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Yellow Alert, First Warning:
The Alzheimer's Economy
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By
Gary North, Ph.D.

On January 1, 2000, the world's computers will either shut down or go haywire. So will everything dependent on them: banks, Social Security, Medicare, and (if you don't take action soon) your retirement plans. (There will also be another major victim: the communications network of the U.S. Defense system and NATO.)

Dear Fellow Victim:

"That just isn't possible!" That's the first reaction of everyone who hears this story for the first time. But when people hear me out, they change their minds. Always. I'm not saying that everyone believes that things will get as bad as I think they will. I *am* saying that everyone at least says, "Maybe it really is possible. Maybe mainframe computers could go down. Maybe we've got a problem. Maybe it's bigger than I had thought.

"Maybe" is the first step to your survival. And I don't mean just financial survival.

(Throughout this report, I quote directly from U.S. government and industry sources which document in detail everything I say here. I also give you an address on the World Wide Web where I have posted electronic links that take you right to these original sources and to a lot more evidence that I don't have room to present here.)

Here is my prediction: *over the next 36 months, investors will have an opportunity to make the greatest profits or greatest losses since 1929-32.* Some people will make fortunes, only to be wiped out —trapped —when governments impose eco-

nomic controls. Timing will be crucial.

Let me explain, briefly. Over 40 years ago, a tiny group of incredibly skilled technicians made a fateful decision. They took a calculated risk. They saw that they could save their employers a little time per task and a lot of money overall. To achieve this, they would necessarily place most of Western civilization at risk in the year 2000 — maybe the greatest risk in the West's history. They went ahead and did it. *You and I will soon become victims of their decision.* Our lives will never be the same because of them.

Who were these people? Computer programmers — back in the days when there weren't many of them. As technicians, they wanted to save money with the most efficient technical solution. But as social forecasters, they were fools: *the greatest group of fools in the last 1900 years,* as you and I are about to find out. Here's what the programmers did. In order to save two digits on punch cards and to save hard disk space on computers — back when hard disk space was very expensive — they dropped two digits: 1 and 9. Specifically, they dropped the first two digits of the year, so that 1953 became 53, 1967 became 67, and so forth. All will go well until 2000 becomes **00.** At that point, all uncorrected ("noncompliant") computers will think it's 1900. At that point, they will either shut down or start computing on the basis of a 100-year error: *chaos.*

The world's mainframe computer systems will then begin to crash. (So will millions of desktop computers.) Their internal calendars will either shut them down or, worse, start spewing out incorrect information. The year 2000 is a leap year; 1900 wasn't. This will throw the calculations off by a day after February 28. The days of the week are different in the year 2000 from 1900. Meanwhile the Federal Aviation Administration's ancient software is programmed in terms of traffic and congestion patterns based on the day of the week. Think of annuity calculations in the insurance industry, in-

terest rate payments by government treasuries, and on and on. *Chaos!*

Can't these older computers be fixed? Some can; some can't. In the time remaining before the year 2000, most can't. It's not just a problem with the computers. It's also a problem with the programs that tell them what to do. These are very complex programs, highly specialized to particular industries. *They cannot be replaced with new programs in the brief time remaining.*

Existing programs sometimes have 10 million lines of code, or 20 million, or, in the case of the Defense Department, **358 million.** This code is incredibly complicated: zeroes, ones, peculiar words, and instructions that today's programmers can't understand. Any line of code may contain an error. Worse; if you fix one line of code, your "fix" may corrupt any of the other lines. This is why 40% of the "fix" must be devoted to testing. *But few (if any) organizations have enough unused mainframe capacity to run the required six-month parallel test!* So, the mandatory testing will *not* be completed in 1999. No one can know for certain if a computer system is Year 2000-compliant until the year 2000, when the computers go on-line in the real world, when internal clocks say January 1, 2000. *It's all or nothing !*

About *85%* of large-scale mainframe software projects are completed *late.* But the year 2000 is fixed. (Some fiscal year-based systems will start failing as early as *mid-1998.*)

How much does it cost today to correct a line of code? It depends. The usual estimate today is *$1 a line,* but in some applications, such as military applications, it can be almost *$9 a line.* Then add testing. As the year 2000 approaches, demand for computer programmers will rise, all over the world. I know one "headhunter" who recruits mainframe programmers for companies. He estimates that in 1999, their *hourly* wage will be *$300 to $400.* Multiply this by ten or twenty pro-

grammers. (Allstate Insurance today employs 100.) Pay them for a year. How many companies will survive this kind of capital drain? But those that can't will die in the Year 2000: computer breakdown, law suits, etc.

To update all of the world's mainframe computers, it will cost between *$300 billion* and *$600 billion,* the Gartner Group has estimated. But this overly optimistic forecast assumes that there are enough programmers available who can read and understand the *400 different mainframe computer languages,* most of them unknown to today's younger programmers. (COBOL is the main one.)

This also assumes that there will be a *pre-repair agreement* among all of these isolated programmers: *a single standard* that all computers will recognize after they are repaired. *This coordination is impossible to achieve.*

If the repairs are not coordinated by a standardized approach — and none exists — then one of two horribly destructive things will happen: (1) uncorrected computers will send their corrupt data into the corrected computers, making them noncompliant, or (2) corrected computers will "lock out" all data from uncorrected computers. In the first case, the reliability of all computers in the data-transfer system will be ruined. In the second case, the overall system will disintegrate because the uncorrected computers are locked out. There will be no more "system." *There is no third option except compliance of all computers in the unregulated system, which is managerially impossible to achieve.*

All of us are now going to pay for the programmers' mistake: *the worst peacetime mistake in the 20th century* . . . and maybe in the last 1900 years. Some of us are going to pay a lot more than others. That's what this early warning report is all about: keeping you from having to pay more than is absolutely necessary. I call this *Yellow Alert, Stage One.* What I describe in this report will not happen all at once. The cost of

taking effective action to defend yourself and your capital will keep rising, but for now, it's not astronomical. But step by step, as this scenario unfolds, I will have to update this report. It will eventually become *Red Alert, Final Warning,* sometime before December 31, 1999. *But those who receive that report will find it very difficult and costly to take evasive action.*

Organized Systems
Will Either Go Down or Go Crazy

Think of one word: *banking.* What if your local bank's computer is fixed, but it can't communicate with 10,000 other noncompliant banks, or 20,000, around the world — the lockout scenario? How will your bank cash checks and clear credit cards issued by uncorrected banks? How will other banks cash your checks and credit card purchases? *All banks are at risk if most of them aren't Year 2000-compliant by December 31, 1999.* The banking system is far more complex and vulnerable than one bank's computer.

Maybe all of the world's major banks will be compliant by late 1998. Maybe your local bank will be. Maybe most depositors will believe this in 1999, even though no one can really be sure that any computer is compliant until Jan. 1, 2000. But what about such *presently noncompliant sectors* as insurance, railroads, government retirement programs, government health care programs, government treasury departments, and national defense?

We are about to enter a new phase of the economy. I call it *the Alzheimer's economy,* when the world's mainframe computers lose their memories. No one with any political power is talking about this in public. No national political leader wants to talk about it before every other leader is talking about it. A national leader who sounds the alarm too early risks career suicide. (I am not a political leader. I'm willing to

sound the alarm. A few of you will believe me: the Remnant.)

The Millennium Bug

There's bad news — incredibly bad news — and good news. I begin with the bad news. Until you understand the extent of the threat, you won't recognize the opportunity. Here is my personal recommendation: *When your ship comes in, you had better not be down at the bus terminal.* You had better start thinking about this problem now, before the rush. It will become very costly to deal with it once the world's stock markets start down. It may be more than costly. It may be impossible. You do not want to be in a totally vulnerable situation, saying to yourself, over and over: "You fool! You knew years in advance!"

The problem I've described here is called *the Year 2000 Problem.* It's also called the Millennium Bug. You've probably heard a little about it, but you don't know the details. It's sort of like Muzak: it's there in the background, but nobody pays much attention to it. They will, When the Dow Jones falls below 5,000, they will. When it then falls below 2,000, they will be hearing about little else. Then things will get *really* serious.

When this stock market crash begins, a handful of people who can see what's coming will *double, triple, or quadruple their money by using; a little-known mutual fund that was set up to hedge against lust such a meltdown.* I discuss it later in this report. By using its services, it will be ridiculously easy for informed investors to make a great deal of money.

But the big problem won't be making money. The big problem will be *knowing; when to abandon whatever it is that most people call money today,* prior to the year 2000. Your problem will be this: *timing; your sale of today's bank credit money for tomorrow's money* — the money of the next millen-

nium. Money in America after January 1, 2000, is unlikely to be pieces of green paper with Presidents' pictures on them.

The stock market's pre-2000 meltdown isn't the really bad news. It will merely be a late warning of the far more serious events to come after 2000. The public will not believe this story until after the market crashes. *It will then be way too late for the average investor to profit from what I'm going to tell you in this report.*

Let me make myself perfectly clear, as President Nixon used to say. Because you are reading this report, you have been given a *distant early warning.* You are already way ahead of several billion future victims. Their lack of knowledge and then their unwillingness to take evasive action have given you a head start.

Just don't forget this crucial fact: the finish line in this desperate race is absolutely fixed. It's January 1, 2000. *Don't waste the head start that you now enjoy.* If you sit there, nod your head in agreement, and then do nothing, you're in worse shape than your competitors. You'll be more responsible. The Bible warns:

> For unto whomsoever much is given, of him shall be much required: and to whom men have committed much, of him they will ask the more (*Luke* 12:48),

The Domino Effect

I'm not talking here about a worldwide stock market panic. That's a minor event. I'm talking about the worldwide panic (except in Red China) that will *follow* the stock market panic. You may be thinking: "What kinds of things are you talking about?" Here's a real-world example. If all of your credit cards are rejected as "expired" at the check-out stand, and your local bank's ATM cash machine won't give you any cash, and your checks start bouncing because your account

says "closed because of no recent activity," will you grab your passbooks, go to your bank, and empty all of your accounts for cash? Of course you will . . . *if* you still can. (By the year 2000, it may be out of business.)

If the same thing has been happening to 90% of the bank accounts and credit cards on earth, do you think the entire banking system might get into trouble? Like maybe bankruptcy [bank + rupture]? Do you think there will be a long line in front of every bank still in business (and not many will be)? If so, you're beginning to get the picture.

Here's another example. Your city is supplied daily by a railroad that brings in bulk items that can't be hauled by trucks. Millions of tank cars, grain cars, and coal cars keep America's economy running. They keep our cities alive. They keep *you* alive. You probably don't think much about freight trains. You don't even notice them. Why? Because the trains run on time. And why shouldn't they? They're computerized! *But what if these computers go down?*

Is this example merely hypothetical? I don't think so. In *Datamation* (Jan. 1, 1996), David Baum reported that back in 1995, the Union Pacific railroad started running into problems with its five year scheduling, budgeting, and forecasting operations. The year 2000 did not compute. "Why not?" someone asked. (This, by the way, is how Social Security also found out in 1989: a ten-year forecasting exercise that revealed the anomaly.)

Union Pacific officials began researching its problem. Its grim discovery: over 82% of its programs are sensitive to date-related fields. It has 7,000 programs totaling 12 million lines of code. Estimated cost of conversion: *200,000 man-hours* or 100 staff years. The company in late 1995 had not yet decided which conversion tools it would use. I assume that it has by now. The problem is, Union Pacific is not America's only railroad. Will all of the others be compliant in 2000? More to the point: *Will the North American freight transport system as a whole be compliant?*

Consider this. Railroad cars are owned by investors. The railroads lease them. A car may be transferred from company to company as it is directed to shipping points. Mainframe computers integrate this system. They ship cars hither and yen. If this privately owned, unregulated computer network loses its collective memory, the railroad companies will lose track of the cars. In January. Now think: New York, Boston, Detroit.

The government will have to nationalize the railroads. But if the banks go down, how will the government — any government — collect taxes? Or what if the IRS computer goes down? Or what if taxpayers think that the IRS computer has gone down? There will be a massive tax revolt. How will the Federal government pay its employees?

You may be thinking, "Things like this could never happen!" As recently as October, 1996, that's what I thought, too. *But things like this are going to happen unless something very much like miracle takes place.* I'm not counting on miracles.

Meanwhile, I hope you're not thinking this: "If this really were about to happen, President Clinton would surely warn us." Anyone who thinks that any national politician with enough authority to be taken seriously will sound the alarm and risk triggering a banking panic is not much more reliable than a mainframe computer will be in the year 2000. Here is my prediction:

This Will Be the Biggest Social Crisis of My Life (and Yours)

I'm a historian by training. If what I think is about to happen really does happen, history textbooks will include at

least a page about it in a thousand years, the same way they include a paragraph on the bubonic plague of 1348-50. (That grim event killed one-third of the population of Europe, from Italy to Iceland.)

I'm a financial commentator by profession. If what I think is about to happen really does happen, investors will be talking about it in 60 years, the same way we talk about the 1929 crash, the Great Depression, and World War II, all rolled into one.

This could be the biggest single event in the history of the West. Am I exaggerating? Not deliberately. But I hope I'm wrong. Ridiculously wrong. Dead wrong. What I'm about to tell you I didn't believe as recently as last October. I would have said, "It really couldn't be this bad." But what I have learned since then has changed my mind.

I first read about the Millennium Bug back in 1992. Robert X. Cringely (a pseudonym) wrote about it in his book on the recent history of the microcomputer industry, *Accidental Empires*. Warning: Don't do what I did in 1992. Don't read it and say, "So what?" I did not understand the implications of his prophecy back then. *It took over four years for the realization to hit me. When it did, my life's plans changed overnight.* I hope it doesn't take you four years. Here's what he wrote.

> We can predict the date by which the old IBM — IBM the mainframe computing giant — will be dead. We can predict the very day that the mainframe computer era will end. . . . On December 31, 1999, right at midnight, when the big ball drops and people are kissing in New York Times Square, the era of mainframe computing will be over.

I know, I know: So what? We can all live without IBM, can't we? No. I mean this literally: "No, all of us can't live without IBM." It would be like trying to remain productive with three-quarters of your memory gone. You couldn't do it.

Your family would put you in a convalescent home to "convalesce." ("To convalesce" in this setting means "to stop breathing.") *We are about to enter the Alzheimer's economy.*

The Alzheimer's Economy

Business decision-makers in Fortune 1000-size firms throughout the world — the companies listed on the world's stock exchanges — use data stored on mainframe computers to make their decisions. *Something in the range of 75% to 80% of this decision-relevant information is stored on mainframe computers, mainly IBM computers.* The smooth operation of the free market is totally dependent on a continuing flow of accurate information. If the world's mainframe computers go down or start spewing out inaccurate information, the world's economy will be like a person who is struck down by Alzheimer's disease. Struck down overnight!

The world's economy today is not completely dependent on mainframe computers. Red China isn't. India isn't. Bangladesh isn't. But the West's economy is so dependent that any break in the information system or the payments system will create massive unemployment. The enormous specialization of jobs in the modern economy places us at risk if the means of payment goes down —banks —or public utilities become unpredictable.

But don't businesses have lots of desktop computers? Yes, but this fact will save the West's economy only in the long, post-2000 recovery phase, after trillions of dollars worth of capital —including jobs —have been lost. First, most desktops and software are *not* Year 2000-compliant. Second, a desktop computer has a lot of power — vastly more power than older mainframes have. The problem is not computer power. The problem is *the incredibly complex, highly specialized computer programs* that run only on mainframe computers. These are old programs, and they cannot be rewritten for

desktops in the short time we have remaining. What I am saying is this: *all systems can't be repaired in time.* But if all of them aren't compliant, the information system fails.

Most of the computers in a system must be compliant for the system itself to survive. But most mainframes will not be compliant in the year 2000. After 2000, how will decision-makers in governments, big businesses, and the financial markets make accurate decisions? How will the free market link together supply and demand? Keep in mind the computer user's phrase: *garbage in, garbage out.* What if decision-makers can access only garbage?

Year 2000-noncompliant mainframe computers belong in the equivalent of retirement homes or convalescent homes, yet they are running the world's governments and its largest businesses. It is now too late to get rid of these mainframes, since they run the day-to-day operations. Social Security sends out 50 million checks a month. (SSA's Kathleen Adams, *Consortium Quarterly,* Oct. 1996, p. 10). All governments in the West do the same. *Bureaucrats can't shut down these mainframes without shutting down the Governments.* (Candidate Bill Clinton promised in 1992 to "end welfare as we know it." He didn't do it, of course. Neither did Congress. But the Millennium Bug will.)

Consider another problem. Allstate Insurance is America's second-largest insurance company. It relies on a mainframe computer system that has 40,000 programs operating as one complex system. This system has 40 *million* lines of code! In 1995, Allstate figured out that it had a problem with its system. It hired a hundred programmers to fix the code. The company has budgeted $40 million for this project.

The programmers are not scheduled to complete the "fix" until late 1998. But all experts in this field say that at least 40% of a repair project must be devoted to testing. It takes months of testing to get a reliable assessment. The new pro-

gram must be run side by side with the old one to see if it crashes the system. If the "fixed" program crashes the system five months into (say) a six-month test, the entire program must be examined, repaired, *and completely tested again.*

Do you really believe that a team of 100 programmers will go through 40 million lines of code and not make a single mistake the first time through? A mistake in one line of code can affect any of the other 40 million lines of code. This could shut down the whole system. Here is what one of the programmers told a *Wall Street Journal* reporter:

> When I started here, I thought I would come in, write a thousand lines of code, and change the world. Now, I'm afraid to change even a single byte. Everything is just so complicated. (December 11, 1996, second front page.)

What if the team misses the deadline? What if Allstate is threatened with bankruptcy in 1999? Will another insurance company buy its assets? What insurance company? *I am aware of no major insurance company anywhere on earth that is Year 2000-compliant today.*

Next problem: What if people holding cash value life insurance policies start demanding their money at the contractual rate of 7% or 8%? If they think their insurance companies could go bankrupt, won't they cash-out those policies? Meanwhile, other policy-holders will stop sending in premiums. Would you send in premiums to a company that you think could go bankrupt in a year? What will the companies do?

Here is my prediction: (1) they will go to Congress and ask to have all such cash value contracts suspended because of a national emergency (and there will indeed be a national emergency in 1999); (2) failing to receive such government intervention, they will start selling off their assets. What assets? Mainly these: mortgages, bonds, and stocks.

Interest rates will skyrocket. As rates climb, other cash value policy holders will exercise their right to get cash. The downward spiral in the capital markets will continue. What little is left of the stock market will fall again. The present market value of bonds and mortgages will plummet. Without mortgage money, the real estate market will collapse. Sellers will not be able to sell real estate except by carrying back paper (debt), in the midst of rising interest rates and a falling mortgage market, *when nobody will want to issue long-term credit and everyone will want cash.*

I ask you: Is my scenario too exaggerated? Too extreme? Too apocalyptic? Fine. Tell me: *Where am I wrong?* If you tell me that this isn't really that big a problem, answer me this: Why is Allstate spending $40 million trying to fix it? Why isn't Allstate Year 2000-compliant today, after two years of expensive repairs? Finally, do you think all large noncompliant companies are as flush with money as Allstate is? Where will they get the money or the programmers? They won't. They'll die.

Without liquidity, there is no mobility. There is a market for urban real estate today, and places to buy in safer, smaller locations, only because hardly anyone has seen what the Millennium Bug could do. When they see what will happen, it will be very difficult to buy and sell real estate except for cash. "He who hesitates is lost," the old saying goes. This time, I believe it. Do you?

It's Catch-22

Most mainframes are located in large cities, where big businesses and big government are. Warning: When the handful of programmers who can fix only a handful of the thousands of mainframes that must be fixed finally realize in 1999 that most computer-driven systems will go down, some of them will quit. They will leave the job unfinished. They

will see what the Millennium Bug can do to a city, and they will offer their services to some rural public utility company, which will hire them in a flash (probably at $200 per hour).

It's a Catch-22 problem. Businessmen and politicians will put up the money necessary to make the necessary repairs only when they get very, very scared about what the effects of the Millennium Bug will be. They will have every right to be scared. They aren't scared enough today. But the very forecasts that will scare them will scare off the technicians who can make the repairs. *The more motivated by fear the managers become, the more motivated the programmers will be to leave.*

I have a good friend who did the original programming 20 years ago for Medicaid. I was on the phone with him for hours in mid-December. He told me the following:

> I knew back in the 1970's what could happen to the economy if the people we worked for didn't replace both our software [programs] and the hardware [machines] used to run them by the year 2000. But the two-digit year tradition was two decades old by the time I got into this business. It was built into the actual hardware. We couldn't change this in the 1970's. So we wrote the code. But the state governments are still using the old code and old machines. They never upgraded. It's too late now.

> The code that I wrote and the other team members wrote cannot be revised in time. The states have "patched" it for two decades. The original code's documentation is gone. The code's program compilers [organizers] are gone. Medicaid is a state program. The states don't know where I am. Nobody has called me. Our team is scattered. Medicaid will go under on Jan. 1, 2000.

This man has already moved to the area of the United States that I am now looking at very closely. He has told me that he plans to use his money to "buy lifestyle, not more paper money investments." He could make a fortune as a pro-

grammer, but he will not move to a large city. He sees the threat to his lifestyle that his programming in the 1970's has created. He wants out of the trap.

Then there is the IRS computer in Martinsburg, West Virginia. It's an old IBM system. My one optimistic advisor says that it will suffer major problems in tracking depreciation schedules. But will the whole system collapse? Technologically, probably not, he says. But, he says, the IRS loses up to 20% of its data files each year anyway, which is why they can't provide data on cases older than three years. *If taxpayers in 2000 think they can't be caught, many will stop paying.* If they stop paying, the income tax system will collapse. If revenues drop, what happens to the government debt markets? I mean every government on earth! Think about the interest rate implications. 20%? 30%? What? (This assumes that the IRS computer will not actually crash.)

What about bank cash machines? One programmer posted a message on a Year 2000 discussion forum that I follow daily. She says that she has revised 30 ATM (automatic teller machine) systems. Some were year 2000 compliant; some weren't. Some used four digits; some didn't. Her conclusion: the ATM systems as a unit will default to 2 digits. She didn't say it, but this implies that there will be a major breakdown. It is crucial that your bank's credit card be year 2000 compliant *now*. You dare not trust a promise of "real soon now."

A December 6, 1996 posting from a computer specialist surveying the situation in England reported that he had contacted a local water works company. It was still using a mainframe IBM machine. The water works had not begun the repair project. What about *your* local water and sewer system? Is it year 2000 compliant now? Are you sure of this? Are you going to find out? When?

Let me share a letter that a very skilled programmer sent

me in December, 1996. I had sent him my preliminary findings on the Year 2000 Problem. He works for a large company that does these repairs, so I can't name him. He lives at the edge of a northern city with a large ghetto with hundreds of thousands of people on welfare. He says that the repairs required are impossible to do. Our only hope is with the Internet and its communications opportunities, which are run by microcomputers, not mainframes.

> On all (even slightly) complex upgrade projects I have always told the customer it is cheaper to rewrite from scratch than to try to retrofit the old software. I cannot even read my own code after 6 months unless it is copiously documented. I can almost never read someone else's code or follow their logic. Systems with 20 years of patches would be nearly impossible to fix.
> Good programmers do not want to get into year 2000 fixes because there is no future in it (beyond the year 2000).
> Testing "fixes" is close to impossible. Many systems pronounced "Year 2000 Compliant" may fail when the real year 2000 hits. . . .
> The only chance we have is vast deregulation and decentralization of government and large centralized organizations — especially 'near government' ones.
> I am going to make sure I have plenty of cash, food, and survival gear on hand come January 2000.

The bad news is the banks, insurance companies, and even public utilities may be headed for a breakdown. The good news is that so are the governments. Most of them. (But not Red China, which never had the money to buy mainframes.)

Seminars for lawyers are now being held on the Year 2000 Problem. Some estimates run as high as *$1.3 trillion* in settlements in the U.S. alone! Noncompliant companies will be sued (if the banking system survives). Think of this when you hear "Dow 10,000." Corporate executives and Board members will start bailing out before the year 2000. Massive *insider trading* will be the signal that stock market mania will turn into panic.

The Looming Crisis
of the Internal Revenue Service

Some of my subscribers took me seriously when they received my Year 2000-compliance sample letter to mail to their banks, mutual funds, and suppliers. (I have included a copy of this letter on page 3 of the enclosed insert.) Some of them sent me copies of these replies. There were some choice ones.

The most important letter came from a man in the securities business. He said that he contacted a friend of his who works for the Internal Revenue Service. He was told verbally by his friend that *the IRS will not be compliant in the year 2000*. I quote from his letter:

> I ran the year 2000 scenario by him and asked him what the IRS awareness level is, what they are doing, etc. His response was that the IRS computer system is a mess and that they have only in the last few months begun to talk about the need to do something.
> When I pressed him on the "not enough time left" issue, here is what he revealed. In 1989 the Social Security Administration started working on the problem. The SSA projects that they will be Year 2000 compliant in 1998 (maybe they will be, maybe they won't). . . . . . It was then he revealed the IRS strategy. They plan on simply tapping into the SSA system and databases! Granted, there will be no tax-return histories, etc. But there will still be a significant amount of comparable data that the IRS can use, i.e. SSNs, earnings histories, etc. Of course, this assumes that the SSA can make the deadline. Time will tell.

Obviously, I cannot get formal confirmation on this story from the IRS. If the IRS were to let this story get out to the general public, this would begin to affect the government's credit markets. If the IRS is going to have problems tracking payments, then the Treasury's promise of "full faith and credit of the United States government" becomes highly problematical. Ever since Franklin Roosevelt had the U.S. gov-

ernment steal the nation's privately owned gold in 1933, this catch phrase has undergirded the nation's capital markets, and through foreign central bank holdings of T-bills, the world's capital markets.

The promise of the U.S. government to continue to tax us, so that it can meet the interest payments on its ever-growing debt, is supposedly far more reliable than the promise of gold. Gold's promise is based on geology: *you can dig up only so much of it.* The government's promise is different: it can dig into our wallets, or at least print up the money, for far less than it costs to dig up and refine an equivalent dollar value of gold.

To reduce its costs of getting our wallets, the IRS installed an IBM computer system and paid to have it programmed. That was over 30 years ago. Now the IRS faces what all the rest of the computer-dependent world faces: a drastic increase in costs.

On January 30, 1996, the IRS admitted publicly that its 11-year, $4 billion computer upgrade had failed. The IRS's Assistant Commissioner, Arthur Gross, told a commission established by Congress that the agency's systems are "dysfunctional." Nevertheless, he said, the IRS must continue to use these systems for the foreseeable future. *(New York Times,* Jan. 31, p. A1.)

On February 5, the *Wall Street Journal* ran an article on the editorial page that was written by the former historian of the IRS, Shelley Davis. This article confirmed the worst suspicions of anyone who had read the *New York Times* article. But Ms. Davis raised the issue that the *New York Times* had not mentioned: the Year 2000 Problem. Here's her assessment:

> Without decisive congressional action there may only be a few years before we face an IRS meltdown. The looming

"year 2000" software conversion issue brings a chill to those who realize its seriousness. The same Arthur Gross who admitted the intellectual lapses of the IRS said last fall that a failure to complete this conversion "would mean a major disabling of the IRS."

The next day, I called Ms. Davis and did an audio taped interview with her. I asked her point-blank if the IRS would be flying blind if the revision of its code turns out to be as big a failure as the last 11 years' worth of revisions. She said that "flying blind" describes it perfectly. (On how you can receive a copy of this interview, see the last page of this report.) Then she made an amazing statement: the figure of 11 years is an *under*estimate. She said that the IRS has been trying to update its computers for 30 years. Each time, the update has failed. She said that by renaming each successive attempt, the IRS has concealed a problem that has been going on for 30 years. She was the IRS's historian. I take her seriously.

She told me that the IRS estimates that it will take 900 programmers working full time to revise each module of the system, and there are four main modules. Where will they hire and train enough programmers to make the system compliant?

I have two questions. First, how will a non-compliant IRS computer gain access to a (promised, hoped-for) compliant Social Security computer after Jan. 1, 2000? If the SSA is going to defend its computer files from data corruption by non-compliant computers, the IRS computer will have to be locked out. Certainly, there can be no input from the IRS.

Second, will the SSA meet its deadline? It has not been easy for me to get information on the status of the SSA's repair program. Congressman Stephen Horn's office released a report card giving SSA an "A." But this report card was graded on a curve. The SSA was in competition only with other U.S. government agencies. The problem is, the real test will be pass-fail. It will not be graded on a curve.

Can Social Security Meet Its Deadline?

By going onto the World Wide Web, I was able to locate a copy of *CIO Magazine,* a small circulation publication that goes to CIO's: chief information officers. These are the people in charge of large computer departments. In the September 15, 1996 issue, an article appeared, "Will Your Systems Survive the Year 2000?" It reported that the SSA has adopted an algorithm that translates two-digit years and converts them to four digits. "By June 1996, changes were complete for six million lines of code, with 24 million left to go" (p. 58).

Think about this. The SSA discovered the problem in 1989. They began working on the correction in 1991. Their announced deadline for 100% compliance is December, 1998. This means that in order to run parallel testing and leave time to make corrections, they have to finish this year or early next year. In five years, they completed the repair of 6 million lines of code. From June of 1996 through (say) December of 1997, they must complete an additional 24 million lines. Furthermore, the SSA has not yet completed its inventory of operating systems, which keep the overall system running.

Testing requires parallel simultaneous runs. Identical data must go into the existing program and the revised program. The revised program must produce identical results. It must not shut down. If it shuts down, the programmers must go through 30 million lines of code to find what went wrong. A bad fix in one line can corrupt any other line. Question: *Where will they find the unused computer capacity to run the necessary tests?* Are they now running the SSA computer at, say, 45% capacity? If not, where will they get the mandatory extra capacity to run the parallel test?

This question is the Achilles' heel of all glib talk about

compliance. At least 40% of the cost of making a system compliant is in testing. But there is not enough excess mainframe computer capacity sitting around dormant that will enable the tests to be performed. *The world will go into the year 2000 with its handful of hopefully compliant mainframe systems still untested!* Any organization that says it will be year 2000-compliant that cannot show where it will get the additional 100% of computer capacity needed to run the tests is misinforming the public. *Do not accept anyone's assurance of compliance without proof that the organization has this extra computer capacity.*

The SSA keeps assuring Congress that it will meet the deadline. Well, so what? Anyone can promise anything about compliance. How can any project this complex be forecasted accurately? In *85% of the cases, large-scale programming Projects are brought in late.* What Congressmen refuse to ask (in public) is the really crucial question: "What happens to Social Security if the project is not finished in 2000?" Fortunately, we have a roundabout answer from Kathleen M. Adams, who is associate commissioner for systems design and development for the SSA. She told *CIO Magazine:*

> We send out 43 million checks each month, and we have to have as close to zero defects as we can. Even with a 1 percent error rate, we'd have 430,000 people coming in or calling our district offices; so we do everything we can to avoid risk in our core functions .

(She said 50 million checks in *Consortium Quarterly.*) What if SSA is, say, 10% noncompliant? Will anyone ever get through to Social Security again? No. The busy signal will be permanent. Lines will start forming in front of local offices. Or, what if the checks go out, but 10% are wrong? "The worst thing that can happen," she says, "is if an application does the calculation but does it wrong. It would be better if it broke. Broke is the operational word. That's what the government will be.

There is no good reason to believe that Social Security's computer will be compliant. But if it isn't, then the IRS will not be able to track down tax cheats. Word will get out. It will then not take very much to persuade people to stop filing. There will then be a huge population explosion: tax deductible dependents will multiply in the year 2000, thereby eliminating salary tax withholding.

Here will be the tip-off that the IRS is going down: *The government will pass a law making it mandatory for businesses to verify all claims regarding the existence of emplpoyees' dependents.* When that law is proposed, or when the IRS announces it through the *Federal Register,* it will be time to sell your government bonds. (Maybe sooner.)

You want a chuckle? Try this. Federal law now mandates that after January 1, 2000, every business in the U.S. must submit its tax withholding forms and checks by computer. No more mailing in paper checks! Millions of noncompliant PC's will send in mountains of noncompliant data to a noncompliant IRS computer, presumably by way of third parties that will format all these noncompliant PC data into one gigantic system-destroying virus.

Then the IRS will tap into the Social Security Administration's computer to verify everything. Ain't we got fun!

Stocks, Bonds, and Banks

On December 6, 1996, Congressman John Dingell (D-Michigan) put the Securities & Exchange Commission on notice: it's time to get the securities industry compliant. He cited an article in *Security Industry News* (Nov. 18), "Why the Securities Industry Can't Afford to Hide Its Eyes." He refers to "the catastrophic business and economic consequences" of this problem if industry delays. This is not the kind of language you read in the conventional financial press, *which*

survives through its conventional advertisers.

Dingell asked for an annual report, beginning on June 1, 1997, regarding what the SEC and other regulatory agencies and organizations are doing, including broker-dealers. He also asked for a report on "what the SEC is mandating with respect to disclosure by publicly reporting on companies regarding their potential liabilities as a result of year 2000 computer problems and what they are doing to address them." Unfortunately, Dingell is no longer chairman of the Committee of Commerce. (I never thought I would write "unfortunately.") He cannot compel the SEC to comply.

Still unconvinced? Consider this. On June 17, 1996, the Comptroller of the Currency's *Administrator of National Banks* sent out the *OCC Advisory Letter*. It was addressed to the Chief Executive Officers of all national banks. It was signed by Jimmy Barton, the Chief National Bank Examiner. He sent them a copy of a report by the *Federal Financial Institutions Examination Council* (FFIEC). This organization represents the Board of Governors of the Federal Reserve System, the FDIC (insurance), and the National Credit Union Administration. The report spoke of the "substantial risks" of this problem. Pay particular attention to this statement (emphasis added):

> *. . industry estimates are that only 30 percent are currently addressing the issue. . . This lack of planning could result in the extended or permanent disruption of computer system operations. . . .* This issue affects EVERY financial institution. . . .

Notice that it does not say that 30% of banks are compliant. It says that 30% are: "addressing the issue" in some way. The financial world has not grasped the magnitude of the risk that is now facing us. *We are talking about the system of payments: the flow of funds that keeps every institution's doors open, from supermarkets to the local police department.* We are talking about the world's fractional reserve banking

system, a gigantic inverted pyramid of debt that will topple and shut down when people seeking cash create bank runs. This will shrink the division of labor. Such an event is called a depression.

The two largest banks in the United States are Citicorp and Chase Manhattan Bank. Citicorp has a staggering total of 400 million lines of code to check, with an estimated 5% to 10% noncompliant. Citicorp began its fix in 1995. *(Investor's Business Daily,* Feb. 12, 1997.) *Its noncompliant code may be larger than Social Security's entire system!* (After six years, Social Security still isn't repaired.) Chase Manhattan has 200 million lines of code (*Software Magazine,* March, 1997, p. 32). As for the Federal Reserve System, our nation's central bank, it is in the assessment stage (Federal Reserve Bank of Atlanta, *Financial Update,* Oct.-Dec. 1996, p. 3). Not fixed. Not testing. *Assessment.* Oh, my!

What about Desktop computers? They feed data into every mainframe system. Karl Feilder is a South African specialist in desktop computers. He says that the problems as a whole for desktop PC's will be worse than the mainframe problem, since PC's are uncoordinated. Recently, he checked out 125 brand-new pentium PC's from five different manufacturers. *Not one was year 2000-compliant.*

Here is the problem, meaning *our* problem: standard off-the-shelf software for PC's is rarely 100% compliant, no matter what the manufacturers say. Spreadsheets are especially vulnerable. This includes accounting systems. Small businesses will be hit with a crisis that very few businessmen will be prepared to deal with. Time is running out.

Consider what will happen if *250 million* desktop computers (worldwide) begin malfunctioning in the first week of January, 2000. What if these malfunctions, especially in spreadsheets and accounting, are not detected early? We will see the words of Social Security's Kathleen Adams come true:

"The worst thing that can happen is if an application does the calculation but does it wrong."

A tip: if you want a quick test and possible fix for your personal PC, free of charge, go to *www.righTime.com* and download the software program. Warning: *Do not run any date test without backing up your entire hard disk.* Also, do not save any changes to your hard disk while in 2000 mode. You need to know that there are risks in not testing and risks in testing. It's your decision. I'm just trying to warn you that this is not strictly a mainframe problem.

One way to test for year 2000-compliance is to set your PC's date at 12/31/99 and its clock at 23:58. Then wait two minutes. Does the date go to 1980 or 1984? Also, some of your software is probably noncompliant. Your data could get corrupted. That's why you *must* back up your disk before you run this test. (Even telling you about this test creates risk of a lawsuit. Someone may find that his system goes down, so he sues me. "You told me to run this test! It's all your fault!" Let me make this clear: We are all trapped by this problem. We're at risk if we sit and do nothing. We're at risk if we run tests. We're at risk if our solutions don't work. My view is this: It's better to know what's coming and do your best to evade the worst effects. *But it's your decision, not mine.*)

National Defense

So far, I've been talking about the economy. It's time to look at the West's defense system. I've been only mildly pessimistic so far. Now I get *really* glum. Maybe so far you've remained skeptical. "This just can't be as bad as North says." Now it's time to let someone living inside the calm eye of the hurricane tell the story. You may think I've exaggerated the problem. I don't blame you. Prior to October, 1996, I would have said the same thing. Now let me show you what pushed me over the edge when I found out about it, six months after

the event.

On April 16, 1996, Assistant Secretary of Defense Emmett Paige, Jr. testified to Congressman Horn's subcommittee on Government Management, Information and Technology. His testimony should have been front-page news all over the world (especially in Asia.) He said, "The Department of Defense is very much aware of this serious problem and we are treating it much as we would a computer virus." He went on: "We face a firm deadline and there is no 'silver bullet' product in the marketplace to find, fix, and test all the changes required. The impact of taking no action on the Year 2000 Problem is that we risk the high probability of severely hampering, in some cases, many Defense activities. Some of those activities will involve military operations. Does this place some of these operations at risk? I believe that it does." He was adamant: *There is no silver bullet.* There will be no quick fix that will save the system in the last hour. *Don't count on a technological miracle.*

The problem, he went on to say, is not just with individual computers in the system. *The problem is the possible failure of the entire military communications system.* He admitted the possibility of this terrifying scenario:

> If a particular system fails, we have generally learned how to work around an individual failure. However, if a problem, that happens to be common in most of our systems, were to cause failures in all of those systems at the same instant, the consequences might be catastrophic. The Year 2000 problem has these characteristics.

> If our personnel and payroll systems process dates incorrectly, current employees, members of the Armed Services, and our annuitants cannot be properly paid. If our logistics and transportation systems process dates incorrectly, people and equipment can not be delivered to the correct place at the correct time. This, of course, could have catastrophic consequences should it happen during a time when our fighting forces are being called upon to react to national se-

curity crisis or lend emergency assistance. Some of our weapons systems would not function properly. Our databases would be greatly corrupted.

He pointed out that America's defense is dependent on a vast system of computers, yet these do not speak the same computer languages. Some of these languages are very obscure, he said, and (he didn't say this) almost forgotten by modern programmers. This is the software problem. Then came the corker: *it may also be a hardware problem*. Consider this:

> Another problem is that we may find the Year 2000 date problem in computer chips used only by the Department of Defense. Those chips may no longer be in production. Some of these chips are because of special military requirements, such as in a missile. Others of these are part of the legacy of past policies that allowed broad use of military-unique specifications rather than encouraging the use of commercial, non- developmental items.

Got that? We *may* be dependent on chips that have the Millennium Bug, and these chips *may* be out of production. I conclude one of three things: (1) the military does not know everything it needs to know about its high-tech weapons systems; (2) the military experts who know aren't telling Mr. Paige because the news is too horrifying; (3) Mr. Paige knows we're in big, big trouble, but he isn't saying it in unambiguous language, for obvious political reasons.

Meanwhile, Red China has the largest army on earth and a navy that uses World War II-era technology, i.e., is not dependent on mainframe computers. Today, our high-tech navy can hold the Chinese navy in check. In 1999, however, I would not be an investor in Taiwan or in companies dependent on imports from Taiwan. Taiwanese residents hold more U.S. government debt than any foreign nation except Japan. What if they start selling? *This alone could create a panic in the U.S. debt market*. Interest rates could skyrocket.

Here, you must pay very close attention. What Secretary Paige said about the military's mainframe computers is true of all other mainframe computers. *They must all be compliant internally and also compliant externally, or none of them is safe. This is the key fact regarding the coming breakdown.* If the following statement is accurate, we face an enormous disaster:

> The management aspects associated with the Year 2000 are a real concern. With our global economy and the vast electronic exchange of information among our systems and databases, the timing of coordinated changes in date formats is critical. Much dialogue will need to occur in order to prevent a "fix" in one system from causing another system to "crash." If a system fails to properly process information, the result could be the corruption of other databases, extending perhaps to databases in other government agencies or countries. Again, inaction is simply unacceptable; coordinated action is imperative.

Got that? *Corruption of data in every defense system, all over the world.* This presumably means NATO. He warns that a compliant computer can crash a noncompliant computer. It works both ways: a noncompliant computer can corrupt the data in a compliant computer. *The entire system must work perfectly as a unit for any part of it to be reliable.* To fix one computer is not sufficient. We must fix every computer that is in the system, and then coordinate these fixes, all over the world. In short — and I mean this literally — *the Programmer had better be God.* He must be omniscient. He must also be omnipotent. He must know exactly what to do and have the power to make other programmers do it his way. Finally, he must have the money to do it.

So, what is the military doing? Study groups are being formed. "The Military Departments and Defense Agencies are assessing the impact of the Year 2000 Problem and prioritizing the needed work on the systems for which they are responsible." In short, *there are committees*. But there *isn't* is a compliant system. He closed with this warning: "We cannot

spend an inordinate amount of time analyzing and assessing the problem; we do not have the time."

You should read Secretary Paige's complete testimony. For those of you with access to the World Wide Web, I have posted it on my Web site. I have also posted other testimony from military officials. My Web address is:

www.garynorth.com

Computer World is a specialized computer publication that goes to programmers. It is not on most newsstands. In the January 2, 1997 issue, it ran several reports under the general title, "Year 2000 may ambush U.S. military." How serious is this problem? Retired Air Force General Thomas McInerney assessed it this way: "I think the president or vice president should declare that this is a potential national emergency."

Anyone who tells you that the Year 2000 Problem is "really not all that bad" is saying that *the publicly admitted threat of the breakdown of the West's entire defense system is not all that important.* I think it's very important. What do you think?

Your Check Will *Not* Be in the Mail!

On September 24, 1996, Congressman Horn, who is Chairman of the Subcommittee on Government Management, Information, and Technology, submitted to the full committee a report on the Year 2000 Problem. The Subcommittee held hearings on April 16. He said that there is not enough concern among government agencies over the threat this problem poses to the operations of the entire U.S. government:

Without greater urgency, those agencies risk being unable to provide services or perform functions that they are charged by law with performing. Senior agency management officials must take aggressive action if these problems are to be avoided.

Yet despite Congressman Horn's valid warning, little is happening. He knows this. These agencies must shift hundreds of millions of dollars from their existing budgets to hire outside programmers to rewrite the code that runs these agencies. This isn't being done. More to the point, the longer they delay, the worse the problem gets. *You can't just go out and hire programmers who are familiar with the old code.* As businesses find out what threatens them, the demand for these highly specialized services will soar.

The Subcommittee's report warns: "This issue may cause banks, securities firms and insurance companies to ascertain whether the companies they finance or insure are year 2000 compliant before making investment decisions." It also says that companies will start demanding contractual warranties guaranteeing against Year 2000 breakdowns.

A memorandum from the Library of Congress's *Congressional Research Service* (CRS) has warned that "it may be too late to correct all of the nation's systems." So, the question arises: Which systems will survive and which ones won't? Remember, the CRS is a government agency. Its researchers tend to guard their words carefully. Here is the CRS's "restrained" analysis (not the opinion of some "crazy" newsletter editor). Problem areas include:

Malfunctioning of certain Defense Department weapon systems;
Erroneous flight schedules generated by the Federal Aviation Administration's air traffic controllers;
State and local computer systems becoming corrupted with false records, causing errors in income and property tax records, payroll, retirement systems, motor vehicle registrations, utilities regulations, and a breakdown of some public transportation systems.

I don't think these are small issues, though there are worse ones. They will probably start receiving media attention when it is so late in the process that there will be massive foul-ups in coordinating the computer code's revisions. The Subcommittee's report warns:

> The clock is ticking and most Federal agencies have not inventoried their major systems in order to detect where the problem lies within and among each Federal department, field office and division. The date for completion of this project cannot slip.

By "cannot," the Subcommittee's report-writer meant "must not." The date can surely be allowed to slip. It almost certainly will be allowed to slip. The report went on:

> Additionally, the task may be more difficult for the public sector, where systems have been in use for decades, may lack software documentation and therefore increase the time it takes from the inventory phase to solution.

Did you get that? *The software code's records are gone!* Then how can anyone repair it? It can't be done. Remember also that we're not just talking about the United States government. We're talking about every government —national, state, and local —anywhere on earth that has its data stored on a noncompliant mainframe computer system or which relies on any third-party computer service that uses uncorrected software.

Social Security began revising its code in 1991. The programmers still are not finished. Estimated completion date: December, 1998. This leaves only one year to test something in the range of 50 million lines of code! *What if the 7-year repair fails?* We don't need any more official promises that Social Security will be compliant. We need sworn Congressional testimony on what happens if their computers *aren't* compliant. If Social Security's computers go down or haywire, what happens to the almost 50 million households that receive monthly checks? If their checks don't come, millions of people will call local Social Security offices. They'll get busy signals. Then they will go down to the local offices. *Lines.* Everyone will see these lines on television. The banks will be next.

All this assumes that the banking system will still be operating. By January, 2000, bank runs may already have shut down the capital markets. The Federal Reserve will have printed up mountains of paper money to stem the panic, but what good will paper money be? How will checks be cashed? How will credit cards bills be paid off! With cash? How much will the cash be worth? I am talking about a *breakdown in the payments system.*

If the Payments System Breaks Down. . . .

The typical big manufacturing business has thousands of suppliers. Today, businesses keep inventories low by means of a production system called *just in time production.* This production system is highly vulnerable. Without inventories, manufacturers are not allowed many mistakes. If a supplier fails to deliver a crucial component, a business's production system grinds to a halt.

The reason businesses have been able to adopt a just-in-time system is because of computers. Large businesses use mainframes. They also use Federal Express and similar overnight delivery services. Crucial components come from all over the world. Everything hinges on one thing: the payments system. When you ship an item, you expect to be paid for it.

What if the payments system goes down? First, banks. Second, if they somehow remain open, government welfare agencies. I don't mean just the U.S. government; I mean every government that relies on mainframe computers. All over the world, if these mainframes are not Year 2000-com-

pliant, the checks will not be sent out. No government can address millions of checks by hand.

When granny doesn't get her check, she has to get money out of the bank (assuming her bank is still open). She cuts back on purchases. Every business that sells to her is hit. Then she calls her children, begging for money. Then she moves in with them, if she can sell her house. If she can't, she may have to rent out part of her home to get income.

All along the line, things grind to a halt. Businesses can't produce on time. They start firing workers. How many suppliers does a large automobile manufacturer have? Estimates run as high as 15,000. What about a large city's power-generation plant? It has in the range of 5,000 suppliers. On and on it goes. Production gets spotty and unreliable. So do sales. People can't plan rationally. They can't count on their suppliers, and they can't count on their customers. Past markets don't tell them anything about today's markets. This is the Alzheimer's economy in action, or inaction, as the case will be.

There is one nationally known politician who gets at least part of the picture. On July 31, 1996, Senator Moynihan (Democrat of New York) sent a letter to President Clinton. In it, he asked the crucial question regarding the banking system. Your future, my future, and the economy's future are encapsulated in this question:

> . . . *what happens to the economy if the problem is not resolved by mid-1999? Are corporations and consumers not likely to withhold spending decisions and possibly even withdraw funds from banks if they fear the economy is facing chaos?*

Then What Is the Good News?

If the banks do shut down and stay closed, this will be a

disaster for individuals. But consider what it will do to governments. The entire bureaucratic monster known as the welfare State rests on three pillars: (1) the promise of security for all; (2) the ability to scare people into paying taxes; (3) the banking system, which allows taxpayers to write checks. If the banks go down, the welfare State dies. At best, it will be able to print paper money.

If the Federal government can't collect taxes, it will pay its employees with paper money. This money will fall in value. Money is backed by "the full faith and credit" of the government. Beginning in 1999, that phrase will become a joke. But I'm not talking about the United States alone. I'm talking about the West. Wherever governments have relied on mainframe computers to administer the Welfare State, the system will begin to crumble. The century-old experiment in government welfare will visibly fail. *Voters will not again trust national governments to provide security by taxing and spending.*

But the state governments are at least as far behind as the Federal government is in making the repairs. Power will therefore shift back to local governments. This transition will not take as long as it has in what used to be known as the USSR. The old slogan, "state's rights," will be regarded as a lot of left-wing hokum. "County rights" will be the new slogan: the way it was two centuries ago.

If the banks go down, we lose our money and gain our liberty. If the tax collectors' computers go down and the banks don't, we will keep our money and gain our freedom. Frankly, I'm hoping for the latter scenario. I'm planning on the former, however.

Abraham Lincoln in the Gettysburg Address spoke of a new birth of freedom. The Millennium Bug will do more for giving birth to freedom than anything we have seen in modern history. The price will be high. But it was high for Ameri-

cans in 1776, too. Our forefathers left us a legacy of freedom because they were willing to pay that price. There is this difference, however: *we won't have a choice about whether we will pay this price*. As a nation, as a civilization, the programmers have made that choice for us. Our only choice is as individuals. It depends on what we — you and I — do before the year 2000.

How heavy a price are you going to pay? That depends on such things as these: where you live, what form of money you own, what skills you have, how morally responsible you are, how healthy you are, how optimistic you are, how trustworthy your neighbors are, and whether you can survive the shift to a lower division of labor economy.

We are living at the end of a millennium. The last time this happened (approximately), both the Russians and the Vikings (there was a lot of intermixture) were converted to Christianity. The Vikings stopped raiding and started trading. Historians can date the end of the "Dark Ages" and the coming of prosperity to medieval civilization: around 1000 A.D. Our transition out of the Dark Ages of the welfare state will be a lot faster. The "Vikings" — government tax collectors and bureaucrats — are going to have to find productive work. Their "raids" are going to cease. We will find ourselves in a new, unfamiliar world. It may look very dark for a time. For some unprepared people — morally unprepared, educationally unprepared, and financially unprepared — it will indeed be a dark time. But the darkness is greatest before the dawn.

My mother sent me a book for Christmas a few years back. It was called *We Had Everything but Money*. It was about the Great Depression. It was about how families and neighborhoods pulled together in hard times. It was hard-going then, but the memories of those who pulled through are good memories. I love to re-read that book. It inspires me.

The bad news is: you may live in a neighborhood where there is no sense of community. You may live in a city where too many people are addicted to government welfare, including retirement checks. You may live in a city where you can't trust the police to protect you and your property in a crisis. *These are good reasons to move, whether or not the Millennium Bug hits us.*

You should not become paralyzed with fear about the Alzheimer's economy. It won't last forever. It may last a decade. So what? Is that too much to pay to gain our liberty? We have microcomputers. If the phones stay up, we have the Internet. (If the phones go down, it really will be a disaster.) We have creative people. We will have liberty.

The kind of world we really want to see can come only if the dead hand of big government is pulled from off our necks. That monster is not going to go away quietly. It has to be killed. The Millennium Bug is more likely to kill big government, all at once, all over the world, than anything we can imagine. As the Bible says, our redemption draweth nigh. But not at zero price.

Ways to Make Money
(While the Dollar Is Still Money)

A handful of people — the Remnant — who invest now in small companies that produce products and services that help "fix" computers should make tremendous profits by 1999. The public will start buying up Year 2000 stocks when the media finally cover this subject in depth, night after night. I have prepared a list of 16 small companies that I think should do well between now and mid-1999. I'm making this list available to new subscribers to my newsletter, *Remnant Review*. (I've already informed my existing subscribers.)

These companies are small. They are, as the saying goes, thinly traded. To mention them in an open letter like this one would drive up their price too early. Serious investors could not get in. But when the word gets out on the Year 2000, buyers will be frantic to find and buy companies like these, in my view. That will be the time to sell. *Timing will be crucial.* The greed factor will tend to keep successful investors in this market too long. If you aren't willing to get out when things look rosy for these stocks, don't buy!

I recommend a little-known stock mutual fund that allows you to short the market. I like it because you can't suffer a margin call. It's the Rydex Ursa Fund. You put your money in the Rydex money market fund until you're ready to go short by switching to the Ursa fund. Ursa has a $25,000 minimum. For a prospectus on both funds, call: **800-486-3705.** I don't know when you're reading this report. It may not be time to short this market. For timing that crucial move, you will need advice.

There is also a mutual fund managed account program that is as year 2000-compliant as any fund can be. This company has located several advisors who are good at timing the market. They have long-term, verified track records. The fund invests its clients' money with advisors who are ready to short the market by using the Ursa Fund. These traders use the services of Year 2000-compliant investment houses and funds. (Warning: Some of these advisors have set limits on the money they are willing to handle. When word gets out, they will close access to late-comers.) For an investment that offers the possibility of making dollars in a major market downturn, this is worth considering. $25,000 minimum. For a prospectus, call: **800-348-3601.**

Here Is What You Can Do to Protect Yourself

This is the scariest scenario I've ever seen. It may not happen. The governments on earth may get their computerized acts together. They may finally spend some money to fix the problem. Businesses will spend money, too. A few of them already are. But money won't solve the problem. It isn't a money problem; it's a "where are the programmers and skilled project managers'?" problem.

We are not talking about a minor technological problem. We are talking about a looming catastrophe that could destroy the world's capital markets. You had better be in regular communication with someone who monitors developments in this field daily, and who can accurately assess what he is reading. This is not about getting rich. *It's about maintaining your wealth to build again on the far side of a looming disaster.*

I will cover this topic and related matters over the next four years, unless: (1) the problem gets solved, or (2) the banks go down and I can't get paid. To receive the next 12 issues of *Remnant Review*, call **800-TRAPPED** (800-872-7733). This one-year subscription Costs $129.

In times of trouble, keep in mind these ancient words of wisdom: "But godliness with contentment is great gain. For we brought nothing into this world, and it is certain we can carry nothing out. And having food and raiment let us be therewith content. But they that will be rich fall into temptation and a snare, and into many foolish and hurtful lusts, which drown men in destruction and perdition" (1 *Timothy* 6:6-9). The goal is a comfortable lifestyle, in good times and bad. I emphasize bad times. They're coming. Fast.

So, what do you think? Is what I have said at least possible? Are you willing to take at least a few steps to verify any of this? I hope so. That's why I'm enclosing a form letter (yellow paper) for you to type up and mail to your bank and to other suppliers of crucial goods in your life. You need to ask them up-front: "Are you 2000-compliant?" You had better

find out early if they aren't. The form letter is preceded by a two-page report by Congressman Horn. *I am pleading with you to read Congressman Horn's report.*

Here is one final fearful report. You may think "they" are taking effective action, but "they" aren't. Last October, Peter de Jager, an expert on the Year 2000 Problem, published a summary of two meetings at which he had just spoken. He said that 300 representatives from government agencies were in attendance at his first lecture. He asked how many of them were actively engaged in a compliance project. Three hands went up. A week later, he spoke before 140 representatives of Canadian public utilities. He asked them the same question. Six hands went up. When I read that, I knew: *the economy is going to crash.* It's too late to stop it from happening.

The experts agree: the two keys to success are pre-repair planning and post-repair testing. One more time: complete testing involves running parallel data analysis. The programmers must enter

today's data into the old program and the revised one, and then wait to see if the revised program breaks down, shuts off, or starts spitting out nonsense. Parallel testing for a large program takes six months. If there is *just one breakdown,* the programmers must examine the entire program: say, 40 million lines of code. They must repair bad lines. Then they must start the test again.

One more time: to do the test, you have to have enough excess capacity on your multi-million dollar mainframe computer to run all of your operations in parallel. This means that your computers had better be running today at less than 50% capacity. *I challenge you to find even one big company or one government agency that has extra computer time. disk space, storage tapes, and operators to double its present operations for six months or a year in 1999.*

Here are my predictions: (1) the repair teams will bring in the project late; (2) the tests parallel testing will not be conducted; (3) the Millennium Bug will hit the whole world, as scheduled, on Jan. 1, 2000. Plan on it. Invest in terms of it.

I have been writing *Remnant Review* since 1974. In all that time, I have never come across a threat to the economy to match this one. Unlike every other potential disaster, from terrorism to nuclear war, this one can be dated. In all of man's history, we have never been able to predict with such accuracy a worldwide disaster of this magnitude. *The millennium clock keeps ticking.* There is nothing we can do to delay it. *This disaster is programmed.*

If you think to yourself, "This just won't happen," ask yourself this question:"Exactly what is going to prevent it?" If you can come up only with an unsupported hope in some as-yet uninvented technological fix that can be rapidly and cheaply applied, you might as well assume that President Clinton will find it under his pillow some morning.

Time is running out. *Don't sit there, immobilized, like a deer caught in the headlights of an oncoming truck.* Don't play Scarlett O'Hara: "Well, fiddle-dee-dee. I'll think about it tomorrow." Think about it today. Keep thinking about it tomorrow. Then start taking evasive action. It will take you two years. *There is no silver bullet.* If you just sit there and do nothing, you're going to get hit by the Alzheimer's economy. You have to begin making plans *now* with or without the *Remnant Review.* The deadline is set: January 1, 2000. It cannot be changed. But your personal situation can be changed. Your degree of vulnerability can be changed. So can your investment portfolio.

I know that my story sounds fantastic. So, test it. Use the enclosed form letter [to get a copy of this form letter, call the number listed above] to find out if you really are as vulnerable as I say you are. The programmers have trapped us in

an all-or-nothing decision. Never forget: *a decision to do nothing is still a decision.* You need to take decisive action, beginning now. Procrastinate on this matter, and it could cost you everything. I mean *everything!*

First, subscribe to *Remnant Review.* Second, type up and start mailing out the form letter. I'm offering you a 90-day, 100% money-back guarantee — long enough for you to get back replies (or *not* get back replies: stonewalling) from these organizations. What you do *not* want to hear back is that the organization is *planning* to become compliant, or is *studying the problem carefully,* or has hired some programmers to work on it. What you need is a signed statement that the organization is *compliant today* according to the contract standards issued by the U.S. government. (These standards appear in the Feb. 6, 1997 report of the Office of Management and Budget.) If, after hearing back from them, you decide that this is all a bunch of Chicken Little stuff, call my office and ask for your money back. (Keep all of the bonuses.) *You* be the judge!

P.S. If this report is even remotely on-target, it is time to start praying. I am serious about this. We face an international emergency, a monumental crisis for the West. We need wide dissemination of this information. It's time to sound the alarm. Time really is running out on all of us. It's time for millions of sleepwalking victims to be awakened. You may want to photocopy this report to give to relatives and friends. I hereby authorize you to do this. I'll help you. For 20 copies of this report for $10, call **800-TRAPPED** (800-872-7733).

P.P.S. When you subscribe, you will receive my report on 16 stocks which stand to benefit from this crisis. (The sooner you subscribe, the sooner you get this report . . . before their prices start climbing.) But getting out is as important as getting in. There will be a time to get out —when others have jumped into this market sector after finally hearing about the Millennium Bug. I'm going to tell you when to sell. You

will also receive two audio tapes: one with my assessment of what to do to protect yourself; the other with my interview with the IRS whistle-blower, Shelley Davis.

Only in *Remnant Review* will you receive the information you need to make decisions in the middle of the worst peacetime crisis this world has seen in this century. You need one source that will keep you informed, The conventional news services don't dare report the full story. Bad news upsets advertisers. The media will not cover this topic until it has to . . . after the collapse has begun.

As I said above: **Yellow Alert, First Warning.** Don't wait until **Red Alert, Final Warning to** make up your mind. In short, don't imitate the government. Procrastination will cost you far more than you can imagine. Get out your credit card (before you are issued a **00 expiration year** card that gets rejected because it's "expired"), pick up the phone, and call 800-TRAPPED (800-872-7733).

P.P.P.S. If you get a really choice reply from some organization, FAX it to me: 903-593-1577.

Time To Do What's Right
Why Does it Matter Who Controls the Media?
By
Dr. William Pierce

Well, well, well! Finally even someone in the Clinton gang said something about it: there are far too many Jews in Clinton's new government. An as yet unnamed bureaucrat in the State Department, trying to implement the Clinton government's policy of maximizing "diversity" in the bureaucracy, looked around and noticed that nearly all of the people in the key policy positions in the State Department are Jews, and he wrote a memorandum to other bureaucrats saying, "Hey, we have too many Jews. We need to hold off on appointing any more Jews to vacant positions around here and try to get some other ethnicities involved." He pointed out in particular that everyone in the section of the State Department dealing with the Middle East is a Jew.

Of course, the number of Jews in the State Department has become much more noticeable since Clinton's new Jewish Secretary of State Madeleine Albright was appointed and immediately surrounded herself with a swarm of Jewish assistants and advisors. But it is considered impolite to notice this, and when someone leaked the memo about there being too many Jews to a local newspaper, the *Washington Times,* things hit the fan. There were screams of outrage from all the usual quarters. Jewish Congressman Benjamin Gilman, a Republican from New York and chairman of the House Internal Affairs Committee, complained angrily about the memo to Mr. Clinton, wailing that any attempt to stop the State Department from becoming entirely Jewish is "religious discrimination." And, of course, in Mr. Clinton Congressman Gilman found a sympathetic listener. Mr. Clinton has appointed more Jews to government positions than any other President in history — by far. In particular he has hardly appointed anyone except Jews to the positions of control over America's foreign policy. His entire national security team is Jewish: the secretary of state, the secretary of defense, the chief of the National Security Council and his deputy — they're all Jews appointed by Clinton. And so the State Department bureaucrat who wrote that memo is now in very hot water. Predictions are that he will be crucified — which, come to think of it, is a punishment which has a historical precedent for a similar offense against the Jewish establishment: you know, for saying things the Jewish establishment doesn't want you to say.

His problem is that is that he just didn't get it: He just never understood that what the government's policy of "diversity" really means is, get rid of the straight, White males. *One* heterosexual White male in any department is too many. But you do not ask whether or not there may be too many homosexuals or too many Blacks or too many Hispanic lesbians or too many Vietnamese immigrants in a particular government agency — and especially you never, never, never comment about there being too many Jews. There can't be too many Jews in positions of power and influence. "Diversity" doesn't apply to Jews.

The government bureaucracy isn't the only place where it is Politically Incorrect to notice the huge overabundance of Jews; organized crime is another area. When the Los Angeles police announced last week that they had found out who had killed the son of Black television actor Bill Cosby, they told the world that their suspect is a "Russian" — and might be a hit man for a "Russian" organized crime gang, suggesting that Cosby may have been involved in some sort of drug deal which went bad. When this announcement hit the news last week, there was much talk on television about how the "Russians" are taking over organized crime in the United States, about how the most vicious and sophisticated organized crime gangs are made up of "Russian" immigrants, and so on. The word "Jew" was never mentioned in connection with any of this, and so the average television viewer would never realize that these crime gangs actually have no *Russians* in them at all. They consist entirely of Jews from Russia and

other parts of the former Soviet Union. They are *Jewish* organized crime gangs, but that fact is never mentioned by the controlled news media.

The reason America is now plagued by the Jewish organized crime gangs is that our government in Washington has for years treated Jews differently from all other persons in Eastern Europe seeking entry to the United States. If you're a real Russian who wants to come to the United States to get away from the disastrous economic conditions in post-Communist Russia, our government won't let you in. But if you're a Jew who wants to come over here from Russia because your tribe already has picked that country's bones clean, why you are welcomed with open arms and given every advantage. You are classified as a "refugee from persecution." Hundreds of thousands of Soviet Jews have poured into the United States during the past 20 years, and many of them were hardened criminals. They ran the rackets in Russia, and now that they've bled Russia dry they've come over here to suck our blood. It is these Jewish so-called "refugees" who have set up the vicious organized crime gangs on the east and west coasts — especially in the New York and Los Angeles areas — and are doing far more damage than the mafia ever did. But you would never know that from watching television. And don't expect the Clinton government to change its policy toward those poor, persecuted Soviet Jews still pouring into America.

After the Los Angeles police had investigated their suspect, Mikhail Markhasev, for a day or two, they announced that they believed he was not acting on behalf of any organized crime group when he shot Cosby. He is only 18 years old and came to the United States with his family eight years ago as a "Russian refugee," they said. Still no mention that he is a Jew, but the description of him as a "Russian refugee" is a dead giveaway, because, as I just mentioned, for all practical purposes it is only Jews who are given that status. And it turned out that this particular 18-year-old Jew has an extensive criminal record and is known as a hardened and vicious thug, and may have been undergoing initiation into a gang when he killed Cosby.

The two news items I've mentioned today — the fuss about a bureaucrat's memo on the growing Jewishness of our State Department and the murder of Bill Cosby's son by a Jewish criminal from Russia — may sound like they're completely unrelated, but they're not. The common link they have is the Jewish control of America's news and entertainment media.

Take the State Department. It's supposed to look out for America's interests in our dealings with other countries. It's supposed to exercise diplomacy on our behalf in a way which will solve our problems with other countries without our having to go to war. One of the key problem spots in the world, of course, is the Middle East. Our State Department spends more time dealing with problems in the Middle East than anywhere else in the world. The root of all the problems in the Middle East is the seizure of Arab land by Jews in a series of wars over the past 50 years. And so how does our State Department look out for our interests in the Middle East? It staffs the Middle Eastern section entirely with Jews. That's like trying to solve problems in the henhouse by putting a fox in charge.

No major politician in Washington, no sophisticated bureaucrat in Washington, believes that the State Department is looking out for American interests in the Middle East. Everyone understands that the real job of the State Department is to look out for Jewish interests. Everyone understands that except the general public, that is. The general public hasn't been let in on the secret, because the news media, which are supposed to keep the public informed, are covering for the Jews. Can you imagine the screams of outrage which you would hear from the media if any President or Secretary of State tried to staff the Middle Eastern section of the State Department with Arabs? They would be screaming that the State Department was biased against Israel, that it wasn't really looking out for America's interests, that it was siding with the Arabs, etc. They would make sure that the public heard about it — over and over and over. But when the State

Department becomes essentially an arm of the government of Israel, the public doesn't hear a peep. And, you know, it may be foreign affairs that our Jew-heavy State Department deals with, but these foreign affairs do have domestic consequences. They do cost American lives. They do take money out of the pockets of American taxpayers. You know, the American public may not have found out yet that our State Department doesn't represent American interests, but the rest of the world has found out. That's why the Marine barracks in Lebanon was blown up, killing 237 of our Marines in 1983; that's why the World Trade Center in New York City was bombed a decade later; that's why our military people were bombed in Saudi Arabia last year; that's why there will be other terror bombings in the future which will take American lives. And it's why the Jews in our State Department very well may lead our country into another war in the Middle East in the near future. They will do it because they know that the Jews who control the media will cover for them.

Or take the Cosby killing. The Soviet Jewish thug who did it was in this country only because our government automatically classifies any Jew in eastern Europe who wants to come to the United States as a "refugee from persecution." It's a racket, and it wouldn't exist if our news media would expose it. But they don't. And so the organized Jewish groups put pressure on the politicians, the politicians give them the special laws and handouts for Israel and other things they demand, and the news media just keep quiet about it, so Joe and Jill Sixpack never have a clue as to what's happening.

What we need, of course, are honest, responsible, and patriotic news media, which actually keep the public informed about what's going on. As long as the Jews have their death grip on the media, the public will remain ignorant, and every sort of corrupt and destructive activity will be able to proceed without the public's knowledge. Joe and Jill Sixpack will learn only what the Jews want them to learn.

Actually, you know, the public consists of more than Joe and Jill Sixpack. When I say Joe and Jill Sixpack, I'm talking about the great mass of Americans who never have an idea in their heads that they didn't get from television, who turn first to the sports section when they open their newspapers, and who never analyze anything, who never think carefully about anything. Unfortunately, Joe and Jill vote — in fact, they make up the great mass of voters — and so it suffices for the Jews' purpose to keep Joe and Jill in the dark. But there are people who do keep up with what's going on in the world. There are lots of people who concern themselves with what's really happening. They read the small print in their newspapers, and they read between the lines. They know how to add two and two and draw the correct conclusion. They have noted what our State Department has been doing during the past 50 years, and they have noted many of the names and faces of the people involved. And so when they spot a small news article reporting Congressman Gilman's outrage over some minor personnel official in the State Department being concerned that there are too many Jews in the department, these people are not surprised or confused. They understand. And they have read and remembered the fine print about the immigration of Soviet Jews into this country, and so they understand what the newspapers really mean when they report about "Russian" gangs of organized criminals.

They understand, so why do they not speak out? Why do they remain silent while the Jews continue to deceive and plunder their fellow citizens? These people who understand more often than not are successful people, people who wield a certain amount of power, a certain amount of influence. They could make a difference. After all, the Jews constitute only 2-1/2 per cent of the population. The people who understand what the Jews are up to make up at least that large a portion of the population. So why do they remain silent?

I have spoken with many of these people, and I have asked them that very question. And some of them have answered me in a very reasonable way. They have told me that while they understand that many Jews are engaged in destructive activities, especially in connection with their control of the news and entertainment media and their influence on

governmental policy and the political process, they don't know everything that's going on. And they don't want to speak out in ignorance. They don't want to make fools of themselves and perhaps do an injustice to some Jews by making blanket statements when they don't yet have all of the facts.

Well, we have a mutinous faction in the ship's crew which is drilling holes in the bottom of the boat, the ship has taken on a lot of water and already is listing at 45 degrees, but the ship's officers refuse to take any action because they don't yet have all of the facts. What would you say about those ship's officers? Are they just trying to be careful and fair? Or do they have some character flaw: perhaps a deficiency in courage or a defective sense of responsibility?

You know, I understand as well as anyone that there is a cost involved in doing what is right instead of just going with the flow. I understand that the Jews always try to punish those who speak out against them. I understand there is some risk involved in being Politically Incorrect when one is living in a degenerate society under a corrupt government. But look at the cost of remaining silent: the loss of one's self-respect, the loss of one's sense of righteousness — unless one has a very flexible conscience. Is it worth it?

You know, someone once said, "What does it profit a man if he shall gain the whole world and yet lose his soul?" And I say, what degree of security, what amount of material wealth, is great enough to sacrifice one's honor for it? What can the Jews threaten a man with that is more terrible than living with the knowledge that he has shirked his responsibility, that he has failed to do what he knows he should do and could do?

You know, I am attacked continually by the Jews in their newspapers and their television. They shriek that I am a "hater," and they try to frighten ordinary people into staying away from me. And they do more. They sic the government on me, and they try to bankrupt me with harassing lawsuits. I used to have a tax exemption because all of my work is educational, and I'm certainly not in it for the profit. But the

B'nai B'rith, one of the powerful Jewish organizations to whose tune the politicians dance, complained to the Internal Revenue Service, and they obediently took away my tax exemption. Morris Dees and his Southern Poverty Law Center tried to bankrupt me with a spurious law suit in an effort to silence me. Morris Dees boasted to the newspapers when he sued me that he would "shut Pierce down." And these things certainly are a nuisance. But the compensation is that I sleep well at night. I live and work constantly with the joy of knowing that I am doing the right thing, that I am doing what I should be doing, to the best of my ability. And despite all of the hatred and all of the attacks the Jews direct against me, the number of my friends and supporters continues to grow.

You know, it is possible to stand up to the Jews. It is possible to do what you know is right without being destroyed. They have much power, but it is power which they are obliged to keep concealed. They understand that they are playing a very risky and tricky game. They know that there are more of us than of them. They know that they can only continue to suck the blood of our people if they can do it without provoking us sufficiently that we wake up and take action against them. And now they see more and more of us waking up. That must be a very unnerving experience for them.

You who are listening to me now are at least partially awake. You are a cut above Joe and Jill Sixpack. And I say to you now: think about what you are doing with your life. Think about the responsibility you have to your children and grandchildren and great grandchildren. Think about the responsibility you have to all of those who came before you and whose sacrifices made your life possible. And think about your responsibility to yourself, your responsibility to be the best person, the most righteous person that you can be. Think about all of these things, and then let me hear from you.

LETTERS TO THE EDITOR

Recently I read a very important book entitled, *The Hiram Key*, published by Element Books in 1997. It is a scholarly and well-researched book about the origins and history of Freemasonry written by two advanced Masons, Christopher Knight and Robert Lomas. The authors reveal for the first time many of the secret rituals of Freemasonry although they do not disclose the secret passwords and handclasps that enable Masons to recognize one another. As it turns out, the Masons had good reason to keep their identity secret. During the Inquisition the penalty for being a Mason or heretic was torture and death. Here is a very good lesson on how to successfully operate a secret organization. This book also does an excellent job tracing the evolution of religion, "It is not so much that God made man in His image; it is more that man continually re-crafts God in *his* image."

I have always been curious about the controversy surrounding Freemasonry and its persecution by the Catholic Church among others. Freemasonry was an underground movement dedicated to Truth, Knowledge and Enlightenment; an objective that was vehemently opposed by "The Church" when these principles were applied to their dogma. It is surprisingly reminiscent of our present day situation with regard to Holocaust Revisionism. I sometimes feel like a modern day heretic, cursed and spit at, beyond the pale of consideration. The Establishment, led by hysterical Jews, will not even allow discussion of the topic. Dogma is never to be questioned.

The story of Freemasonry is centered on the crusading Knights Templar, whose tour of duty in the "Holy Land" allowed them the opportunity to excavate under the ruins of the Temple of King Solomon and find one of five copies of the Dead Sea Scrolls. These ancient documents, then as now, have the potential to shatter the foundations of Christianity. The scrolls were written at the time of Jesus by the Essenes who formed the first "Christian" Church. They are the precursors of the Gospels which are the first four books of the New Testament, written some 300 years after the death of Christ. Biblical scholars have long recognized that every book in the Bible had been "doctored" throughout the course of History and this early version of the Bible proves conclusively how distorted and corrupted our current Bible really is.

The Hiram Key is a roller-coaster ride through history. Start-

ing in Ancient Egypt, a religion was founded based upon Truth, Mathematics and the principles of Science, then a familiar social parasite invaded and hijacked their culture. "The Egyptians became dominated by a people known as the 'Hyksos'. The Hyksos did not suddenly sail up the Nile and demand surrender; the process was far more subtle than that. They infiltrated Egyptian society smoothly and over a great period of time until they were in a strong enough position to force their control...They are believed to have been a mixed group of Asiatic people, mainly Semites, who appeared out of Syria and Palestine...The Hyksos were composed of scattered nomadic tribes which the Egyptians called Habiru (Hebrew) and spoke the same western Semitic language as the people who would later become known as Israelites...There are several reasons why we believe that there is a direct connection between the Hyksos and the Jews, not least the fact that the first mention in the Bible of the Jewish people coincide precisely with the time when the Egyptians chased the Hyksos out of their land — to Jerusalem!"

"Moses is known to have been a young Semite general in the army of an unidentified pharaoh (possibly) the last Hyksos king and was driven out of Egypt into the wilderness with the rest of the Asiatic hordes when the Theban monarchy regained control...He later returned to lead the Habiru slaves to freedom...Reading the story of the Exodus carefully and objectively left us horrified. The view that had been formed in our minds during our Christian-focused upbringing was quickly turned on its head. Instead of a noble and great people winning their freedom and finding their 'promised land', we read a disturbing catalogue of primitive demonology, betrayal, mass murder, rape, vandalism and grand theft. It was the most disgraceful statement of origin for a new nation imaginable."

"We believe it was the training Moses received in Egypt that gave him the insight and ability to create his own god and establish a new nation in the face of great difficulty. Gods rarely, if ever, spontaneously pop into existence; they develop naturally and undergo metamorphosis as they absorb qualities transposed from other deities...The first recorded meeting with the God of the Jews and Christians seems strangely cold and threatening. When Moses enquired about His credentials and asked for His name he was being very smart; but it did not work. Moses knew from his Egyptian upbringing that gods were not always superior to humans and if a man could extract the name of the god he would have power over

him...The concept of the god of the Israelites living in his ark is no different to a genie living in his bottle granting wishes to his friends...It will be hard for many people to accept, but if we take what the Bible says at face value, then the creator figure, whom the Western world calls simply 'God', started out as a humble genie living on his wits in the mountains of north-east Africa and southwest Asia."

The authors continue the history of the Jews in the same harsh manner through David and Solomon up to the time of Jesus. One might be inclined to say it is Anti-Semitic, but only deranged minds would give the Truth a negative connotation. I have clung to the idea that Jesus was an Aryan in a desperate attempt to keep alive my last remaining vestige of Christianity. This book has settled the question in my mind once and for all. Oliver and Klassen are vindicated!

My personal opinion is that God is life itself expressed in all living things. Life is manifested by the eternal laws of Nature like Chemistry and Physics. Evolution through Natural Selection is the generator of life.

The Spirit of Renaissance that lifted Europe out of the Dark Ages can be credited to men who considered themselves an Enlightened Brotherhood. Freemasons like Sir Isaac Newton founded the British Royal Society, dedicated to learning the mysteries of life through experimentation and the Scientific Method. The American Revolution was conceived and guided to a successful conclusion by Freemasons. Unfortunately that magnificent and noble social experiment has been corrupted by alien infiltration and our laws have been perverted by Talmudic interpretation.

I can now understand why Freemasonry was discouraged by the NSDAP. British Intelligence was and is completely under the influence and control of Freemasons, who accepted Jews as their brothers. It is not surprising that the German government recognized the danger posed by an underground fraternal order whose loyalty was above that of the Nation. Israeli Intelligence has become the best in the world because every Jew in all parts of the world can be counted on to give unswerving loyalty to their kindred. We should strive to emulate this admirable quality. All of Masonic ritual revolves around the martyrdom of the Master Mason, Hiram Abif, who would rather die than reveal the secrets of a Master Mason.

Sincerely, Albert Hess, Florida

The John Birch Society
770 Westhill Blvd.
Appleton WI 54914

To the Society:
It was a few nights ago that I ran across the first copy *New American"* in the free mag rack of the local Safeway Store in Napa. After picking one up from a pile of about fifteen or so and thumbing through it I immediately recognized the unmistakable flag-waving kosher conservatism of every Birch tract that has ever been written. Your new mag has the same glossy and expensive full color format that the old American Opinion pablum pulp had. I've always wondered how much ammunition, explosives and other weapons a person could buy with the tens of millions people like you have squandered on trying to "educate" the brain dead American public.

You quite falsely claim to be "fighting" a global criminal conspiracy. Why have you never once filed a "criminal complaint?" Either you are lying to the public or, more likely, don't have any intention whatsoever and never have had any of "fighting" anything. In fact, you give every appearance of being PART OF IT. Your twisted idea of "educating" the damned idiot public is to give them just enough verifiable truths mixed in with bald faced lies, willful omissions and half-truths so as to frighten, disorient, infuriate, but above all, DISHEARTEN the American people—flood the nation with less-than-half-educated slaves. Isn't that the real truth about the Birchers? Go on, try to deny it!!!

Since its inception in 1958, when a very obscure candy millionaire named Robert Welch decided it would be highly profitable to start his own "patriot business" (the John Birch Society), you people have been deceiving and swindling the U.S. public. If anyone wishes to see the John Birch Society for the pack of counterfeits and pseudos they really are, that person should write to Liberty Bell Publications, P.O. Box 21, Reedy WV 25270. [Read all about the late Professor Revilo P. Oliver's involvement with the John Birch Society in, *America's Decline: The Education of a Conservative,* $12.00 + $2.40 postage, available from Liberty Bell Publications.]

George Dietz, for example, penned a gem of an expose of the Birchers, "Another Belch from Robert Welch;" it might also be added that the NSRP filed and WON a lawsuit against the Birchers pursuant to a stupid two-bit slander from a Birch cretin and

hack writer named Alan Stang. If America is ever a free country again it will be in spite of the JBS, not because of it. A copy of this is going to each of your ad space accounts.

For *real* Patriotism,
Bob Hauser, California

⊞ ⊞ ⊞

Dear Mr. Dietz:

I regret I do not recall who made the following statement because it is an accurate thirteen word summary of White History during this century: "When men lose their manhood and women their virtue the nation is doomed."

The nation our white ancestors founded and built on blood, sweat and tears has degenerated into a perverted, anti-white, communistic third-world country because white men lost their manhood and as a result of being thrown to the wolves white women lost their virtue.

Blaming Jews, blacks, corrupt preachers, politicians, jews-media, etc., for taking full advantage of our own stupidity, complacency and lack of courage to defend what is rightfully ours is, in my opinion, an exercise in futility.

Our nation did not fall into Judeo-communist hands by accident, the white majority handed it over to them on a silver platter, along with a blank check to finance their international intrigue, including two successful sneak attacks against the West dubbed World War I & II.

The only thorn in their side has been the refusal by a few courageous white mavericks to passively follow the white herd to the slaughter house. Many of whom are no longer among the living, others are rotting in jail and the white masses could not care less. Only time will tell how long a few brave souls are able to stand up against brutal government forces ready and willing to murder civilians, including women and children, on command.

I recently read 78% of the armed forces are still packaged in white skin, proving without an endless supply of brain-dead honkies, willing to do their dirty work for them, the pharisees and their henchmen would still be plotting our demise in secret behind closed doors, not issuing edicts from the "District of Corruption."

Last, but certainly not least, thank you for keeping Liberty Bell afloat in the tumultuous sea of anti-Aryanism.

Sincerely,
Mrs. P.L.R., Washington