a lot of "homeowners" are unable to keep paying off 14% mortgages? Repossessed homes by the hundreds do not bring in money, and bring losses if a forced sale brings a lower selling price and a lower mortgage rate.

That's the squeeze.

And it is developing as the 16%-17% prime interest rate and a credit crunch comes on. homebuilding is being killed.

The recession/depression is starting to take hold, now.

With the price of a gallon of gas scheduled to go up and up this year and next, you'll soon hear school boards screaming about the incredible costs of bussing thousands of kids across town each day. The bills will break school board budgets left and right, and taxpayers will not vote special levies to pay for the bussing costs. Something will have to give—and I suspect it will be the bus. Suddenly, the virtues of the neighborhood school will be discovered, and the energy savings will allow upgrading the local school with more and better

teachers and equipment.

3-5-80 The Mass. primary gave Kennedy a new political lease on life, and encouraged a bird-of-a-feather Liberal, John Anderson (a member of Rockefeller's Trilateral Commission, by the way) to keep going.

Carter is supposed to do better in the South in the following weeks, but I suspect he will fade. The recent humiliating turn of events in Iran, the screw-up involving the U.N. vote on Israeli policies in Jerusalem and the "occupied territories", and most of all the domestic inflation/interest rate skyrockets will wound him, especially if the Labor Dept. report on unemployment in a few days is bad—a 6.4 or 6.5% rate, for instance, up from last month.

Are we really headed for a recessionary toilet? I begin to wonder if the economy can be shut down by less than draconian measures.

New factory orders are up a big 3.6% for January, and rail freight carloadings continue to hold up.

Money, in spite of the tightening by the Fed., is still plentiful if one is willing to pay the price. (And if inflation—i.e. devaluation of the currency—is really 17-18%, then a prime rate of 17.25% is still a bargain! Even 20.25% interest rates for less prime bank customers is acceptable.

Everyone has been asking where has all the money (reserves) been coming from to allow banks to make all these loans (and hence fuel the boom another month and another month...and the answer is: the Eurodollar pool of hundreds of billions of ~~\$\$\$\$\$~~. A loophole has allowed a 40 billion dollar draw from Europe by the big banks who are not required to set aside any of this as mandatory reserves with the Federal Reserve.

But even so, even with this pool of Eurodollars coming in, and even with dreadful debt levels up and down the line—the take-home pay of the average worker has shrunk again (in real purchasing power), and soon...soon...the consumer will have to cut back, stop

buying, and then the whole structure will start to come apart.

The economy is revved up now at about its top speed, fueled by debt, with the air leaking out of its tires (I like that metaphor.)

3-7-80 This economy is incredibly hard to kill. The cost of credit is going through the roof—18% prime rate today and turmoil in the bond/financial markets as everyone waits for the administration to announce a new, tighter anti-inflation program, set, we are told, to include restrictions on credit card debt.

In addition, the Producer Price Index rose 1.5% in Feb. (after a 1.6% rise in January), which indicates another surge coming in the Consumer (Retail Price Index).

BUT—last week rail freight carloadings increased 3.3% and up until Feb. 18th unemployment had declined to 6.0% from 6.2%....in spite of the layoffs in the auto and homebuilding industries. Other areas of the economy have hired more people.

Citizens have stopped saving any money in order to keep up their spending/standard of living. And they have been bargain hunting as sales increases (up 18%) at K-Mart show, while other, higher-priced chains like Sears and Wards have only 5% and lower increases, in the face of 18% inflation. Only K-Mart is holding its own.

But at some point the high interest rates and the coming credit squeeze and the consumer's running out of money will take effect.

We'll be into a worse recession/depression than we were in 1974-5.

But I am no longer astonished at the ability of this economy to keep on going—like a cartoon character walking off a cliff, walking on air, and not realizing it.

Of course, the worse the present debt crisis becomes—in the headlines and on TV—the more it hurts Carter.

The Florida primary will be revealing and perhaps decisive.

3-10-80 John Connally has dropped out of the Republican race, having

spent 11 million dollars and gotten one delegate. (Sen. Henry Jackson in 1976 spent an equivalent amount and had to quit after the Mass. primary.) Money and ego isn't everything. Rockefeller & Co. let whomever of their recruits and agents and fellow-travelers want to have a go at it.

The entry of Ford (with the public blessing of Henry Kissinger) into the contest suggests that our rulers are really worried about Ronald Reagan.

I've just learned that William J. Casey, Reagan's new campaign manager, who was a member of Rockefeller's Council on Foreign Relations, had a falling out with that group over basic policy and is no longer a member. Thus I conclude that Reagan is not a Rockefeller man.

It's worth noting that John Sears, Reagan's recently fired campaign manager, was consulted by Gerry Ford about his (Ford's) chances against Reagan. (It has been rumored for years that Sears has Rockefeller links.)

We can now look for a desperate Stop Reagan movement. And I'm not ruling out an induced "heart attack" in Reagan. The CIA and others have drugs capable of triggering or counterfeiting all kinds of fatal or near-fatal illnesses. All it would take is one minor heart attack, stroke or other illness to bring Reagan's age to the fore again...and it would kill his nomination or election.

In spite of all denials by Carter and Co. that wage-price controls are coming, the media drumbeat and the political push goes on—preparing the people for controls.

A private economist (whom I've never heard of) from the National Center for Economic Alternatives (never heard of it, either, but I'll bet you it's funded by a Rockefeller & Co. foundation, corporation, etc. directly or indirectly) predicted on NBC's MEET THE PRESS that the administration will have to resort to wage and price controls as a short-term answer to restrain inflation.

The NBC panel of questioners was stacked to give the expected questions. They were reporters, and not an economist or even a reporter from the financial press among them.

3-13-80 The Chase Manhattan bank upped the prime rate to 18% today and the stock market dropped another 10 points.

But the real damage done by these sudden, giant increases in interest rates is in the bond markets: bondholders have lost, in the last two months, over 400 billion dollars!

Who cares? You should, since banks, insurance companies and above all pension funds are large holders of corporate and municipal and treasury bonds. These financial entities are therefore badly hurt and will have to cut back on outgo unless the government can stop inflating and/or stop the interest rate skyrocket.

Word is now that President Carter will unveil his anti-inflation ^{program} tomorrow: probably small budget cuts, a restriction on credit card debt (people are cutting back anyway!) and maybe an excise tax on imported oil which would raise gas pump prices by 10¢ per gallon.

This will be seen truly as a cosmetic program; it will be up to the Federal Reserve to really restrict credit or force up interest rates even further.

I'll guess a rise in the discount rate to 15% from 13%. (If I were a banker I'd be happy to borrow from the Fed at 13-15% and loan it out at 18-20%.)

Many economists and business people still think we can get out of this crisis with a mild recession.

But the terrible flow of blood in the bond markets and in the stock markets, and the looming debt crisis tell me these are unprecedented signals of DOOM.

3-18-80 Today we see the Chase Manhattan Bank has raised its prime rate to 19%!! Demand for loans is strong enough to make that rate stick, apparently. And high interest rates are drawing money from Europe, which sort of crimps the Fed. Board's desire to cut down the money supply.

Why this strong demand for loans by businessmen? Because for twenty years or more businesses have been going into the red, requiring more and more debt to keep going. They've passed on the interest costs to the public by higher prices. Business has needed ever more credit to keep going.

At the same time government policy

has been to make it easier and easier for thirty years for the American public to go into debt. Lower down payments, longer payback periods...and then came the great credit card explosion...

And of course the government made sure the banks and savings&loans had an easy time borrowing money (from the government) to feed this loan demand.

The government (local, state, federal) also went deeper and deeper into debt.

With all this debt money building up, prices floated like corks on the surface of this rising tide. For a while we managed to export the consequences of all this debt creation by making loans overseas. Government loans, bank loans...corporations bought companies overseas....

But the foreigners tired of suffering our inflation and of being bought out with debt dollars. Too, after a while a lot of dollars accumulated overseas and the foreigners started to cash them in for our gold. (They knew the dollars were losing value and would someday be worth far less.) The U.S. government honored these dollars for a while, then stopped paying gold for them. This alerted the oil producing countries who banded together and decided to get even—and then some! They, too, were tired of being paid in rapidly deteriorating money. Since that quadrupling in price in 1973-4 they have more than made up for the rip-off they had suffered.

The U.S. government, in 1974, faced with the inability to export excess dollars, faced with evil foreigners who wanted full value for their products, faced with rising real costs, eventually decided to keep on its debt-creation game after Carter was elected.

But then, as the steady devaluation of the currency accelerated, even the American people caught on to what was going on, and, refusing to be victimized any longer, refused to keep/save dollars—they spent their money, their savings, and (assuming the inflation would only get worse and worse, went into debt so as to pay off those debts with ever-cheapening paper money.

Thus the crisis of today. Thus

the government, faced with bankruptcy of the nation, financial chaos and a lack of suckers to victimize—has been forced to reverse policy and do those things necessary to stop debt creation.

The dollar has begun to increase in value, gold has reflected this by declining in price, and commodities are also sinking in price.

But the price paid to stop debt in its tracks has been astonishingly high interest rates, debt use restrictions, and a severe economic decline.

The government is still not convinced it has to cut its own giant bite from the purchasing power/work of the people; it has actually increased taxes as it has shut the door on debt.

The result will be a gradual, then a quickening flood of bankruptcies as the people cut back on buying, leaving debt-ridden companies no way out. Unemployment will cut tax receipts drastically, causing much agony and layoffs in local and state governments.

As debts, mortgages, etc. are not paid, savings&loan corporations and banks will fail.

At some point the government will in panic begin to pour out debt money again, but too late. It will cut taxes drastically, but the agony of debt liquidation will continue like an avalanche. Worldwide.

We will see and experience drastic cuts in standards of living. Cars will be a privilege of the rich again. Home-owning a struggle, not a right. And, I fear, we'll see federal government ruling our lives as never before. We may have a defacto dictatorship—a president who rules by issuing executive orders which have the status of laws, or a rubber-stamp congress which has given almost all of its power to the president, during a "national emergency".

It is barely possible that the government can put off a collapse one more time by re-inflating at a terrific pace in 1981, after the election. But the period of success will be short and then we'd have another, even worse debt collapse, if that's possible, with an even longer period of depression and perhaps permanent poverty for vast numbers of people.

The next few years will be verrrry interesting.

3-22-80 I am becoming increasingly amazed at the favoritism shown by CBS: for Bush, for Anderson, and against Reagan. Last night, for instance, CBS gave Bush about three minutes coverage, Reagan zero. Bush was shown criticizing Carter in various ways.

The big media in alliance ^{with} (or controlled by) the Rockefeller/Morgan power structure, have tried desperately to ballyhoo one Reagan challenger after another—all of them linked to the mega-fortune power locus—and have failed. Even Ford decided it was too late.

I thought Kennedy had it made a few months ago, until I watched his numbskull performance on MEET THE PRESS, and apparently a lot of other people (mostly concerned with his basic character) have decided that no matter how inept Carter is, they'll stick with Jimmy anyway.

The recession/depression is coming on too late, I guess, to overcome Kennedy's shortcomings. The basic pocket-book vote would keep Kennedy alive, but not enough people are hurting yet.

The critics of Carter are correct in saying his Iran /hostages policy isn't working. Now the hostages have to wait another two months awaiting the decision of the newly elected parliament—on their fate. And even then....

Khomeini and the young radicals who hold the U.S. embassy and the hostages have been jerking Carter and us up and down and around like puppets. They've toyed with us, with the United Nations, and will continue to tease and humiliate us as long as we let them.

My policy, if I could dictate policy? I'd inform Khomeini and his government, secretly, that unless the hostages were freed and the embassy vacated, a sea blockade would be put in place, and an air interdiction, if possible: no food, no spare parts, nothing would get in—and no oil would come out. Further, if our ships were attacked, their airforce would be wiped out and if, after a month, the hostages were not freed, their giant, vital refinery would be put out of commission.

If they think starvation and the slow destruction of their country is worth keeping 50 Americans hostage, that's their decision. Khomeini knows

he could brazen out a blockage for a while—but a point would be reached where he would be overthrown and his revolution seriously or fatally endangered.

I'd let them worry and sweat about what we might do next...how to save their political lives... In short, put strong pressure on them, for a change. Begging and hoping doesn't work on people of their type.

Deal with them on their terms!

Carter is an idealistic fool, and perhaps, like Kennedy, a coward. If Carter is re-elected his weakness and illusions will get him self (and us) into a fix where he will have to act—and the results will be far worse for us because of his past and current shrinking from the use of power.

Rockefeller/Morgan and cohorts put Carter in office, but they can't be happy with his performance.

It could be I'm being too simplistic: could be his Iran and Afghanistan and Israel policies are exactly what the big money want. In that case there are hidden motives—or a catastrophic failure of nerve/policy/vision in the top echelons of the power structure.

3-27-80 Carter's fugue of "powerlessness" and indecision and betrayal of allies apparently convinced the shah that Carter was a very weak reed indeed to lean on and so he has left Panama to seek reliable asylum with Sadat in Egypt. He felt, and he ought to know, that Carter would betray him—let him be extradited in spite of promises—in order to save Carter's reelection bid. He also is reported to believe that the CIA was about to poison him in order to rid Carter and the USA of him. He is now (according to Brzezinsky) no longer our responsibility, since he disobeyed Carter's wished/orders to stay in Panama.

This little flap speaks volumes to other heads of state who are now our allies.

As to the hostages now.... The Iranian govt. and other leaders talk every which way. It'll be months and months. At some point one or two of the hostages will die—suicide or illness—and a great anger will rise in this country.

Carter & Co. now are afraid to do anything in the way of applying pressure—for fear of offending the Ayatollah, etc. We should be making them dread what we'll do next! We should make it too expensive for the Iranian leadership to continue to hold the hostages.

(But there are rumors that it was no accident that all three senior diplomats were away from the embassy the day it was seized and that orders given the marine guards contributed in great degree to the ability of the militants to effect the invasion and take-over.

The three top-ranking diplomats have been held in luxurious quarters at the Iranian foreign ministry building. Rumor hath it that the embassy takeover was a set-up, a collusion between the U.S. rulers and the Iranians. Who knows? The circumstances are fishy.)

As I suspected, the economy and Carter's incompetence finally caught up with him in New York and Connecticut. The Wisconsin primary may be another nasty surprise for him. I understand Kennedy TV ads are comparing Carter to Herbert Hoover. That comparison may strike voters as very apt as they watch and worry about the disasters occurring on Wall Street; the bloodletting there is continuing apace.

About the inability/unwillingness of Carter & Co. to free the hostages: if Iran does free the hostages (for whatever reasons) Carter will then have to unfreeze Iranian funds in this country and in US bank branches overseas. This action would open up a batch of pending lawsuits (and heavy losses!) against the Rockefeller Chase-Manhattan Bank, and the sure withdrawal of multi-billions of dollars in other assets in America by Iran.

The longer Carter can freeze that whole can of worms, the better it will be for good old David Rockefeller & Co. What are the lives and sanity of 50 lesser State Department employees and soldiers against billions of dollars of losses? Those are probably the real cold equations in this situation.

3-28-80 The credit crunch is crunching. The collapse of the silver price

to around \$10 per oz. from a high of \$50 per oz. a few weeks ago caused a billion dollar loss (at the minimum) and yesterday a \$100 million margin call on the Hunt brothers (who have been—with some Arabian partners—trying to corner the silver market) was unanswered, and other commodities and the stock markets went into a tailspin, causing stock margin calls which caused forced selling....

The debt structure (as I have said many times) can only be sustained by massive infusions of new debt. When the new debt stops—as it has now, as the Federal Reserve Board cuts the flow of credit and lets demand for credit bid up interest rates—the debt structure starts to crack and crumble. People get terrified. They act crazy as the "solid" financial ground melts under their feet.

The destruction of the excessive debt structure—the bankruptcies, the failures of corporations big and small, the personal financial losses—will continue for years. And, once started, is very difficult—I would say impossible—to stop. If the Fed (and Congress) continue tight money for another few months, the process—worldwide—will be too powerful to stop.

Remember that ancient Chinese curse? "May you live in interesting times."

1980-81-82 will be very interesting times.

The 1980 Census Form arrived a few minutes ago. I got the short form. It is intrusive enough and arrogant enough to be resented by nearly everyone. And I anticipate that very few people will believe all that personal information will be kept confidential. If it really was for a statistical purpose, why do they want your name? And the name of everyone who lives at your address? And why do they want the name of the person who fills out the form?

The explanation the form gives is: "Names are a convenient way to make sure that everyone in a household is counted, but no one is counted twice. However, names are removed before your answers are combined with those of other households for statistical purposes."

In other words, you're too stupid

to keep straight in your mind who lives in the house. They don't want just a first name—they want full, legal names.

Their explanation sucks. I wrote the Public Relations office when I got the advance Census publicity package (which included a copy of the incredibly snoopy 117-question long form) and pointed out some obvious loopholes in their claim of confidentiality...such as that while census employees are forbidden to disclose census info, nothing is said about ex-census employees, such as IRS employees assigned to work as census employees for a period and who then revert to IRS employment...with census info, possibly. There could be, I pointed out, IRS people at work with the Census could be positioned to examine certwin forms from certain households, could make copies, and after quitting the temporary Census job, use the census info to pursue leads found in certain "confidential" forms. Would they be technically not in violation of the law?

No answer!

And while it is the law that no other government agency (Federal, State, county or local), and no other person or business can see your individual form, it does not say they can't see a copy of it or any part of it.

This may seem nitpicking and an extremely paranoid mentality, but govt. and lawyers are well aware of the need for precision and exactness in law. I find it significant that all these publicity forms about the Census never quote the applicable laws.

Sayeth I: Govt. speaks with forked tongue.

NEVER trust the bastards. How many times in the past ten years (or fifteen years) has it been proven that our government has systematically, knowingly, deliberately lied to the American people? Who can count that high?

3-29-80 Policy change time. I've decided not to continue my novel, SPLITTING, in REG. Reasons: I don't like writing sex novels anymore. The brief spurt(!) of old-time zest has gone and left me in a slough of Ehh!!; it is a drag. Also, I'm aware that this issue of REG is far behind sched-

ule, and I haven't written a word of SPLITTING since last issue...due to internal resistance... So I feel the best policy now is to suspend the novel and get this issue into the mails as soon as possible. Also, there hasn't been much enthusiasm for the novel-in-REG by the readers. Also, several recent issues of REG with SPLITTING installments have sold out and any future new subscribers could not acquire all SPLITTING issues if they wanted them.

But primarily, folks, I'm simply burned out when it comes to writing sex fiction.

And, in the next month my time will be monopolized by preparing SFR for the printer, mailing it, etc., as well as the higher work-load I've taken on as book and small press and movie reviewer in SFR.

ALSO—I want to speed up the frequency of REG—to monthly again, and I'll be using the selectric in the future and having the issues printed by offset, as in the past. I'll be using some very apt Gilliland cartoons, too, and possibly some other graphics.

Too, issues will come to you quicker—first class again.

For those of you who are curious about the final chapters of SPLITTING:

Sharon sneaks away from the lez orgy to call north—to Randy's father's house—to try to contact him, but is lied to by Bettina and told Randy doesn't want her anymore. Depressed, Sharon succumbs to Felice, the butch, and lets Felice make love to her with a huge dildo. But this turns her off, is the final humiliation, and she rebels, leaves Marty and Sally Cowper, and goes to live with her mother until she can find a job and start a new life.

Randy makes his first porno film but is turned off by the debasement of women inherent in the structure and action—the formula. His second film requires him to urinate into the mouths of two girls, and he refuses. He is fired.

He goes home and calls Sharon's mother, in hopes of getting an address or phone number for Sharon. To his surprise, Sharon answers. They talk, clear up misunderstandings, realize they are really in love with each other, and agree that Sharon will come north to

be with him in spite of all the problems involved.

Randy has changed—not too much, but enough to realize his past mistakes and personality/character defects. He makes peace with his father and begins work in the bakery. He plans to learn the craft and then join a viable counter-culture group/village as a baker.

Randy has a rather brutal talk with Bettina and then begins looking for a cheap apartment for himself and Sharon.
End Book.

The prime rate was raised to 19% yesterday, by major banks, further tightening the noose around the neck of our economy. It's a sad commentary on the large number of businesses who have no reserves, who have to borrow money, at any price, to keep going. But of course these incredible interest costs will radically narrow or wipe out profit margins, and force an increasing percentage of businesses to quit, or cut way back...meaning more layoffs, lower consumer buying, more cutbacks, more layoffs....

Well, you build an economy over thirty years that has come to a point where it lives on debt, and you get an economy that will die if denied its daily feeding of new debt.

3-31-80 The latest flap over messages to Iran by Carter—first denying any messages to anybody, then admitting to two—is just another instance of what has become The Game. Iran plays the role of tease and Carter plays the role of begger.

As of this morning it is said the Revolutionary Council voted narrowly to take the hostages from the militants and give them to the civil government.

Ahh, but now we can expect Khomeini to side with the militants and countermand the Council. As before.

The "sanctions" Carter will impose on Iran to force some action will be too little and weak to force Khomeini to do anything but laugh. But the new sanctions ploy is aimed at the Wisconsin primary—to milk one more win over Kennedy from the Demo voters. It might work once more, but by the time the Pennsylvania primary arrives Carter will be

so low in the polls he may be forced to really push—with a blockade.

'Administration officials are debating whether a law protecting the privacy of income-tax records should be relaxed so that tax agents can get back into investigations of organized crime.

'Sen. Sam Nunn, D-Ga., chairman of the Senate permanent investigations subcommittee, already has proposed four amendments to the 1976 Tax Reform Act, but White House, Justice Department and Treasury Department officials have not decided whether to endorse those bills or to draft their own.

'Justice Department officials are particularly eager for a change because they believe the law has handicapped scores of investigations of organized crime, narcotics trafficking, white collar crime and public corruption.'

The police state is coming on. First the CIA and the FBI are given powers to do Watergate-type break-and-entry crimes, electronic surveillance without court approval, and now tax records will be snooped into at will, for virtually any crime, on any pretext.

This endeavor to get to tax records will only alert big league criminals to falsify tax returns (if they haven't already).

The moral here is (again!) never trust the government. They can pass a law promising confidentiality, then unpass that same law, or key parts of it.

4-1-80 April Fool, Jimmy Carter. Or maybe it should be: The April Fool, Jimmy Carter. As expected, the militants, Khomeini, and the heads of the civil government in Iran are jerking him around again, half-promising, renegeing, changing demands.... Now Carter, having sent a note saying he was losing patience and threatening sanctions, has caved in again and will wait and wait and wait.... He, and the United States, is suffering one humiliation after another, earning the contempt and increasing distrust of all rulers and peoples in the area (indeed, in the whole world!)...for what?

The man does not understand or shrinks from the use of world power.

But I keep forgetting the conspiracy aspect. I keep cursing Carter as if he was really calling the shots and setting policy. I really don't believe he is. I believe a cabal of international bankers is making U.S. policy, and I'd bet money that the real deal between Iran and the U.S. involves the billions of dollars of Iran assets frozen by Carter at the behest or orders of David Rockefeller and the big banks. You may remember the Chase-Manhattan Bank and others seized the Iranian assets in their banks to pay off loans Iran had outstanding with those banks. The loans were not overdue and no loan payments had been missed.

But the big banks a few months ago could not survive if Iran pulled all its money from them, which it had a perfectly legal right to do!

Now the big banks are in even worse shape, more vulnerable to a big loss of deposits, and DARE NOT let the hostage crisis end without a deal guaranteeing that Iran will let its billions stay in the big American banks...after Carter lifts his freeze order.

That is the real crux of the hostage crisis—Big Money and Big Losses. And that is more important than the lives of fifty lower echelon State Dept. workers. Right?

And unless an agreement is reached on the money question, the hostages will not be released. And unless Ronald Reagan agrees that the money is more important, he will not be president.

It doesn't matter if the shah dies of cancer soon. He is irrelevant—a side show to distract from the real issues.

ALWAYS look for the big-money connection and motivation.

4-2-80 Chase-Manhattan Bank raised the prime rate to the incredible rate of 20% today.

The spot commodity market dropped like a stone yesterday—16+ points—and reflects the deflation—the actual hardening—of the dollar. That is, the dollar is gaining in value now, as the Federal Reserve cuts the supply of new debt and makes the massive overhang of old debt more and more expensive; debtors won't be able to pay it off

in ever-cheaper dollars as they have expected. That's going to HURT.

There's a new Doom book out: AFTER THE CRASH—How To Survive and Prosper During the Depression of the 1980s. by Geoffrey F. Abert, Ph.D. Signet, \$2.50

Abert's book is better than most in this genre: he gives a set of social-economic warning signs to look for in judging how far along toward and into collapse we are, as a nation.

He foresees riots in major cities, a breakdown in police and fire protection, and possible mass looting by roving gangs of young men.

He advises preparing a retreat home in a rural area, stocking it with food and goods, and getting into "junk" silver coins and gold coins, as well as foreign bank accounts. As to when to make your move, he says:

'There are several key events that may signal that the collapse is coming. While I anticipate that this will be between 1982 and 1985, the presence of any three of the following factors in any six month period will be a warning to me that I should begin to move aggressively to a defensive position.

1. Double-digit inflation for a period in excess of one year.

2. The Dow Jones average drops below 600.

3. Three major cities are unable to meet their bond issues, and Congress is unable or unwilling to bail them out.

4. Three major banks fold, using up all of the reserves of the Federal Deposit Insurance Corporation.

5. Major crop failures reduce the nation's food stockpile below the 1974 level of a 23-day supply.

6. Two U.S. cities are hit by major earthquakes.

7. Rioting and major guerilla activity break out in three U.S. cities.

8. Unemployment rises above 10%.

9. The government outlaws foreign bank accounts or ownership of gold for private citizens.

10. An extended nationwide strike of teamsters, police, firemen or long-shoremen.

11. The federal deficit moves above 80 billion dollars.

12. Winter storms immobilize three or more major cities during a power failure.'

I don't understand the earthquake factor at all. But the rest of these are good signposts to be alert for.

At the present, of course, we've had double digit inflation for a year.

But the authorities realized a super-inflation blow-off was in the works, and are now trying to impose the bitter medicine of deflation. The pain of that cure is just beginning now. If Congress and the administration (and the rulers of the magafortunes which push the big buttons) can resist the howls and cries and accept the money losses involved, then we will retreat from the brink. If they yield and try to save themselves politically and financially, the doom scenario will be back in place as inflation zooms again....

Another interesting book is THE LAST FRONTIERS ON EARTH by Dr. Jon Fisher, published by Loompanics, POB 264, Mason, MI 48854. \$6.95.

Most of the last frontiers are very inhospitable—Arctica, Antarctica, frigid little islands, arid deserts...

Few people live on land that cannot be farmed. But if you want "freedom" and isolation...

There are sections on alternate life-styles in this book which are fascinating: nomadism—by walking (disguised as a vacationing backpacker); as a camping out bicyclist, motorcyclist, canoeist, horserider, in a camper or motor home.

Some are extreme: living in an underwater habitat, in a submarine, in an airship...

And the squatter style—in a secret cellar, in a ghost town, in a cavern....

All of these optional places to live and life-styles are essentially unattractive to most people who are not fanatics or criminals or recluses/hermits—with the exception of the camper/motor home nomad life-style which has already developed its own social and cultural and financial dynamics. It works, it has its own communications net and will probably expand. It depends on Social Security money and independently well-off retired people, and reasonably good supplies of gas, but a low-income adaptation will emerge as families lose their homes and jobs.

THE LAST FRONTIERS has lists of other books and magazines for each chapter. (See you next issue.)