

Most have read the tongue-in-cheek, satirical critiques of many Christmas/Year End letters whose supposed message is oft characterized as "Why our lives are so much more interesting and better than yours!" A second theme might read, "We have no problems; our children are wonderful; blah blah blah." In defense of such overweening authors, in a Holiday Season few presumably want to hear about the problems of others, and most of us are truly interested in the success of friends' children, and now grandchildren. That said, if we can't share setbacks and sadness with our closest friends, what is friendship really all about?

My dear departed father, always a great font of wisdom, said frequently: "When you have good health, you have everything; when you don't have good health, you have nothing." Always insightful, Dad would really have been saddened by our family's experiences in 2009. The greatest strain has been our brother, Will, who at age 63 has been in and out of VA hospital beds much of the last few years. Willie, a diabetic who recently become insulin dependent, has had a number of related problems, including amputation last summer of the toes on one foot that had become gangrenous. While recovering from that, he contracted a staph infection, MRSA, that is hard to treat. Just before Christmas, he had a major back operation (to clean out the principal site of the infection), which seemingly went well; he was released from the hospital in March. My two sisters, Alice, who lives in Minnesota with her family, and Helen, whose family lives on Alameda Island here in the Bay Area, have been highly supportive of Will and his emotionally disturbed daughter. My sisters are angels, very loving women, who worked hard to care for them despite insufficient thanks in return.

While Will limps poorly along in frequently a bad temper, our inspirational mother, Jean, confronts health challenges and bobs to the top like a cork that won't sink. She had an abdominal pain last summer, went into the hospital, and a very bright foreign born doctor determined that her gall bladder had failed and become necrotic. They yanked that out of a courageous 95 year old woman, and she recuperated in a nursing home for about a month; then the day she was discharged, she went to see the remodeling of sister Alice's house and promptly broke her hip falling on the concrete driveway! Back to the hospital for a major operation, back to the nursing home, and now, perhaps as good as ever, back at The Wellington, the assisted living facility in St. Paul where she has lived the last three years. Mom's mind and attitude is still the best, and she supports my brother nightly by phone. I have always been told being a mother is a lifetime occupation, and Jean Jefferson is living proof. Her love, caring and optimism have been an inspiration to us for a lifetime, and it is a major blessing she is still with us.

With most of my friends well into their 60's, or staring the chronological odometer in the face, similar such health issues are no strangers to them, either with elderly or recently deceased parents, and the occasional unfortunate sibling or peer. At times like these, loving relationships are so important. Having been blessed with good health most of my life, I know I have not done enough for others but I really try to be supportive of family and friends. But taking care of your own health is where it must start: drink less, exercise more, and work on losing weight... my lifetime job description.

My own inevitable mortality was underlined a few months back as a good chum from grad school, Michael Grace, had a massive and fatal heart attack on the street in Sydney, Australia, where he grew up. He had been the best looking, most athletic, one of the most financially well off and brightest of the class, when we could cut through that Aussie accent and slang. The "Incredible Mike Grice" married an American gal, took her Down Under, raised three boys, divorced, remarried, and had another son, who is now about six, and must grow up without his legendary dad. His passing, and that of Carol Roycraft, a female cousin also of my own age, served as an unneeded wakeup call and encouragement to see frequently those who are important to you; I am really glad I visited Mike a couple of times in Australia over the years, as that option is now no longer open. (See you

later, mate!)

Catherine's two adult offspring are also struggling, in large part due to the poor economy. Casey Moylan at 28 is unemployed as a result of his Los Angeles ambulance company having lost a major contract; as an EMT and driver, he had worked there for five years. Jessica, 22, lives and works in San Luis Obispo where she had been attending college; she is a message therapist and waitress at three different restaurants. They are enthusiastic young people but frustrated with the lack of current opportunities at more satisfying life roles.

As we all should know, the real test of friendship and partnership is how you handle the difficult times together, and God knows we are deeply into difficult times.

Back to 2009

Of course, a belated Happy New Year to all, such as it may be. Or "gung hay fat choi," as we quasi-San Franciscans have been taught to say by the culturally sensitive local media. (Chinese New Year is also over a month later than the Gregorian calendar.) The Chinese always have a name for each new year: such as the year of the Dog, the Rat, the Sheep, and so on. Well, as far as Catherine and I were concerned, 2009 was the Year of the House. After literally working on house plans with our designer, Rick Roccetti every weekend in 2008 (when not on vacations), this past year was all work and no real vacations at all. However, by January 2009 the County had issued the building permit, the Kenwood Fire Dept. spent February and March cutting holes in the roof and filling with smoke the old One Mound cottage and then, on April 20th, it was demolished and carted off. Yahoo; glad to see it go, dangerous 1937 knob and tube electrical wiring and everything else! Our General Contractor, Tom Holland, and the then inexperienced (but fortunately a very fast study) Project Manager, Catherine Moylan, have been joined at the hip ever since; she spent more time with him this year than his wife and their two daughters. The net result is coming out exceedingly well, as you can start to tell by the Picasa photos. (When completed in about three more months, the new house will have just less than 4,000 square feet, quite large for a two bedroom bungalow but well below the widely acknowledged levels in America where ostentatiousness may begin. Don't want to be accused of that!)



While we are excited that it should be done by late June of this year, about 14 months of total construction time, it will be the culmination of eight years of dreaming, expensive false starts, frustrations, more preparation, and

finally, tangible reality. Most of you know I have been renovating my “builder grade” house in Mill Valley ever since I bought it in 1974. As gratifying as those results have been, I have always wanted to build a larger, quality house from scratch, which would have lots of parking for partying guests, plenty of room for visiting friends, no highway noise, and located in the Sonoma wine country. When we have completed “the farm house,” I think all this will have been accomplished. And while most of my chronological peers are comfortably retired, I will continue to work indefinitely, even after selling my Mill Valley tree house. You see I’m a graduate of an old school that taught you don’t retire until your house is free of debt... which will be a while.

Speaking of aging, in February, the day following my 67th birthday, I flew to Colorado to ski for most of a week with other athletic friends and Linda Graebner, our hostess and another Stanford chum who owns a lovely home in Breckenridge; due to her generosity, this trip has become a tradition with us for the last four years. (Unfortunately, our principal ski buddy, Morgan White, had to cancel for the second year running due to family health problems.) I feel very fortunate to have such good friends, to be able to share our toys and time together, and still be fit enough to ski the steep and the deep. Knowing I have benefited from the exceptional hospitality of friends all over the world for the last 40 years, for the rest of my life I want to return that kindness here in Sonoma County. But as Judy Peterson, the former wife of an especially good chum put it: you must first know The Rules. Her Rules were simple: first, you must invite yourself here; if it is inconvenient, we’ll find another time that is mutually convenient. (So if you wait for an invitation, too bad, as this is the only one you get.) The second rule is unless informed otherwise, you would be welcome to invite yourself back here repeatedly. (“Here,” incidentally, was the Peterson’s fabulous ski chalet in Verbier, Switzerland, a venue right out of a James Bond movie. Wonderful times were had there.) Accordingly, the Rules have now been explained and will be in effect starting July One, at One Mound Avenue. Please plan accordingly.

Let’s blame everybody, especially the Chinese. Everybody but ourselves!

While the convenience of ATMs and credit cards for getting cash any time of day and paying for things suggests big international banks are efficient, and the Internet and personal computers could not exist with the adoption of national and world-wide electronic systems, centralized systems are inherently rigid and inflexible. Large organizations are inherently bureaucratic, dictatorial and stifling of creativity. While it may have taken the Civil Rights acts of the 1960’s to create more opportunities for the disadvantaged, truly changing, long standing prejudices are individual, family, and local community decisions. In largest part, people must be encouraged to do the “right thing,” not forced by a national law or policy.

Unfortunately, we have millions of Americans lining up in two widely disparate social and political camps and fighting matters out on a national level in a modern Civil War. I have categorized them as follows:

Liberal Democrats

Conservative
Republicans

But as seen by the
other camp:

Socialists/Marxists/Commies

Military/Industrialists
& Uncaring
Capitalists

Their Golden Eras &
Current Vehicles of
Choice

1968 - Anything small and foreign

1956 - Pickup trucks and Chevy Suburbans

Major group memberships

Urban dwellers
College professors; journalists
Union members; Civil servants

Rural
Hunters/fishermen; Technology workers
Small business owners; Active Duty Military

Anyone under 30

Anyone over 30 with an education

Majority of women
Pro Choice (abortionists)

Majority of men
Pro Life ("not my daughter")

Agnostics

Christian church members

Welfare recipients
Same sex partners/spouses

Taxpayers
Traditional married couples

Yes, yes, I know, these are all sweeping generalities, with lots of exceptions. For example, my wonderful sister Helen is a staunch conservative and yet is President of her local union at Lawrence Berkeley Laboratories. Living here in Northern California, I find my own values taken from the above list much as if it was a Chinese deli menu, "I'll take 3 from the Left column and 7 from the Right, thank you." Frankly, I have no problem with gay marriage or a woman's right to decide whether to bring another into the world; other than that, call me a conservative. Around here, that makes me a despised moderate Republican, shunned by both extremes. But in general, early family values and then the daily life experiences of most mold their political views. Accordingly, the oft cited goal of "bipartisanship" is and always will be a myth perpetuated by journalists and politicians. Large groups are tribal and simply want their views to prevail.

So where must the majority come together and work together: when it comes to money and taxes. Both polarized groups will do so reluctantly but money is important to everyone, and nobody likes to pay taxes, even those who get back a whole lot more than they must put in.

Now we come to the part that is really the bad news projection, especially from a guy oft times described as a chronic optimist. For our country, and most of the well over 8 million who recently lost their jobs, I think the next 10 or more years are going to more closely resemble the 1930's than any other decade since I was born. The Thirties were known as the Great Depression, and continued until the start of WWII, at the end of 1941, about 12 years total. The era we have now entered, in my opinion, is going to be the Relentless Recession that will not go away until some major problems are fixed. And as yet, nobody wants to take the grief from fixing them. It really doesn't matter whether Democrats or Republicans are in control, although I think a Financial Armageddon will come faster with Barack's Bunch at the controls. (There is nobody more arrogant, idealistic or out of touch with the real world than college professors, a great number who are in the current administration. Let's start by socializing medicine ...)

In case you haven't read carefully the editorial pages, our federal government is truly insolvent, most of the larger states are as well, and quite a few cities. The Feds can get away with this longer than the others, because they can print money and because most of the other nations of the world, save China, are in the same boat, making promises they can't keep and spending OPM (other people's money). With about a true unemployment rate of somewhere around 15%, a lot of our citizens are also insolvent, so they can't pay their home loans, student loans, credit cards, or bar tabs. Every hour every day on the radio we hear from more outfits pitching "debt and tax relief." So the dominos are continuing to fall in slow motion.

The normal way out of such dire times and low interest rates is for private companies to expand hiring, since there is so much talent available and wanting to work, be they 22, 44, or 66 years old, even for reduced salaries. However, the business taxes, exacerbated by now nationalized health, are so great that solvent employers are unwilling to take on more people. Further, the availability of almost everything that Americans need to buy was manufactured overseas and is presently down at Wal-Mart. (That's not the stuff we want to buy, but you have to have good paying jobs to buy the luxury goods ... and most of them are also made overseas!) The remaining bankers are all scared of losing their jobs if they make any more bad loans, so significant private sector employment gains are a long way off.

But, you might counter, isn't there always high tech venture capital and the stock market to fund new businesses and employers? Unfortunately most of the VC's are investing US pension fund capital in China, where smart, industrious people work harder for less, and save about a third of their incomes (no socialized medicine there), so there is capital a plenty for new business. And very simply, I think within the next three years we will have another melt down in the US stock market, triggered by who knows what, and the Dow average will be lucky to stop at 5,000 with another 50% capital loss. That should clean out most of the domestic equity investors for another 20 years or so. On top of this, the government is increasing the capital gains taxes significantly, so there is no rational reason for most business owners to borrow or reinvest and to expand hiring. (This is a pretty dismal prediction but, I fear, a very realistic one.)

Besides competition growing every year from talented overseas competitors, the basic problem holding us back is too much debt on the country, politicians intent on expanding further expensive entitlement programs, and close to 50% of the population paying little or no income taxes but on some sort of subsidy. So what could we do about it? If the US were an individual or company, it would enter bankruptcy court, file for liquidation under Chapter 7 where the judge flushes out management and stockholders, voids much, if not all, of the debt, the lenders wind up with ownership of what is left, and reorganized we move on. However, since the Chinese reportedly own about 50% of the US debt, giving them majority ownership of the US is not (or should it be) a politically palatable solution. Another big part of the national, state and local liabilities are the pensions of the retired, or soon to retire, civil servants. And lastly, outstanding mortgages are crushing the few remaining workers, living in houses that exceed their now current means, and keeping the home building industry on a permanent vacation.

So what is the solution, as unlikely, unprecedented, and distasteful as it may be? The Congress and whoever may be the next unlucky Presidente en la Casa Blanca (perhaps soon an articulate, attractive, lesbian Hispanic, single mother who made millions running a national taco franchise after a wildly successful career in investment banking) should pass a law voiding 50% of the national debt, 50% of all residential mortgages, and all pension payments above the Social Security maximum. Further, the law would make unlawful any lawsuits attempting to overturn this law. I think this is the solution that should be adopted, right after the next financial crisis. My long time real estate partner in Texas, Dick Wade, believes this will never happen; rather the Feds will continue to print money like it was the Weimar Republic of Germany in the 1920's, and we'll get to the same end via runaway inflation. Wade is probably correct but it will take 10 or more years to get to the same solution we could achieve almost immediately if the majority had the guts to do it. And a whole lot of unemployed would go back

to work much earlier.

It really doesn't matter whether Dick is right or I am: the financial future for everybody looks pretty bleak until a major part of the debt has been wiped out, one way or the other, and government is forced to live within its means, like everybody else. If this alternative were on the ballot this fall, it could pass (tax payers, plus unemployed, plus delinquent home owners equals more than 50% of voters everywhere) but nobody wants to propose this drastic medicine yet. We need another crisis that will make September 2008 look like a tea party. Don't worry, it is coming; but until then, what you should do with your money beats me. And I was supposed to be an investment professional!

Most assuredly I do not believe all our country's problems can be solved with just settling the "debt problems," but until these intrinsic obligations are reworked, little else matters. America at the moment reminds me of the final scene of the 1991 movie *Thelma and Louise*. Surrounded by the male "police oppressors" and knowing they have cooked their own goose, our two female protagonists decide to floor the accelerator of the Ford Thunderbird convertible and wildly drive off the edge of the Grand Canyon! Susan Sarandon is a brilliant actress and the consummate Liberal on a glorious road trip ... until the harsh and inevitable ending. That is America today, except the car, purchased on credit, should be a GM or Chrysler, both owned by Obama Motors.

In striking contrast, the Chinese have reportedly built 800 universities in the last 10 years, a remarkable commitment to the country's future. If India had done the same, they would rule the technology world to an even greater degree, but they are coming on very strong. Due to education and hard work, the world is fast becoming more egalitarian, with declining living standards for the US, while the Liberals and Conservatives argue among themselves and spend their time watching *American Idol*, *Survivor*, and *Dancing with the Stars*, instead of reading and thinking. What a pity.

Dave Jefferson, Novato, CA

A former economic optimist, but now at least a happy house builder. Come out and enjoy the Wine Country with me before it is too late.