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What is the Interest Rate in Hell?

Pulp fiction may not seem a natural place to find nuggets of economic thought but Jim Thompson's work contains some financial gems worth examining

Jim Thompson's *The Getaway* begins with a clockwork bank robbery. The skillful precision of the crime contrasts with the chaotic misadventures of Doc and Carol as they flee with the loot, dogged by mutual suspicion, multiple double-crosses and bad luck. This conventional plot takes an unexpected mythic turn in San Diego. The pair are killed by proxy and entombed, after which they rot and pay a ferryman to take them across water, in the course of which they are tested. The destination is a place that "appears on no maps" from which "no one with a good reputation for truth and veracity has ever returned."

This criminal sanctuary is run by El Rey, a courteous man with "ageless old eyes" who may be God or the Devil. Almost everything is perfect. "Disease is almost unknown." "Accommodations are strictly first-class" and reasonably priced. A



four-bathroom villa, which might cost several thousand a month in some French Riviera resort, will rent for no more than a few hundred." "The largest per capita police force in the world" is polite and unobtrusive, but ensures (with two exceptions) a zero crime rate.

There is only one problem, which changes this symbolic place from Heaven to Hell:¹

Which brings us to the subject of El Rey's bank. The bank makes no loans, of course. Who would it make

them to? So the only available revenue is interest, paid by the depositor rather than to him. On balances of \$100,000 or more, the rate is 6 per cent; but on lesser sums it rises sharply, reaching a murderous 25 per cent on amounts of \$50,000 – When one's monthly withdrawals fall under an arbitrary total – the approximate amount it should cost him to live at the prevailing first class scale – he becomes subject to certain "inactive account" charges...[N]o one is compelled to deposit his money in El Rey's bank. But the police will assume no responsibility if it is stolen-as it is very likely to be. There is good reason to believe that the police themselves do the stealing from non-depositors.

Let $W(t)$ be the wealth at time t , $r(W)$ be the interest rate as a function of wealth and C be the rate of expenditure. If $r(W)$ is a constant, r , wealth evolves according to:

$$\partial W(t) = (rW(t) - C) \partial t$$

with solution

$$W(t) = \left(W(0) - \frac{C}{r} \right) e^{rt} + \frac{C}{r}.$$

Your money runs out when

$$t = \frac{-\ln\left(1 - \frac{W(0)r}{C}\right)}{r}.$$

Doc and Carol steal \$340,000 but with losses and expenses along the way, arrive in Mexico with about \$300,000. Figuring \$12,000 a year for

expenses, that gives

$$\frac{W(0)}{C} = \frac{300,000}{12,000} = 25 \text{ years.}$$

So they could last a quarter century if interest rates were zero. At a positive interest rate above 4 per cent the logarithm would be negative and they could live forever. But at a negative 6 per cent interest rate, their time is only 15.3 years.

But this ignores the increasingly negative interest rates that kick in when $W(t)$ falls below \$100,000. Thompson does not give the functional form for the increase but if we assume it is:

$$r(W) = \alpha + \frac{\beta}{W(t)}$$

then it has the same effect as adding \$19,000 to annual expenses once you fall below \$100,000. This knocks their survival time down to 14.1 years.

At first glance, that doesn't look too bad. El Rey takes 43 per cent, a reasonable amount given the effective government services, no taxes, fees or citizenship obligations of any kind and a good selection of high-quality goods and services provided at cost. Most governments and most resorts take more and deliver less.

A deeper consideration reveals two problems. First is that survival time goes up with the logarithm of initial wealth. When your efforts are on the inside of a log function and your survival is on the outside, it's a tough life. Second is the inflection point. The derivative of survival time with respect to wealth hits a minimum at \$100,000. Using \$12,000 annual expenses, the derivative is 1 year per \$18,000 at \$100,000; but 1 year per \$24,000 at \$200,000; and 1 year per \$24,500 at \$50,000.

Although these mathematical considerations are not explained, they are woven into a brilliantly symmetrical story in which money is removed from one bank and put back in another by characters who descend from earth to Hell by getting exactly what they want. The economic rationale for El Rey's system is flawless and the impact on his immigrants is remorselessly logical.

With many authors you would dismiss the above as over analysis. But Thompson never

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wastes words on external description, his stories are told almost completely through the distorted impressions of his characters. You rarely learn what the weather is, what people look like or what they wear, or other factual details. Passages like the one about the bank stand out sharply (his publisher urged him to get rid of "the financial stuff").

Moreover, a classic Thompson character acts like a dim-witted rustic, whose conversation seems excruciatingly banal, but upon close reading is erudite and literally true. On the rare occasions that Thompson assumes the narrator's voice, he does exactly the same thing. His novels are filled with clichéd dialog and situations that are slightly off-kilter. Think about them for a minute (often with the aid of a reference book) and the meaning inverts.

Another Thompson novel, *The Grifters*, is the story of Roy Dillon, a short con operator who maintains a front as a salesman. Severely abused as a child by a mother who was 14 when he was born, and was severely abused herself, Roy has learned to make everyone like him by repressing himself to the point he cannot enjoy anything. His profitable existence is threatened by Percival Kaggs, Roy's opposite: completely unlikable, tormented by ulcers, yet sourly happy. Kaggs wants to make Roy the sales manager, preventing him from hanging around bars and pool halls all day without suspicion, working short cons.

Roy doesn't want to attract attention by turning down a promotion, so he sets out to use his people skills in reverse, to make Kaggs dislike him and withdraw the promotion. But despite all his efforts, Roy, the guy who doesn't like anybody, ends up friends with Kaggs, the guy nobody likes. The turning point is when Roy starts leafing through the salesman's files. For six hours and four pages, the story shifts from intense

introspective accounts of deeply searing personal encounters to dialog like:

Roy: "But where are the sales slips?"

Kaggs: "Accounting gets a copy, inventory gets a copy, and of course the customer gets one at time of purchase."

Roy: "Why does inventory need a copy? The stuff is checked off at the time it leaves the shop isn't it? Or at least it could be. You've got some duplicate effort if it isn't. Where you need a copy is here in the salesman's file."

Kaggs: "But -"

For the first time in his life, Roy has made a friend and is happy. What did it? Working on the functional specification for a sales tracking system. He resolves to pursue this path to a happy, honest existence, but two extremely predatory females will have something to say about it first.

Lots of fictional criminals dream of going straight, but you rarely find one interested in designing accounting systems. More to the point, few pulp authors devote four pages of detailed, accurate dialog about the system.

Thompson's *Now and On Earth* is the semi-autobiographical story of a masochistic alcoholic with writer's block and a highly dysfunctional, psychotically intense family. Jimmie takes a job in the inventory department of an aircraft manufacturer. Among accounts of the unrelenting torture of his life, he spends long passages explaining how he is reorganizing his work. In one passage he discards the inventory sheets for a card-based system:

"I'm simply taking the parts off the release books and putting them on the cards, the cards to be filed in chronological order. This does away with any chance of duplications. It makes it possible to locate a part and the data on it in a second instead of fifteen minutes. And there is only one posting to make, instead of from one to thirty as used to be the case. There are two



Thompson's characters end badly ... They fail through bad accounting or bad investments.

columns per card: one for stockroom inventory, one for the assemblies. Debits and credits are reflected within the balances, not set out by themselves, so the number of parts needed to complete 750 ships can be obtained instantly by adding the two balances – less any “X” items and subtracting the total from that amount. “X” items are spare or extra parts.

“The thing has one serious flaw, or will when I have it finished. We issue parts and make shortage reports by positions. My cards are filed in chronological order. This will mean that to locate all the cards in one position I will have to search through the file of several thousands cards.

“I’ll have to get around that some way. I’ve been playing with several ideas.”

This system saves him from poverty and persecution, and seems to offer the solution to his problems, but he cannot give up his painful attempts to write.

Jim Thompson is conventionally described as the best pure writer among mid-20th century pulp fiction authors. This is misleading. As biographer Robert Polito² points out Thompson is the only writer of any significance to ply his trade in the true crime pulps rather than detective fiction or other genres. True crime appealed to both sexes in poor and rural markets, not upwardly mobile urban males. It was illustrated by grainy black-and-white faked crime-scene photographs rather than colorful cover drawings of semi-clad women lit by muzzle flash. Because the stories were true, partly and sometimes anyway, daring writers could go well beyond the limits imposed by fiction publishers.

Thompson is beloved of American literature professors because he is an important avant-garde writer whose books sold to a wide popular readership. Readers bought the direct-to-paperback novels from drugstore racks by inspection or word-of-mouth, not reviews. Unlike noir authors such as Dashiell Hammett, Raymond Chandler, Cornell Woolrich and James M. Cain,

Thompson did not accept and expand the conventions of the genre. He subverted them. You think you’re reading a crime novel, but the story falls to pieces. *The Criminal*, for example, begins with the rape/murder of a 15-year-old then forgets about the crime as the story is told through overlapping and conflicting serial accounts by a dozen characters in a dozen different personal hells, with the action directed by a faceless God who speaks only on the telephone. It ends with the death of a beloved wife and mother from breast cancer, the only thing in the whole miserable thread that God is sorry about. Thompson experimented with other techniques usually confined to unreadable critical darlings: random word generators, characters reappearing with their names spelled backward to reverse actions, impossible chronologies, split characters, wild surrealism and plot developments observed through psychotics, drunks and dead people.

There are two glaring omissions in Thompson-criticism. First no one seems to have noticed that his books show him to be a genius. Not in observation of people or facility with words like many novelists, but in good, old-fashioned hard-math-and-science IQ. Second is the failure to discuss the detailed and accurate accounts of accounting or finance that are stylistically and thematically set off from the gritty stories. With few exceptions, such as the forgettable *Recoil*, Thompson’s characters end badly. They get what they want, but they cannot keep it. They fail through bad accounting or bad investments. They have plenty of love and toughness and skill, but none of helps unless they can balance their books (and they never can).

Not only is the viewpoint out of place among tough criminals and psychotics, it seems to conflict with Thompson’s politics: an active member of the Communist party in the 1930s his books generally depict the rich or powerful as heartless

and corrupt; and show graphically the hardship of racism, intolerance, repression and social injustice. One clue may be found in his family history, his father lost the only two comfortable situations he ever had through faulty bookkeeping (possibly embezzlement) and the declining commodity prices and poor investment opportunities that characterized the 1920s and 1930s.

But why seize on economics? Both Thompson and his father lost far more through alcoholism, drug abuse and personal irresponsibility than money problems. Each was suffocated in the presence of his family and lost without it: that dilemma transcends economics. Medical, sexual, moral and emotional difficulties loom larger in their personal lives than poverty.

An important clue is given in a dreamlike monologue that gives the title to *Now and On Earth*. It is addressed to Jesus Christ and Karl Marx, and attacks both their promises of heaven for being too remote. Thompson clearly believed in literal Hell on earth, like his Midwestern Baptist grandmother who was a strong negative influence on him, and also like doctrinaire Communists. But he knew there was no literal heaven, now and on earth.

Could there be a literal heaven on earth someday? No Thompson character ever achieves it, but the possibility seems to be there. You must be very tough and skillful, but also honest and kind. You need strong, true, deep love, familial and sexual. But most of all you need to clean up your desk. Everything you need is there, but you have to be able to find it. Hell is the frustration of looking and looking.

APPENDIX

¹ You must read the book to feel the deep horror of El Rey’s kingdom, which far exceeds the extraordinary horrors Doc and Carol have survived to get there. Both movie versions end with conventional shoot-outs. The 1996 movie *From Dusk ‘Till Dawn* is a loose adaptation that preserves the jarring genre shift.

² *Savage Art: A Biography of Jim Thompson*, Robert Polito, 1996 Random House. This is an impressive work of literature in its own right, as well as a thorough research job. All of the information about Thompson’s life in this article comes from this book.