

RICHARD E. GEIS a personal journal
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Journal #14

9-28-79 Well, folk, President Carter, in his usual blue funk of cringing from tough decisions (if he really has to make them and isn't following gentle, steel-bound "suggestions" from Rockefeller/Morgan agents-of-influence) has appointed Clark Clifford (a long-time R/M man) to head a "bipartisan" group of six R/M men to advise him on his options in the matter of the Russian combat force in Cuba.

I heard last night that he also has had a special meeting, at night, with Mondale, Vance, Brzezinski, and Turner of the CIA, on the same subject...them damned embarrassing Russian troops.

He and they will try to wriggle out of facing up to the full geo-political implications of an ever-increasing Russian power base and presence in the Carribean and Central America.

There is another full-blown dollar crisis going on: gold at \$400. per oz., the prime interest rate raised today to 13½%, the dollar sinking below the rate that, last November, caused the federal government to mount a \$30 billion rescue with higher (then) interest rates and borrowed marks, yen and francs.

And we had a staggering \$2.36 billion trade deficit in August.

There will be a weekend meeting between West German Helmut Schmidt and the United States' leading economic strategists. There may well be a big surprise announced Monday morning which will finally crunch the credit/debt structure in this country. We are headed for catastrophic inflation and its consequences unless the Federal Reserve stops feeding reserves to the banks with which they are making record-breaking amounts of loans (at 13% interest rates to desperate businessmen). Some kind of credit rationing has to come soon.

If inflation reaches the 20% rate nobody will keep money in a bank or S&L at 5% interest rates...or even at 15%. Savings will drain away into gold, silver, and will be spent for tangible things, and that spending will drive up prices even more. Then will come the

collapse—when the savings have drained away and there is nothing left. Then will come the food lines, the regimentation, the "benign" dictatorship, probably with Ted Kennedy as our savior.

We have a slim chance if the government now has the guts to put the economy through a wringer.

But I expect more temporizing, more phoney, half-hearted "rescue" operations, more promises.

By the way, I've decided a food dryer is in my future; I suspect strongly the future will really be rough a few years from now.

10-2-79 Pres. Carter, after being advised by a host of Establishment Voices, went on TV last night and put a small bandage on his own, self-inflicted, wound; after having said the Russian combat brigade in Cuba was insufferable and that we wouldn't stand for it...he is turning the other cheek and standing for it.

The Russians said, in effect, "Screw you!" and Carter and his bosses don't care to respond except to promise us they will keep Cuba under close watch and will make more loans to Central and South American nations who ask, and we will make a show of naval force in the Carribean.

Carter spend a lot of time pleading for SALT II.

I think the Russians could land a force in Alabama, take over a poor county, and Carter would still ask for passage of SALT II.

So. The Russians, on the highest level, told us to go fuck ourselves, they'll do as they wish in Cuba and continue their subversion and revolutionary activities in other countries in this hemisphere.

And we say, Oh, okay, but please don't be too blatant and obvious about it...for a while? Please?

The price of gold touched \$440 per oz. before triggering a sell-off, as

the big buyers of last month cashed in and took huge profits.

But I suspect gold will climb again. The other side of the coin is that underlying the gold panic buying has been a weakness of the US\$, and a lot of dollars have been unloaded of late, driving down the value of the currency, and forcing the Federal Reserve to spend about a billion dollars a day to support the currency in the foreign exchange markets. That can only go on so long.

Other countries look askance at our policy of keeping the cost of borrowing money below or even with the devaluation rate: 13.2% inflation and (for the common man) 5½-10.3% interest on savings. This encourages people to borrow and inflate the money supply even more than does the federal deficit inflate the money supply, and discourages savers. As long as the Federal Reserve insists on pouring reserves into the banking system to meet the demand for debt/borrowing and thus defeats the natural "crunch" that would occur as savings diminish and borrowing increases, then we'll continue on this present path of high inflation, high interest rates (but not high enough to hurt!) and a steady but fluctuating weakening of the dollar, worldwide.

But I also suspect that the Fed is about to cut the flow of reserves. They've got to bite the bullet...and send us into a deep recession. Or keep on this path to 20% "inflation" rates and 20% interest rates...and a total flight overseas from the dollar.

10-7-79 The visit by John Paul II, the latest Pope, has been a two-headed phenomenon: he's drawing huge crowds of the "faithful" and providing TV with a great excuse to cover the colorful spectacle (which TV does well), but he has also been hewing to traditionalist Catholic dogma concerning abortion, birth control, homosexuality, and the role of women in the Church.

The result is a continuation of

the alienation of Catholics from the Church on the level of day-to-day practical living, and a formal support of the Church and the Pope in a generalized level; they'll pray and go to church, but they won't obey!

The women's equality movement will not stop, the use of contraceptives by 80% of Catholics will not stop, the shrinkage of new priests will not stop, and the money troubles of the Catholic schools will not stop.

The erosion of the Church's real power continues. The rest is sham and media event.

The Federal Reserve had to do it, and did; they decided to really try to control the money supply by getting a handle on bank reserves which will (IF they follow through) limit the amount of loans banks can make. The Fed also jacked the discount rate to 12% so that money borrowed by banks from the Fed will be even more costly.

I expect, with a credit crunch coming on, the stock market to swoon, and short term interest rates to zoom. It's a cinch the big banks on Monday will compensate by jacking up the prime rate to 14½%.

All this will make home loans harder to get and pay for, and crimp the housing industry severely.

Iranian arabs blew up an oil pipeline, probably cutting Iran's daily oil deliveries even more.

10-9-79 The shit hit the fan today as the stock market dropped 26 points after sinking 13 points on Monday. God knows what it might do tomorrow. Errr, anybody remember fifty years ago in October of 1929?

More ominous signals of problems ahead is a warning from the Comptroller of the Currency who said that we could expect some financial shocks in 1980-1 as some banks—including some big ones find themselves in a classic loan-long borrow short bind and go under, unable to pay depositors. This would happen if depositors withdraw their money to get higher short and long-term interest rates in other debt instruments. This savings-outflow is already starting, and is causing severe stress in the savings

and loan industry, who have written mortgages at 9-10-11% and must now pay 12-15% for deposits with which to operate.

Gold fell at first with the news of the new Fed save-the-dollar and fight-inflation moves, but then recovered to \$386 per oz. I think it might even pass \$400 again. Most hard-headed financial men think the Fed will cave in when unemployment hits 8-9% next year and will start the credit/debt engine going again. The next cycle of Fed-induced inflation will go to 20% and higher.

Mexico raised its price for oil (Not content with fouling Texas beaches with oil from their runaway well, they now have the nerve to charge more...no doubt to pay for the expense of capping the well and to compensate for the loss of millions of gallons of oil in the sea.)

And some OPEC nations are now charging more, and cutting back on production. Saudi Arabia has announced it will cut back to its usual 8.5 million gallon-per-day rate from 9.5 million, in January.

Gas prices will continue to go up in the face of a deepening recession and lower consumption.

You know, if there were any doubt, the Fed. Reserve action on Saturday makes certain that Edward Kennedy will become a Democratic candidate for President in November.

Kennedy could be the Roosevelt of his era, coming into office in the depths of a new depression. Panic. Massive unemployment. Bankruptcies, bank failures....

10-11-79 Yesterday, as you may remember when you read this, the stock market sent a shiver through the economy and possibly the world with a selling panic and a record exchange of 81 million shares, a new all-time record volume. Down 24 points at one time, it recovered and ended down 8.5 points.

This is not the "shudder" I expect to hit eventually; that would require another selling panic of sheer terror dimensions and a one-day loss of 40-50 points.

October still has almost three weeks to go.

Imagine my surprise when the price of gold promptly rose past \$400 per oz. a-

gain, making me look like a psychic.

10-18-79 We are using the Kerosun kerosene heater now. It does give off a slight kerosene odor in its vicinity when it starts up, and another slight odor when it is turned off—as imperfect burning occurs. And, truth to tell, there is a very, very slight aroma of kerosene in the air—the heated air—as long as the heater operates; it is not totally odorless as the ads claim.

But. It is not noticeable unless you have a very sensitive nose, or are entering the house from outside. A deodorizer in the room will take care of it.

The heater raises the temp. to 74° from 68 or so in about two hours. I've been shutting it off about 10A.M. every morning. We've only had to use the heater once at night.

At this rate we're saving about \$2. per week, on heating oil for the furnace. I expect to save several hundred dollars on energy costs this winter.

With furnace oil rising to the 85¢ per gallon level—and heading higher weekly as the OPEC countries break their price level on the upside—I expect the heater to more than pay for itself in one winter.

More on this in a couple issues.

Gleanings from the NUTRITION HEALTH REVIEW for Fall, 1979:

This issues is devoted to an examination of low blood sugar (Hypoglycemia).

'Adolph Hitler, the scourge of our century, showed all the classic signs of Hypoglycemia. His passion for eating candy, cakes, sugared foods throughout the day and night, are a matter of record. Hitler's violent outbursts, sudden changes of mood, extreme flights of fancy and delusion certainly have been charted as madness. Could the diagnosis be as simple as a severe case of low blood sugar?'

'Howard Hughes, the late billionaire, was considered brilliant, an innovator and a superior individual by all who knew him in the early days. Except for an understandable petulance and eccentricity characteristic of

young tycoons, Hughes showed no signs of the physical and mental deterioration that attended his later years.

The change in Howard Hughes life seemed to come after a severe plane crash that left him temporarily incapacitated. From that time onward, Hughes aides have attested, his dietary habits changed extremely. Chocolate bars became the mainstay of the Hughes diet.

'Did Howard Hughes suffer from Hypoglycemia?'

Hypoglycemia occurs whenever the input of glucose (blood sugar) in the bloodstream does not keep up with the rate of its excretion or use.

Tissue cells are crucially dependent on an adequate and continuous supply of bloodsugar for normal functioning. Too little can lead to low blood sugar—Hypoglycemia. Too much blood sugar for too long, leads to diabetes. It's a delicate balancing act among the endocrine system (pituitary, adrenal, thyroid, parathyroid, gonads, pineal, pancreas) the liver, and digestive functions.

Too much blood sugar in the system triggers the pancreas to pour out insulin. Sometimes there is an overproduction of insulin and the blood sugar level falls too far. The nervous system is especially deprived because it has no way to store blood sugar as do muscles, the liver and other organs. This sugar "high" followed by an insulin "low" is a hypoglycemic episode and these can mimic neurologic malfunctions.

Such episodes have sent people running to doctors for tranquilizers, and others for psychiatry. Many cases of nerve palsies, paraplegia, convulsions, thick speech, visual disturbances, insomnia, personality changes and paranoid behavior.

Stress has also been implicated in degenerating the pancreas. When insulin is secreted rapidly, causing blood-sugar levels to plunge, the cause could be emotional. We know that worry, fear, suppression of emotions act upon the adrenal glands. They in turn can have an over-reactive effect upon the pancreas.

Hypoglycemia can be determined by a six-hour glucose tolerance test. Don't let a doctor try a 3-hour test; they aren't reliable enough. SIX hours.

NOTE: people who live on a well-

balanced intake of fresh fruit, vegetables, whole-grain and seeds are seldom known to be victims of Hypoglycemia.

Prior to her death, Adelle Davis was virtually worshipped as a goddess of nutrition knowledge and advice through her many best-selling books.

Then, in 1974, she had the bad luck to die of bone cancer. She was in her late sixties...indecently young for a famous nutritionist.

Now it is becoming known that she was something of a hypocrite: she smoked a minimum of two packs of cigarettes a day, drank coffee on a regular basis, and even took LSD. Further: she was an alcoholic! And now some of her nutritional advice is known to be wrong and her estate has been sued successfully for \$150,000. (With a 1 million dollar lawsuit in the courts.)

A reader sent me an article that appeared in the Oct. 1, 1979 issue of AVIATION WEEK & SPACE TECHNOLOGY.

The article says that because the Russians have been spending huge amounts of money on arms buildups—conventional and nuclear—for a long time, and the USA has been cutting back for a long time, there has developed a coming period—starting in 1982—when Russia will have a working superiority over us and that they intend to exploit that superiority in decisive geo-political moves—by taking over the oil lands of Iran, Iraq, Saudi Arabia and the fringe Arabian states.

This means war! And the article says the Russians know it and will not blink. They know their own oil resources are fading, and they must (they feel) take them from us, thus gaining oil they need and putting the West under their thumb.

This would be the key to ruling the world.

The question is: will the President, Congress, the financial elite and the American people be willing to take a total nuclear war to protect their oil sources? Or will the decision be to compromise, yield, and in the end decide it is better to be red than dead?

The answer will depend on the 1980 elections. If Carter or Kennedy is elected, we'll yield. If Reagan is elected...we may fight.

Carter has delayed and cut back on new weapons systems and "turned the other cheek" in his dealings with Russia. (Obeying orders, I think, or simply following his born-again Christian character of idealism and wish and illusion.)

As for me, if it comes to push and shove over oil, and a choice of eventual domination by Russia—or death now...I'll choose life under a Commissar.

Because even if Russia doesn't play geo-political bully in 1982, there is in the cards an oil shortfall in the 1980s that will grow progressively worse...and all by ourselves we'll end up with a statist, screw-up government as bad or worse than the Soviet model.

10-19-79 The coverup of the assassination of President Kennedy won't stick, no matter how the media and the establishment tries to maintain it and ignore it.

British author Michael Eddowes has gone to court to force the exhumation of Lee Harvey Oswald, claiming, with hard evidence, that the body is not that of Oswald. Briefly, the Dallas autopsy of Oswald after he was shot and killed by Jack Ruby showed a man of different height, different color of eyes, with different scars than the man measured in U.S. Army physicals before Oswald went to Russia.

Eddowes, in his book THE OSWALD FILE, speculates that the real Oswald was killed or imprisoned in Russia and a ringer substituted—an agent—who helped in the conspiracy to kill Pres. Kennedy.

The Dallas County Medical office have now asked neighboring Tarrant County officials to exhume the body and permit the Dallas Medical people to check the remains with X-rays and dental records. Oswald is buried in Fort Worth, Texas.

The asst. Medical officer for Dallas, Dr. Linda Norton, said, "I feel it would be in the best public interest to conduct the exhumation. However, there are apparent legal disagreements...and political forces who do not want this body dug up."

You better believe it, lady.

Jimmy Carter will make no whine before it's time.

10-27-79 Here I am back in the saddle after expending huge efforts to get SFR #33 into the mails by the 26th.

It is becoming obvious that it pays to be visibly poor...with some hidden assets. Congress is all hot to give "poor" people various monies as relief from high oil bills, and the measuring stick is always income.

Thus a family could have a paid-for home, a brimming fuel tank, a stored food supply for a year or so, and etc., and still, because of a low visible money income, benefit from the "free" govt. benefits.

It's all in the profile, the template used to define poor and not-poor.

Given the continuing increases in the cost of oil from OPEC, and the continuing manipulations of supply and price by the oil companies, and the continuing fuck-ups by the Dept. of Energy, the cost of living will continue to ratchet upward and the average real income will continue to fall.

So the tax cuts and relief benefits from Washington, in an election year, will follow one upon the other....

The recession will in the public mind appear to really begin in November, when the October production and unemployment stats will appear.

The Federal Reserve is limiting the creation of new debt now, and since this economy has been developing a credit/debt habit of huge proportions—as a way of life—as people and businesses HAVE TO borrow to keep going, interest rates have shot up and will stay up until the demand slows. This will take longer than most economists and govt. people think. Already there are screams of agony from the housing industry as mortgage money is vanishing or too high-priced to pay, and the real estate boom is going bust.

And the govt. is also lowering reserve requirements for savings and loan companies in order to free more money for mortgages...while (supposedly) the Fed is raising reserve requirements for banks.

Lowering reserve requirements for S&Ls makes them more vulnerable to fail-

ure, but the housing industry has a lot of pull, and so stop-gap semi-rescue efforts are made—at the risk of worse consequences later, when S&Ls start to go bankrupt, with virtually no reserves left to tide them over.

I think gold will go down to \$300-340 per oz. —a good time to buy it, but be sure the discount rate is also going up.

A reader sent a WASHINGTON STAR story quoting David Rockefeller as saying he thinks the country will come out of the recession next summer. He thinks the recession "will not need to go very deep or very long" unless oil prices explode upward again. Worldwide recession is probable for 1980.

What do I think of his expectations? I think he was speaking for public consumption, for propaganda purposes, in this interview which was published in U.S. NEWS AND WORLD REPORT. For all I know the Rockefeller interests own the magazine. He is giving out a soothing line.

This economy (and the world economy) is terribly vulnerable to even a gradual stopping of the devaluation game (called inflation) being practiced for 10-15 years by the major world governments, especially by the United States.

Until the laws are changed to make it possible to make a profit by saving \$100. at the local bank, people will continue to use debt—because it's cheaper. (With the dollar losing purchasing power at the rate of 13+% per year, it pays to borrow money at 13+% interest rates. There's no real rent paid on it.)

But if the government stops devaluing...then that 13+% interest rate becomes brutally real...and all that "free" debt money becomes a vicious, back-breaking burden. It will kill people and businesses—IF the government has the guts to keep the devaluation/inflation rate at 4-6% per year, as they now promise.

But the whole world is watching like hawks for the first faltering in resolve...the restarting of the debt machinery.

Maybe David Rockefeller really does plan to order that to happen next spring, so that it will start to effect the economy by summer...

But it has now come out that the Europeans, especially the West Germans, virtually ordered Paul Volcker to put a stop to the American inflation, or else they would pull the plug on the dollar.

The U.S.A. obeyed. Volcker hurried home, spent a week arranging the moves and on Oct. 6 the Fed pulled the credit strings tight. And the powers—that-be (in Europe) are as noted before, watching closely.

Latest word on OPEC is that the price hawks are winning, and in December even Saudi Arabia will have to increase the \$23.50 per barrel price of crude oil.

The spot market for oil is climbing higher every week, making pressure on long-term prices that cannot be resisted. OPEC sees the U.S. as not really serious in our words on conservation. They're pissed at us over Israel and our selfish ways. And they are more and more of the opinion that we are living in a fantasyland of past world power, in unwarranted luxury and waste of energy which we will not of our own free will give up...so we will have to be forced to it by higher and higher costs.

As they see it, we ripped off them for generations, so we have no complaint if the worm turns.

Iran's oil workers are talking strike and of forcing a cut-off of Iranian oil from us if we don't toe their line on helping the Palestinians regain a homeland.

The "Windfall Profits" tax Carter and most of Congress wants to put in place on the oil companies is two-edged. Yes, it will siphon off a huge amount of money from oil company income, but it will misuse that money in wasteful govt. projects and subsidies to the "poor".

I have no illusions about the oil companies, but I'd rather they kept all those billions and used the money as they see fit—it would probably benefit the economy more both short and long run.

AND—a windfall profits tax creates in the government a need for all those windfall profits to be taxed. And the govt. will insure all that tax income by insuring the oil companies' prices go up and up and up... Yes,

we'll see \$1.50 per gallon gasoline by the time two more years have passed.

In the twenties and thirties and forties only a well-to-do could afford a car. Then boom, cheap energy and greed made it possible for almost anyone to have a car.

But now that process is being reversed and gradually, with much agony, kicking and screaming, the car will become too expensive for all but the well-to-do.

The same will apply to home ownership. Homes will become smaller and less fancy....or bigger to take care of several generations at once.

We picked up our food dryer at Sears a few days ago. \$137. Now it's up to me to grow enough in the gardens next year to make the purchase pay for itself.

I plan to enlarge the gardens and grow enough peas and beans, for instance, to make a significant reserve in the pantry. Depending on the size of the grape crop, raisins will be added to the larder (but not at the price of winemaking).

11-5-79 We have another "crisis" in Iran as students, etc. are holding about 59 Americans, have taken over the U.S. embassy, and are demanding that we turn over the former shah of Iran to them. (He is in NY now undergoing long-term cancer treatment—at least, that's the story.)

It is reported that the Ayatollah Khomeini spurred on the students by means of a 'message'. No details yet available.

Now we hear that the British embassy has also been taken because the students (and Khomeini) believe the British are sheltering Bachtiar, the former Premier during the last days of the shah's control.

Khomeini fears the British and the CIA are plotting to bring him down and return the shah to the throne. All to control the oil in Iran.

Could be. It happened once before in the 50s, when a revolutionary leader took power in Iran and was deposed and killed by the CIA, and the shah was put on the throne as a CIA/American/British oil company puppet.

The situation is a bit different this time, with the strength of Russia in the area and its client states, and the extreme religious/cultural/nationalistic emotions aroused in the people.

I wonder just how far Khomeini is willing to go with this ploy? Even Carter won't submit to such blatant blackmail and force the shah back to Iran to face a firing squad.

Perhaps this situation is an opening move in a game intended to justify a cut-off of oil to America (and to British oil companies) from Iran. (Because Iran can't meet delivery dates to the tankers piling up at the Iranian oil ports? Because the Ayatollah is under pressure from the oil field workers to stand up to the Americans?)

Khomeini, by starting this kind of "uncivilized" pressure politics, is virtually assuring that American and European technicians will not ever come back to Iran as long as his fanatical religious movement is in power...which means a slow (at best) attrition in the amount of oil Iran can make available for export.

THAT MEANS a further tightening of oil supplies worldwide and further oil price increases. Nigeria, which provides us with 15% of our imported oil, just raised its price \$2.70 per barrel, on contract.

The spot (by the tankerful) oil markets have surged in recent weeks, with spot prices at up to \$50 per barrel.

We may have gas lines again on a small scale all through 1980. And it might get worse than that.

The OPEC meet again in December, and Saudi Arabia may be forced/impelled to raise its price and/or cut production because they are angry that we haven't seriously cut oil/gasoline consumption and are not "tilting" enough toward the Palestine Liberation Front.

Carter has yielded to political pressure from the UAW (and from the big banks who stand to lose millions upon millions of \$) and proposed a \$1.5 billion loan to Chrysler.

But in the coming severe recession/depression even a huge govt. loan will not save Chrysler. If Congress okays the loan it'll be money lost.

11-6-79 Auto sales started to plunge in October. If you think that's bad, wait till Jan-Feb.-March.

I can see where it is terribly humiliating for the Asian communist governments to accept Western aid to prevent mass starvation-to-death in Cambodia. But I hope they can stop trying to save face for a few months to a few years and can stop fighting among themselves long enough to let our food get in to the right people, and can see their way clear to let their own farmers have enough peace to plant and harvest a crop or two.

But I have my doubts they will. Their motto, Better Red Than Fed, seems to be too firmly in place.

Note that last month Carter gave the Soviet Union permission to buy 25 million metric tons of U.S. corn and wheat in 1979-80. He knows and the world knows that the mass starvation in Cambodia is due to the invasion of Cambodia by Vietnamese troops this year. Vietnam is a client state of the Soviet Union and could not have invaded without the approval and supplies of the Soviets.

On the other hand, the fanatic ideologues who controlled Cambodia before the invasion were doing an equally thorough job of killing a million or two of their own people.

I frankly see nothing to admire in Asian societies or working philosophy or religion. Their contempt for and abuse of human life (and rationality) is constant, notorious and contemptible.

Gary Eisler, the OREGONIAN's correspondent in La Grande, made these points in the paper today:

Farmers for several years have been able to keep operating, in the face of doubling and tripling energy costs, by borrowing on the increasing value of their land.

But this year, with interest rates at 18-20%, with land values faltering, a large number of farmers are going to go out of business.

He predicts that in 1980 a large amount of farmland will be put up for sale to pay debts, and that this land will drive farm land values down, thus creating a down spiral—more bankruptcies, more land for sale, further

declines in land values.... And so on until the amount of food that is grown, by a diminished number of farmers, will command prices high enough to allow the farmer a profit.

This implies an explosion in food prices in 1980-81-82.

Eisler does see a Way Out: ethanol can be made with the vegetables now culled as not-good-enough, by using the surplus corn and wheat, the contaminated or blighted grain. He thinks 10% of the land could provide enough biomass to make all the ethanol/energy needed on the farms.

He thinks the technology exists and all is needed is leadership by the government.

It will also need a tremendous amount of money—debt—to put ethanol distilling machinery in place and to keep it operating and in repair.

Even if the government and the farmers and financiers get together and an ethanol-producing program gets off the ground, it will take at least ten-twenty years to make a dent in farm consumption of diesel and gasoline and electricity.

In the meantime food prices will be following energy prices—UP!

I heard/read the other day that wine can be made of tomato juice. I'll try it next year.

11-12-79 Paulette came down with a flu virus Friday, and I got it Saturday, so my attendance at the Orycon was unfortunately minimal. I would have liked to have seen the Costume affair and shown up on Sunday for a while, but when you've got a fever and every bone, muscle, joint, tendon, etc. is hurting.... All I could do was vomit and shiver.

I seem to be okay today, Monday, however. Or at least as okay as I ever get.

The situation in Iran, with those "students" holding the US embassy and 60 or so Americans hostage, is getting into a deadlock: the U.S. won't give them the shah, and they won't give up the embassy and the hostages.

This could drag on for months. Until one side or the other feels forced to add more pressure: stop the oil, threaten to kill the hostages, or stop

all food shipments to Iran, freeze all Iranian assets in the U.S., etc.

Technically, embassies are a tiny bit of the territory of the nation, in another country, and are supposed to be immune from the laws of the "host" nation. And for one nation to attack, and occupy the embassy of another nation is to attack the sovereign territory of that country—an act of war. This is a state of affairs hundredsof years old, a diplomatic "law", part of the code of civilization.

But technically, too, the government of Iran didn't do the deed—"students" and the religious leader Khomeini did it. Then the government resigned, leaving Khomeini's revolutionary councils in control.

Technically... Anyway, Khomeini has appointed another man to head up the facade/government.

To really get tough with Iran, Carter will have to ask Congress to declare war on Iran. Then, legally, we could take many severe non-military measures against the Iranian assets, deny them goods and services, etc. Could even sound up all those 50,000 Iranian students as 'enemy nationals'. Deport them or put them in camps. Ho-ho.

The problem is, Khomeini is probably doing this embassy schtick to rally the country, because his revolution is coming apart, helped by the soviets and the kurds and the arabs...

Khomeini is not a practical man, he is a religious fanatic of very narrow interests. He is old, rigid, doomed.

Perhaps the best that can be done is to get the hostages better living conditions for the long haul and wait for a change in the real government in Iran.

Most experts foresee a shut down of Iran's oil production/exports within three or four months. That will put another \$5 per barrel on the price of oil, worldwide, with Saudi Arabia increasing its price from \$18 to about \$25.

The trends and omens are bad.

Of course our frustration over the hostages in Iran is intensifying a feeling of powerlessness and humiliation, and the voters are going to blame

sweet, nice-guy, turn-the-other-cheek Jimmy Carter ("No Guts Carter") for the situation. "Goddamn, Martha, those crazies wouldn't have dared do that when Truman or Kennedy or Nixon or even Gerry Ford was in office."

It's a tough, deadly world we live in, and a failure of nerve is as bad (or worse) than over-reaction and a "macho" policy.

Under Carter we don't get no respect.

11-13-79 The headlines say: CARTER ORDERS EMBARGO ON IRANIAN OIL. And all the leading politicians with the exception of Ronald Reagan are quoted as supporting him.

BUT IT'S ALL A FRAUD!

Carter is cutting off all direct imports of oil and gasoline from Iran. Nothing was or is said about the Iran oil that goes to offshore non-American refineries and then is shipped to this country. Nothing is said about the oil companies being denied or asked not to buy Iran's oil for sales elsewhere in the world. No way!

And when Iran instantly announced it was cutting off exports to the U.S. they didn't say they wouldn't sell to American oil companies. They will simply not sell oil for direct voyage to the U.S.A.

All the oil companies have to do is trade some oil contracts around and not themselves suffer a bit. Re-route a few tankers...

What this big media event accomplishes is four things: it makes Carter look good and assertive; it bribes the Iranians to release our citizens held captive in the embassy; and it gives the oil companies another phoney excuse to raise prices (and adds another chunk to the "windfall" profits the government can tax.)

Everybody gains except the American people—who will pay (patriotically) another five or ten cents per gallon of gas.

Iran can sell possibly more oil on the high-priced spot oil markets, making 100% more for each barrel. That's the bribe.

Now we wait until the shah is "voluntarily" able to leave this country...or conveniently dies.

I smelled a media rat last-night when NBC spent 30 minutes examining the Iran/hostage situation and studiously avoided mentioning any but the oil option as a lever against the Iranians.

No mention of cutting off food shipments, no mention of freezing assets. That would hurt them.

We make a mild move to examine the legitimacy of the student visas of the 50,000! Iranian students and/or youth in this country (as we should normally) to see which are complying with the conditions of the visas.

So they'll find a few "illegals" and make a big show of shipping them back to Iran.

With an enemy like America, Iran doesn't need friends.

NOTE THAT BAKER, CONNALLY, BROWN, and KENNEDY all are quoted as approving Carter's "embargo" action and saying they support it. They all betray themselves as in the pockets of the giant banks/corporations which rule this country. If any one of them is elected president in 1980 you can bet hard money he will appoint Rockefeller/Morgan men to the key cabinet positions now held by Rockefeller/Morgan men.

11-14-79 Today Iran moved to pull up to 12 billion \$ out of the U.S., and Carter promptly froze the assets.

And doctors are ambivalent on when the shah can leave this country.

These moves don't harm anyone. The assets are merely held in this country. They go on earning interest and behaving as any investment would. But it all looks good in the press and on TV.

I'll be convinced this "crisis" is serious when/if Carter stops food and spare parts shipments to Iran. And when Iran for sure stops selling oil to the American oil companies and will not honor the contracts if they are sold to non-American companies.

#By the way, the Nov. 19 issue of BUSINESS WEEK has a cover article titled: "The Petro Crash of the '80s—The continuing drain of paying for oil may collapse the international monetary system."

The points made are these:

After OPEC quadrupled oil prices in 1974 the big private banks took over the

task of handling and recycling the huge amounts of money the OPEC were earning. A lot of the money went into loans by the banks to the lower developed countries.

In 1974-5-6-7 the industrialized countries, and especially America, managed to recover from the recession and the sudden increase in the cost of oil by inflating/devaluing their money, thereby in real terms cutting the price of oil.

But in 1978 OPEC got tired of that game and started raising prices and controlling production so as to keep the price of oil ahead of the inflation rate in America.

Attempts so far to work out an alternative to the dollar as an international reserve currency and an oil payment medium have failed.

Thus the dollar's trustworthiness is crucial. Any attempt to inflate/devalue out of the coming recession/depression and coming oil price increases will almost instantly trigger another dollar crisis—gold run-up, everyone selling and spending dollars like crazy.... wild price inflation....

And yet not to "stimulate" at some point will doom the U.S. and the other industrialized countries (probably including Russia and Eastern Europe) to long-term stagnation at best and a devastating economic collapse at worst. Everything will fall apart as the underdeveloped countries are unable to pay their increased debts to the banks and as the tottering debt structure in this country goes down.

OPEC will be draining vast wealth from the West as they cannot find safe enough investments in the West for their money. And there isn't enough gold or silver...

BW thinks countries will (are!) make deals on an individual basis for oil, and attempt to gain the money by fighting to export more and fighting to limit imports—in short a terrible trade war like the one that made the 30s depression so bad.

Military action by the U.S. and/or Europe and/or Japan will probably occur, with Saudi Arabia the prime target.

That's what BUSINESS WEEK sees. I agree with them. Whoever is elected in 1980 will have a terrible four years.

Yet even so, the U.S. is in better

strategic position to survive, provided we use our resources, and give up the enormous waste inherent in the flagrant misuse of the private car. The only way that can be brought about is, alas, brutal and painful—by pricing the car and the gasoline out of reach for most teens and young adults. And everyone else, too.

Why do people drive so much? Big stores are far away, good shows are far away, and privacy is usually far away.

We'll have to enter the electronic age in a big way—shopping by phone and TV, two-way TV for family and community and neighborhood meetings. Advanced TV and superb reception and first-run entertainments. Houses built for two or three generations, with assured privacy, with common rooms...

Either that or a social and cultural devolution as we lower our standard of living in other areas in order to afford The Car.

11-15-79 There are reports now that the Iranian unions, and the "students" who control the U.S. embassy and the hostages, are not taking orders from anyone. They lead Khomeini and he follows, in a real sense. The "students" reject any compromise in their desire to get the shah back to Iran. Could Khomeini give an order for release of the hostages that they would obey?

At the main oil-loading terminal union men watch to make sure no American-based tankers are loaded.

I suspect now that events in Iran are virtually out of Khomeini's control.

In this country, too, the popular anger at the hostage situation is having consequences—longshoremen are deciding not to load ships with cargoes bound for Iran, at least on the west coast. The longer the hostages are held the more this action will occur, until there may be an unofficial trade embargo against Iran.

Already foreign oil companies are asking Iran for the oil not sold/sent to America. The spot price mentioned in the WALL STREET JOURNAL is \$45. per barrel.

11-16-79 One thing leads to another. Now the Iranians are playing hardball: They've cancelled all existing oil contracts with American oil corporations. And offered the freed oil to other countries at \$20. more per barrel! This little bonanza for them is worth billions of dollars...reason enough to have invaded the embassy and hold Americans hostage. The return of the shah (which the higher ups including Khomeini must have known was not possible) appears more and more a pretext.

In one swell foop Khomeini gains billions of \$\$, makes all kinds of points with his people and sympathetic leftists worldwide, and distracts everyone from the failure(s) of his revolution.

Why should he stop now? He'll probably keep most of the hostages for a long, long time. At least until the shah dies from cancer, I would imagine.

NOTE: The cancelled contracts had only to run until the end of this December in any case. Americans may be allowed to buy oil again next year—at inflated prices, after this hostage/shah business is settled—or after Khomeini is gone.

And in December OPEC meet again... to raise the price of oil, most likely.

All these events are accomplishing is a further ratcheting upward of the real costs of energy, which in turn will spread through the economy over a year's time, lowering the standard of living if devaluation of the dollar is not resorted to by the administration.

The government has no easy choices. That time is now long past.

11-18-79 I watched Sen. Kennedy on MEET THE PRESS this morning and was appalled. He showed me nothing! He stumbled, evaded questions, resorted to political fudge, betrayed either an abysmal ignorance of economics or a willingness to lie for political gain. He showed no real knowledge about military budgets, and as usual dodged hard questions about that event in Maine 10 years ago.

He showed me a not-too-bright man who can't think straight and was ill-prepared (after all this time) on hard issues. If I hear him say, "The fact of the matter is..." one more time I'll

barf.

He did make it clear he will be an "activist" president if elected. That seems to mean he'll use his office to call people names if they raise prices too much (in his political view). He thinks this is leadership.

I still like the directness and clear-thinking of Howard Baker. I'll settle for Ronald Reagan. Third choice is Jerry Brown. The rest are kept men and incompetents.

Ghod help us.

Now it is reported that after the black and women hostages in Iran are released, the remaining white male Americans will be put on trial in the Revolutionary Courts of Khomeini, if the shah is not handed over to Iran.

What now, Carter? A total trade embargo if those Americans are tried and some imprisoned? The American people are putting Carter on trial, as well. This crisis is his make-or-break as far as his re-election hopes go.

11-22-79 I note that now even the establishment press is reporting that it was David Rockefeller & Co. who pressured Carter & Vance to admit the shah into this country under cover of a medical emergency which is now becoming less and less an emergency. Nothing the doctors and equipment in Mexico couldn't handle.

The Iranians say the shah was brought to New York for conferences with Rockefeller & Co. concerning the possibility of putting him back on the throne. They may be right, for it was perceived that the Khomeini revolution was falling apart.

Now, Khomeini has rallied the moslem religious fervor, married it to nationalism, and with the hostages and rabble-rousing has distracted his people, temporarily, from their severe internal problems.

So Rockefeller & Co. acted too soon with the shah and got us into a humiliating, costly situation. He has destabilized the Middle-East and frightened some other Arab governments.

The only option now is to get the shah out of this country and try to smooth things over.

An escalation—trade embargo or a

naval blockade of Iran, will only seem to prove we have a full-scale counter-revolution in mind.

Carter seems as much a pawn in this as the shah. That perception of him, if spread and accepted by the people of this country, will spell doom for any hope he may still have for re-election.

11-29-79 Last Christmas I bought an Atari TV game system, and acquired these cassettes: SPEEDWAY II, RACE, TARGET FUN, PONG SPORTS, and BREAKAWAY IV. Paulette and I used to play TARGET FUN, BREAKAWAY and PONG a lot. Then I settled down to concentrate on BREAKAWAY (trying to knock down consecutive walls of colored bricks with five balls. I managed it with two balls once. The ultimate is a score of 864 with one ball.)

This year I got three new cassettes: ARCADE GOLF, BOWLING, and VIDEO CHESS.

The question you may ask: how tough is the chess cassette? The answer is: plenty tough! I beat the thing at the Beginner level, then switched to level 3 (of seven levels of increasing difficulty) and managed a draw.

.. Then I went up to level 4...and lost. I haven't played since for lack of time (STAR WHORES, SFR, REG) but note these drawbacks to playing these computer chess games: the board and players as represented on the TV screen are a bit disorienting when you're used to a regular board and pieces, and the Atari blanks the screen while the computer is "thinking", thus denying you further time to plan and think. Also, as the skill level is increased, the machine takes progressively longer to respond: at level 4 the time delay is 2 min., 45 seconds. At level 6—12 minutes. At the Expert level the machine will take 10 hours to make a move!

The next time I play at level 4 I intend to have a book handy...and to have a regular board and pieces set up for proper play, my game.

The Atari system is durable and well made, by the way; after almost daily use for a year it's still perfect. See you next issue.