



# PHOENIX JOURNAL EXPRESS

A weekly bulletin commenting on appropriate current news events, clarification of portions of Journals and answers of a general nature to questions not found in the existing Journals.

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## **1/13/90 SANANDA/HATONN**

"Then I saw heaven opened and a white horse standing there; and the one sitting on the horse was named 'Faithful and True'---the one who justly punishes and makes war. His eyes were like flames, and on his head were many crowns. A name was written on his forehead, and only he knew its meaning. He was clothed with garments dipped in blood, and his title was 'The Word of God.' The armies of heaven, dressed in finest linen, white and clean, followed him on white horses.

"In his mouth he held a sharp sword to strike down the nations, he ruled them with an iron grip; and he trod the winepress with the fierceness of the wrath of Almighty God. On his robe and thigh was written this title: 'King of Kings and Lord of Lords.'" The Revelation 19:11-16.

You have called me by many names as I have walked among you; I, sent of God as a way shower. You have turned me away time and time again to return to your evil ways. You know not that which you do for you have listened to the incorrect teachings as laid forth by men.

I came as a Christ Messenger and ye persecuted and crucified my being--you mocked and ridiculed; you spat upon me. I come again for my faithful and true--for ones who would turn again unto the path of light. I have brought with me, my ones to tell you truth and remind you of how it is and allow you to remember your birthright and that which you truly are---that God dwells within your beingness and you are his temple. You have desecrated those temples and driven him out of his own dwelling places--we now come to reclaim our Creator's kingdom.

I Am the Word of God--I Am Sananda--it is the name written upon my forehead.

As Satan has known of my coming and my presence, he has duped you again. You have gathered together in places to honor and draw into unity and again, you were given the lie and ye have stolen the truth and caused it to become the lie. You call of the times and actions "New Age", ye have sported and defamed your brothers from the universal realms who have come unto you with assistance. You dance the dance of evil and you speak falsely in my name and that of our Creator--you have defiled and corrupted The Creation which birthed and nurtured you. Each knows to whom I speak.

Even now as you pronounce your "new" truths you show that which is the lie--you disunite even as you project unity. Sect against sect, color against color,

creed against creed and while you play in the games of evil, your very world is bid waste and the governments have enslaved you.

This scribe is not a "channel"--this scribe is sent from these realms to print of these words for your attention. You may debate and "vote" her out but ye shall not stop of the truth for the Father has decreed that it shall go forth throughout the nations that man could make his choices. It is decreed that man shall again look at those choices with the attendant consequences of actions and "decide".

On the harvest day, brothers, when the grim reaper comes forth--the sorting will have been done. Ye shall be gathered into the Father's houses or ye will be left to thy choices of the upheavals of the planet and the cleansing of a civilization and a Mother Earth.

I am the one last known to you as Jesus Esu Immanuel--the Christos Sananda. I do not come forth from the East nor the West--the North or the South--I come from God the Creator.

I do not write "fortunes" in the stars--I navigate and dwell among and within the stars. You need of no intermediary to commune with me or your Creator Source--you have been duped. You cannot go into the "churches" and hear a minister and walk from the building and live in the evil and "buy" your way into the Father's mansions. But by the way of truth shall you come home. But by return to truth shall you save of your birthright and your own living planet.

Ye desire to hear that which you "want" to be told---nay, I bring you TRUTH; I also offer you very viable actions and assistance in earthly manner and you laugh and denounce it as untruth for you assume Immanuel Jesus would not tell of you how to run of your business---I told my disciples exactly how to function in their public life.

You constantly petition: "Dear Jesus, give me, tell me, help me, show me ..."  
I come forth and I do so and you set the messenger up for crucifixion and denouncement. No more shall it be tolerated for ye who hear of truth and deny of it have denied of your Creator and that thrusts you automatically into the house of Satan. There shall be no middle road on the sorting day--"*Ye are either with me or ye are against me. So be it and Selah.*"

You can cast derision at my "seal of truth" but I suggest you look carefully once again at that which you do, for you ones sorely try me.

I care not by which label you address me--I answer thy soul petition and I

come again that you might regain thy life and the balance of thy placement. So be it for the sands within the glass are emptied and the glass lays upon its side awaiting the turning.

Ones who are actively working against this work shall reap a heavy mark for it is one thing to pull thine own self down into darkness but ye add burden upon burden when you mislead your brother. Read and hear that which you throw back at these documents and words put forth from this source---look and listen to that which you say and do unto this scribe. This scribe is not a "channel", she is sent as my contact and a bringer of life truth. She is not alone in our work--she is but one of many. *The next stone you cast might very well strike yourself between thine own eyes--for what ye send out, comes back unto source---it is the law of universal physics. Ye reap that which ye sow and I suggest that each looks most carefully at that which you say and do for the know-it-all ego authority shall surely fall, just as pride goes before the fall. I suggest ye ponder on these things. So be it.*

*I AM SANANDA, ONE WITH GOD*

\* \* \*

Thank you, Sir, for your conference; we stand in humble appreciation. I, Hatonn, speak in behalf of your personnel. Our hearts, too, are heavy that man cannot seem to accept truth but continues to tear down all that is goodness. But, Sir, there are the faithful and true and we honor them without boundaries or limits for they walk a damaged road indeed. There are but a tiny few of our workers who would not accept the load again and again---you, Sir, shall not be given to bear the ultimate "cross" alone, again, for we have Cosmic permission to stand beside thee---all the way! I salute you Sir for I am most ignoble in thy presence. We shall simply work harder for the job shall be done.

Thank you.

\* \* \*

Hatonn to converse a bit on prophecy. Who will man hear? Edgar Cayce? Nostradamus? Jesus? Christ through John and Revelations? Germain? St. Paul? Daniel? Moroni? Wakan Tanka? Quetzal Coatl? Buddha? WHO WILL YOU HEAR? You look for proof and signs and they lay about you like a death shroud--a death swaddle! You seek out the counsel of ones who denounce these truths and tell you irrational nonsense and yet you believe them. You are told to not hear what these ones project -- why? Because you will hear

truth and the "controllers" cannot allow you to hear and see truth for you break away from them and find yourself in freedom. You have forgotten that you are strong and independent--you have been convinced that you cannot stand without the support of "controls" and "limits" and in fear of life itself. "The)" promise to protect you while they work frantically to consume you in evil and you sit by the way and cast stones at the bringers of truth to this weary, sickened world who cries out in pitiful screams from her wounds.

## **PANAMA**

Let us look at that which is happening in America. What do they tell you on the idiot box? They show pictures of children coming home from "Just Cause", an "Invasion" of Panama. The leaders have them jump from planes for a massive show--and a leader gets up and says, "Some have to die, that's just the way it is." The families are flown to the area to meet these "returning HEROS"--they've only been gone about four weeks--the length of a vacation.

They say they had 26,000 troops in Panama, 16 stealth planes worth half a billion dollars each, (to drop two little bombs *near a base*), tanks, patrol units, men, women and frankly--children. They went and they "died with honor and just cause" and all got their little chest medals----for what? Oh, one marine was killed in a brawl "he" started, and in protection of the *assumed* insult to a soldier's wife. Further, to get ONE man who had treaties and contracts with your government to do exactly what he had been doing.

Your troops went in and madness ensued. You have a city that is in shambles with millions upon millions of dollars in expense to repair; who do you think will pay for it? They tell you that there were exactly 202 civilians killed, when there were almost 2,000. You have a more corrupt government in place and you are now headed for Colombia, El Salvador and Nicaragua, where you already have destroyed the governments, the populace, and made terrorist attacks. Your government has thrown the entire of Central America into chaos and death.

*DO YOU ONES REALLY LISTEN TO WHAT IS TOLD TO YOU? YOU ARE IN THE TRAP! IN LESS THAN A DECADE IT WILL ALL BE OVER FOR FREEDOM IF YOU DO NOT WAKE UP. PERHAPS IT IS ALREADY TOO LATE, IF YOU WATCH THE FOOLISH MASSES IN THEIR STUPORS. SO BE IT.*

## **WHO WILL YOU HEAR?**

"One of its (the Beast's) heads seemed to have a mortal wound, but its mortal wound was healed, and the whole earth followed the beast with

wonder. . .men worshipped. . .the beast, saying, 'Who is like the beast, and who can light against it?'"

How is it that you can miss of it? One of the beasts is mortally wounded---ah, but it will rise again and there will appear to be peace in the lands for a period of some 3 1/2 years--then it will rise up in its new strength and proclaim its way as THE WAY and you shall never have experienced anything as awful as those following 3 1/2 years! And the beast shall be in total control of all the lands. Well, you had better look around---Russia and her empire is sorely wounded and your time of counting is upon you. Through the help of America the beast will heal, the plan shall be instituted and you will be enslaved---not to little grey men from space, children, from evil men upon your planet.

The delays in the shuttle launch has bought you time for they are having troubles with their equipment of which you are not made privy. It has delayed the new money issuance by a bit but it will happen. But what do you do--you go forth and say "See, it didn't happen!" Oh yes it has!---you just didn't notice; you were too busy praising the idiots for their "Just Cause". THE PRESS IS FULLY OPERATIONAL!!

## **BAD NEWS AHEAD**

I am going to utilize an interview from USA TODAY and will simply repeat portions as it applies. The "answers" are supplied by your Donald Regan, Wall Street and federal "insider", who has been assigned the job of chief Establishment cheerleader for the New Money, and it's Czar. He advances the plans at every opportunity, this monetary horror for you people. His status as former Secretary of the Treasury, former White House chief of staff and his status as former Merrill Lynch head, give him plenty of prestige for this most repulsive job.

There are a barrage of lies about the new money to stop counterfeiting and drug wars, etc. The purpose is to destroy your privacy and the economy.

Question (Q): You've suggested changing U.S. currency--either the size or the color--to cut down on money laundering. How would that help?

Regan: "Any time you read about a drug bust, the amount of cash seized is always in the thousands. In a recent haul in Los Angeles, it was over \$10 million. There's also a large underground economy of people dealing only in cash for one reason or another. Now you say to yourself, 'Why do we just have to put up with all of these people using United States currency for their

illicit trade?' We've got to get at the cash."

(Q): How would your proposal work?

Regan: "At the end of World War II in Europe, there was a flourishing black market. When they wanted to stop the black market, they changed the script that was being used by the armed forces. My plan would be that you simply declare a short period in advance, say 10 days, that as of a certain date, the current \$50's and \$100's are no longer legal tender."

(Q): What would that mean for honest people?

Regan: "That doesn't mean that money people have stashed away in their mattresses is suddenly no good, because it is exchangeable for the new currency and the new currency is the legal tender. But you do have to go to a bank to make the exchange."

(Q): Would this be a one-shot thing?

Regan: "Since the currency would no longer be legal tender, you would have forever to turn it in for legal tender. So you wouldn't have to make a mad rush down and join a large line at the bank to get new cash. But once you do turn it in, then you get the new stuff. Well, let's see how much of a crimp it puts in the drug economy. And, in live years or so, change it again if you have to."

(Q): Wouldn't there be a lot of legal objections to this?

Regan: "Sure. A lot of people will raise legal questions. Do we have the right to do this? These people are killers. We have the right to do anything we want to them to protect ourselves. And don't tell me our Founding Fathers would never have approved or that it's unconstitutional to go after them. It is not. I'm sure that Thomas Jefferson or James Madison or George Washington, had they known of a drug problem, would have gone after them."

(Q): People are taking bundles of U.S. currency to Canadian banks where there is no requirement to report \$10,000 transactions. Once it gets into the Canadian banks, then it's into the international system. What do you do about a situation like that?

Regan: "The way this drug money flows, it's like water flowing. If water is flowing down a hill and you want to prevent it from coming into your back yard, you dam it up one place, but it'll find another outlet. You've got to stop

it right at its source and not let it come down the hill."

(Q) But we can't seal our borders.

Regan: "We have to go to the source of a lot of this. For starters, it's Colombian and other Latin American banks and Caribbean banks. We need international cooperation. Laundering drug money is a common problem."

(Q): Some say there's a reluctance, particularly by Treasury people, to really move on money laundering, that they've got other concerns they see as being more important.

Regan: "Sure. Capital gains. Tax. Third World debt and so forth. Well, are they part of the United States government or not? Is this president saying that drugs are our No. 1 problem? If this is the No. 1 problem, then it should be recognized for that and some attention paid to it, and the president has to lay down the law. I mean, come on guys, let's get this done."

(Q): Who should handle this?

Regan: "It has to be the financial people in government and outside of government who get together to handle this aspect of the problem. And with a topnotch person at the head of it."

IS YOUR MIND NOT SCREAMING "STOP"? OH MY CHELAS, MY CHELAS--SEE AND HEAR FOR IT *IS* THE ELEVENTH HOUR INDEED. THE PRESSES HAVE ALREADY PUSHED OUT BILLIONS.

This change-over will be without warning and it can happen at any moment. All is not technically in place and they missed the start-up due to these technicalities. If the new satellites work properly, take a deep breath and start wishing you had listened.

## **THE PHOENIX WORD**

You want proof of our presentation---confirmation? Try the "*Nova 8*" newsletter; try the valid financial letters floating about your society, try the "Oxford Club" announcements, try a "\$49 book (which has also sold for as high as \$89)" called HOW TO ACHIEVE PERSONAL AND FINANCIAL PRIVACY IN A PUBLIC AGE. I quote the price stated in the advertisement therefor. You can get ten times as much for \$10 from PRIVACY IN THE FISHBOWL and/or SPIRAL TO ECONOMIC DISASTER. WHAT DOES IT TAKE TO MAKE YOU LISTEN??



Dharma, let us take a break please. I think we may have to stay with current topics a bit longer--I must get you to look at your "TODAY". If you do not learn you are destined to repeat and repeat and repeat the errors. So be it.

I will move to stand-by. Thank you, chela, for remaining and working this day. We shall attend the movers. I offer you peace, Dharma, for thy brother knows not of that which he does nor of the pain he brings. He knows not even of his own predicament as he blunders headlong into the abyss.

We do of that which we can. We lay down credibility and confirmation wherein we can. It is all that we can do at the present time. If we are rejected, then so be it for naught shall stop the march of sequence--time and space have nothing to do with it. THE PLAN bomb is set to detonate in your year 2000--all workable and in place. That is the plan of man---let us see how many will hear the cry of the Phoenix as it makes its final metamorphic changes.

I shall clear the frequency now, perhaps you will call when you are ready to resume and I will give attention as to the information which must be next to go forth.

Good morning,  
HATONN TO CLEAR, PLEASE

This is a good spot to give you several things to think about and fill out this page. Have you ever thought about meanings of words? Let's look at the word F-E-A-R,  
for instance. False Evidence APPEARING Real.

Contrast this with F-A-I-T-H Forsaking All I Trust HIM.

If you have any short words of inspiration you can share please send them to us.

## **1/13/90 HATONN #2**

Thank you, Dharma, for joining me. Hatonn present to discuss a few more current affairs. I know no other way to do it except in this manner.

Ones in the public information network--especially those of truth, are now pulling from our Journals and we must continue the flow. We care not that they use material first published here--the information simply MUST be brought into attention.

## **WHO CONTROLS THE MEDIA?**

JS has been kind enough to share a most important piece of information with us this day to which all of you need to be privy. As you examine the information on the following page I ask you to please keep uppermost in mind the prior Phoenix Journals. This might be most frightening to you for I think that it says so much and answers so many questions as to "why" your projection and news is so poorly done and in fact, that which you get is carefully laid out for your viewing.

Faith is more than thinking something is true. Faith is thinking something is true to the extent that we act on it.

The best way to keep good intentions is to execute them.

# **Who Controls the Media?**

What do Arnaud de Borchgrave, editor-in-chief of the "conservative" Washington "Times," and Max Frankel, top dog at the "liberal" New York "Times," have in common?

At least one thing, at any rite: Both are members of the Rockefeller family's private and secretive internationalist pressure group known as the Council on Foreign Relations (CFR).

De Borchgrave and Frankel join a long list of powerful media personalities who are members of *the* CFR and/or of the Trilateral Commission (TC), another Rockefeller family front group that plays a major role in shaping U.S. foreign policy.

Rockefeller influence on the media is immense, particularly on the major television networks. In fact, according to researcher Peter Borsnan, the Rockefeller family's Chase Manhattan Bank (and the other Rockefeller institutions) are among the largest holders of network stock, with substantial interests in all three networks.

Chase Manhattan controls fully 14 percent of CBS stock. Stock analysts note that with stock widely distributed among shareholders, institutions can wield influence or outright control with 5 percent, sometimes as little as 1 or 2 percent equity.

The accompanying chart shows some of the major media figures (past and

present)—editors, reporters, corporate directors and others—who belong or have belonged to the **CFR** and the **TC**.

## **CFR/TC MEDIA DOMINATION**

### **CBS**

William Paley	CFR
William Burden	CFR
Roswell Gilpatric	CFR
James Houghton	CFR
Henry Schacht	CFR/TC
Marietta Tree	CFR
C.C. Collingwood	CFR
Lawrence LeSueur	CFR
Dan Rather	CFR
Harry Reasoner	CFR
Richard Hottelet	CFR
Frank Stanton	CFR
Bill Moyers	CFR

### **NBC/RCA**

Jane Pfeiffer	CFR
Lester Crystal	CFR
R.W. Sonnenfeldt	CFR
T.F. Bradshaw	CFR
John Petty	CFR
David Brinkley	CFR
John Chancellor	CFR
Marvin Kalb	CFR
Irving Levine	CFR
H. Schlosser	CFR
P.G. Peterson	CFR/TC
John Sawhill	CFR/TC

### **ABC**

Ray Adam	CFR
Frank Cary	CFR
John Connor	CFR
T.M. Macioce	CFR
Ted Koppel	CFR
John Scali	CFR
Barbara Walters	CFR

### **PUBLIC BROADCAST SERVICE**

Hart ford Gunn           CFR  
Robert McNeil           CFR  
Jim Lehrer               CFR  
C. Hunter-Gault         CFR  
Hodding Carter III       CFR  
Daniel Schorr            CFR

**ASSOCIATED PRESS**

Keith Fuller CFR  
Stanley Swinton        CFR  
Louis Boccardi         CFR  
Harold Anderson        CFR  
Katharine Graham       CFR

**U.P.I.**

H.L. Stevenson         CFR

**REUTERS**

Michael Posner         CFR

**BOSTON GLOBE**

David Rogers           CFR

**BALTIMORE SUN**

Henry Trehwitt         CFR

**NEW YORK TIMES CO.**

Richard Gelb            CFR  
James Reston            CFR  
William Scranton        CFR/TC  
A.M. Rosenthal         CFR  
Seymour Topping        CFR  
James Greenfield        CFR  
Max Frankel             CFR  
Jack Rosenthal         CFR  
Harding Bancroft        CFR  
Amory Bradford         CFR  
Orvil Dryfoos            CFR  
David Halberstram       CFR  
Walter Lippmann        CFR  
L.E. Markel             CFR  
H.L. Matthews           CFR  
John Oakes              CFR  
Adolph Ochs             CFR  
Harrison Salisbury       CFR  
A. Hays Sulzberger      CFR  
A. Ochs Sulzberger      CFR  
C.L. Sulzberger         CFR  
H.L. Smith               CFR

Steven Rattner            CFR  
Richard Burt            CFR

**TIME INC.**

Ralph Davidson        CFR  
Donald M. Wilson      CFR  
Louis Banks            CFR  
Henry Grunwald       CFR  
Alexander Heard       CFR  
Sol Linowitz            CFR/TC  
Rawleigh Warner, Jr. CFR  
Thomas Watson, Jr.    CFR

**NEWSWEEK/WASH. POST**

Katharine Graham     CFR  
Philip Graham         CFR  
Arjay Miller            TC  
N. deB. Kat zenbach   CFR  
Frederick Beebe       CFR  
Robert Christopher    CFR  
Osborne Elliot        CFR  
Phillip Geyelin        CFR  
Kermit Lausner        CFR  
Murry Marder         CFR  
Malcolm Muir          CFR  
Maynard Parker        CFR  
George Will            CFR  
Robert Kaiser         CFR  
Meg Greenfield        CFR  
Walter Pincus         CFR  
Murray Gart            CFR  
Peter Osnos            CFR  
Don Oberdorfer        CFR

**DOW JONES & CO.  
(Wall St. Journal)**

William Agee            CFR  
J. Paul Austin          TC  
Charles Mayer          CFR  
Robert Potter          CFR  
Richard Wood          CFR  
Robert Bartley        CFR  
Karen House            CFR

**NATIONAL REVIEW**

Wm. F. Buckley, Jr.    CFR  
Richard Brookhiser    CFR

**WASHINGTON TIMES**

Arnaud de Borchgrave CFR

You will note two notable names are absent from the list. This, at first, would appear wonderful: Ted Turner and Paul Crouch of TNT, CNN and TBN--to whom we have referred prior to this. Don't allow it to cause you great exuberance and carelessness. Mr. Rockefeller is a member of Ted Turner's Board and Paul Crouch often is called into counsel with the White House. The bases have been most well covered. What do we do? We continue to push and present until we get a proper hearing on Sipapu Odyssey--we take one step at a time until we MUST be allowed a hearing.

Remember that your government was structured to function by the people and for the people----WHO ARE THE "PEOPLE"? YOU! You are the people. The tumor, however, has eaten into every portion of your society. I can only point it out to you until you "see" it for that which it is. But just as with a tumor, it can be removed and it can be cured.

These ones who have stolen your government have committed treason in its highest form--they have literally carved away at your very Constitution until it is all but lost in strength--the most wondrous document ever born unto freedom.

Your right to bear arms and protect yourselves is all but gone--the push is heating up to remove all rights to bear arms---you can now KNOW that it will only be the "controllers" and the "criminals" (the term is suitable for either), who will have the guns and you as a citizenry will be helpless.

Did you note that which your government did in Panama? They went about and bought up almost all of the weapons owned by the Panamanians. There can now be no resistance no matter what is perpetrated against them for they now have no way to defend themselves. Oh, it was only the most tiny of blurbs--thousands of dollars were spent to "purchase" the weapons. All types were gathered up and basically confiscated. Do you not feel the noose tightening about your neck?

## **REPEAT, REPEAT, REPEAT**

Get rid of your \$50's and \$100's. Get out of the Stock Market. Get rid of any zero coupon CD's--in fact, get out of CD's. Let us go over it once again. I truly am responding to a whole barrage of questions as two more S&L's go into control with no lending and no investments allowed. People can continue to make deposits but who in the world would do so? For the interest of you ones who know these people at this location---one of them is Santa Barbara Savings who is in the middle of the lawsuit over this very property. I believe before this is all over, Judge B may have to eat an awfully big chunk of crow

for his amazing and foolish slanderous remarks in his courtroom before a room full of witnesses. How much in "damages" do you think these ones might reclaim from SBS? An S&L or bank which is not allowed to "S&L" or "bank" is dead, my friends! Call it what you may--it is out of business. It is not closed simply to see how it can best be absorbed with the fewest numbers of investors losing their shirts--you see, the FSLIC cannot pay any more for it is already millions and millions overdrawn. All this makes for a great lumpy glob in the pit of this scribe's belly.

Do not be foolish enough to believe you won't get Kurt. Reaching for yield can min you financially, especially if you don't understand thoroughly what you have invested in.

In October, the Wall Street Journal reported about a Dr. Blumfield who thought he was a pretty sophisticated investor. In May of 1986, he gave Merrill Lynch (Regan's old stomping grounds) \$40,000 for a federally insured certificate of deposit, which offered an effective yield of more than 9%. Sounds good doesn't it?

Now, almost four years later, his investment (on paper) is worth just \$43,000--an annual return of just over 2%. Well, at least he didn't lose into the hole. The problem is that he did not buy a plain old CD. No. He bought a zero-coupon CD which is sold at a deep discount to its face value. The difference between the price and the face value payable at maturity is the investor's return. To make things worse, the thrift that issued the CD is now insolvent and he learned, to his surprise, that it was not insured under federal deposit insurance. Well, so he didn't go in the hole as to value--just simply lost it all!

Get those CD's taken care of and into T-Bills, cash or something---Savings bonds, perhaps. You are playing Russian roulette if you do not tend it. It is only a matter of time until the billions of dollars in Certificates of Deposit become worthless pieces of paper. This will be when the owners find out that there is no FDIC insurance---it was just another fancy financial game played with your money.

## **DEBT CULTURE**

A debt culture has been created with an entire society buried under growing debt loads at choking interest rates. This has created a most explosive situation. With debts growing faster than money can be made, it is only a question of "time" until defaults and liquidations emerge. This also indicates that they are deflationary.



Consider the demonstration of the San Francisco earthquake (it could be Hugo as well but let us consider San Francisco) as it provides a financial projection of your plight: the estimated damage is, very conservatively, \$7 to \$10 BILLION in repair costs. This does not count the plunging of real estate prices and the slowdown in a \$2 billion tourist trade. Your California Governor says that the state does not have the funds. The White House says that they have \$200 million left over from the \$1 billion borrowed for Hurricane Hugo, and will ask Congress for more billions. Assuming they can borrow the money on Wall Street or abroad, the proceeds will only restore old wealth---not create any new wealth. Some construction firms will get a one-time windfall, but for everyone else it is not good news. And remember, all the borrowed funds now come at the high real rates of interest! And, you aren't even nearly through with earthquakes and disasters. You have one this week in the North-West from floods.

You have been living in a bubble of "false" prosperity--one which is totally financed by debt. You are not just on a sandy foundation--it is quicksand. The reason this is so important is that for years debts at every level in your country have been compounding faster than the income you generate. It has been doing this at high real rates of interest, which is even more dangerous for your society. This is because it is a mathematical certainty that you cannot pay those high rates of interest forever, because compound interest is totally relentless. It is deadly---the society becomes more fragile relative to the higher real rate.

It takes a growing portion of your income simply to pay high rates of interest, and an early effect of one large debt bad was seen in the fall of 1989 with the beginning of the end for the "junk bond" market, and it will worsen.

There is a fact to consider herein: anyone with a high debt load and paying high interest on it will ultimately become quite "broke" at his death. This time it will crash down on consumers, cities, states, corporations and Uncle Sam. You will move into hard times of long year's duration and it will be a deflationary depression regardless of what your projectors will pronounce to you.

You are on a dangerous (disastrous) cycle---a moving sidewalk from which you can't extricate yourselves. You cannot get off until you get rid of a lot of your debts as they go into default in the hard times you are now entering. Do you not see the Dark Ages closing about you? The data on wages and prices have clearly shown this to be true. So, you are now firmly implanted on the debt treadmill and can't get off. The larger your debts grow, the more money

that must be earned to pay back the interest on the debt and the less that is left for profit.

## **CAPITALISM REQUIRES PROFITS**

Beyond the trouble of your falling GNP, you also have falling profits.

The latent Federal Reserve Data (and that bunch should know) reveals that the corporate profit rate, calculated by taking net pretax profits and dividing by capital stock--peaked over twenty YEARS ago. In 1965 it was 17.2%. Using the same method of calculation, profit rates fell to 4.6% in the 1982 recession. During the "miracle recovery" of the Reagan administration, with the bizarre, sup-ply-side economic theories, the profit rate rose to only 8.1% in 1986 and 8% in 1987. You are headed for a drop back to 4% or less by the end of 1990 as all probabilities indicate.

What are the consequences of a high interest burden, high default rates and continued low profits? Corporations must have liquidity in the form of borrowed funds. Without liquidity from the junk bond market or cash flow from profits, they then look to the government which gives them a hand with tax cuts or bailouts, thus "socializing" the risks right back into the Laps of you the people. No matter what you are told it is all done to try and stall deflation and the shock that comes with it but deflation is a relentless monster and marches right along anyway. You will learn this by a most bitter dose of truth indeed. Karl Marx made a very accurate and long-range prediction: "Capitalism will finally see profit rates fall so low as to destroy the engine of capitalism and therefore, the system." And the most unfortunate is "what could have been"!

## **WHAT OF THAT GOVERNMENT DEBT--PERHAPS IT WENT AWAY?**

Nope--still there! Only by the end of 1990, the U.S. government will owe more than \$3 TRILLION to its creditors. This is only the debt which the government "ovens-up" to. The government's "unfunded liabilities" --its solemn obligations to pay Social Security, Medicare, unemployment, veterans' and federal pensions, etc.--constitute at least an additional \$15 TRILLION liability. Moreover, debt incurred by private individuals and corporations amounts to an additional \$10 TRILLION. This amounts to a grand total (reported) of \$112,000 owed by EVERY MAN, WOMAN AND CHILD IN THE UNITED STATES OF AMERICA, OR \$448,000 FOR A FAMILY OF FOUR!

The bill known as Gramm-Rudman was intended to balance the gaping federal budget, but your Supreme Court gutted the enforcement mechanism of the legislation. It is now meaningless. By the way, for you who forget, that bill said "federal outlays shall not exceed federal receipts beginning in FY 1981". Ah, do you hear the fiddle music and smell the smoke? The economy is burning!

## **DEFAULT OR NOT DEFAULT--THEN WHOSE FAULT?**

Banks have come up with an old invention--securitizing debts. Alas, it didn't work before and it is purely laughable now. This is a process where banks take the loans they have made and tie them up in a neat package and sell the new securities to investors. An asset-backed security now emerges--like credit card loans, auto loans, recreational vehicle loans, mortgage loans and even "death backed bonds", securities backed by loans to life insurance policyholders. The credit card bonds are called "plastic bonds". This process, of course, does create more leverage, but it also is using as an "asset" a loan to a consumer who has an established historical record of defaulting on what he owes.

This would be bad enough, but the "investors" who purchase these are pension funds, retirement funds, and I think you get the picture. The market for these types of securities is most illiquid as it is almost impossible to get a quoted price.

## **BACK TO THE PENSION FUNDS HATONN NAGS ABOUT**

How safe is your pension fund? How safe is your retirement fund? Cash is the only asset that gets stronger in bad times. Cash is it. A good lesson---when computers, etc., went down in San Francisco, the stores went to "cash only".

Again, I am going to quote an article for it makes my point so much better than I:

"Securitization is not quite the panacea its advocates claim. They argue that because securities are more liquid (i.e. they can be easily sold in the marketplace), they are safer than loans. Yet here again history teaches a different lesson. Listen to George Moore, the down-to-earth former chairman of New York's National City Bank (the forerunner of Citibank), America's

biggest commercial bank.

"In his memoirs published in 1987, the then eighty-two-year-old Moore described how banks in the 1920s were not only big issuers of corporate bonds, but also big investors in them, as were their clients. He observed that the arguments in favor of securitization today reminded him of the arguments used then. 'The fact is, of course, that when your bank needs the cash, all the other bondholders need cash, too, and the market price of the bonds goes down--if you can sell them at all.' The last point is not academic.

"For the record, 50 percent of the foreign government bonds issued between 1925 and 1929 defaulted, as did 28 percent of the domestic corporate bonds issued and 21 percent of the urban home mortgage loans. Unlike bank loans, bonds cannot easily be rescheduled."

In your ridiculous financial lifestyles you all want a better return on your money. This search for more returns, more money, is also as old as time. It is historically true that more money has been lost in trying to get a high yield than from all of the stock market crashes and frauds of the past.

There are over \$500 billion in Certificates of Deposit outstanding. This large sum represents funds loaned to banks by individuals and corporations and foreigners in the hope of getting a higher yield than they can get, say, on a T-Bill. It is a national belief that these funds are safe since they are backed by the FDIC insurance, which now has just eight-tenths of one cent for every \$1 on bank deposit. Well, it is OK--you "taxpayers" will pick up the balance.

I most certainly hope you dear ones have a good sense of humor because you are most surely going to need it!

There is not going to be any magic, no fast and *easy* solutions to your growing problems--it is going to be quite "tough out there", in fact. Get ready, if you have not already done so. Keep cash at home, have your big resources in T-Bills (90 day) and/or U.S. Savings Bonds (EE), and buy gold and silver coins starting now if not already. Both metals will make major price rises before the fall and you can then utilize some of the strategy we pointed out in our Journal.

The winds of violent changes are sweeping the lands and I do you an injustice if I do not share these things with you ones.

Dharma, it has been a long writing and I have so much more but I believe we should delay more until the morrow.

I shall now move to stand-by that you might close this segment.

Good evening,  
Hatonn to clear, please.