

Friends & Relatives,

2000 was historic and, I submit, a turning point for the United States. We've had a good run but what happens during the next decade will have a substantial impact on the next quarter century. I'm anxious.

The year was obviously filled with the presidential race. The media played it up though most people didn't care much. They even got a little annoyed when the recount dragged on. The dot com bubble burst and AOL & Time-Warner married clicks to bricks. The price of oil hit record highs as Saudi Arabia and OPEC played a trump card and took a cut of the American pie. The Clinton administration was powerless to stop it.

The economy headed for a soft landing after a decade of spectacular growth. Alan Greenspan, Chairman of the Federal Reserve, is more responsible for the current state of the nation than any other individual. The American men and women who worked tirelessly to bring an end to the cold war are also responsible for this improved standard of living. By freeing up scarce resources the government became more efficient. In 1981 25% of federal expenditures were allocated to defense; that number is now 15%.

The 2001 Budget: Social Security (23%), Medicare (12%), Defense (15%), Medicaid & other health (7%), Interest on the Debt (11%), Debt Reduction Payment (9%), Veterans Benefits, Justice, & General Government (8%), Welfare (6%), Federal Employee Retirement & Unemployment Insurance (6%), Education (3%).

<u>Year</u>	<u>U.S. Population</u>	<u>Labor Force</u>	<u>Retired</u>	<u>Children & Students</u>	<u>World Population</u>
2000	275M	141M	35M	99M	6.0B
2010	300M	160M	40M	100M	6.8B
2020	325M	185M	56M	84M	7.5B
2030	350M	193M	76M	81M	8.0B
2040	378M	202M	86M	90M	8.7B
2050	403M	213M	93M	97M	9.1B

The trend over the next 30 years is disturbing; the growth of federal expenditures will skyrocket while revenues decline. This is driven by demographics as baby boomers retire and generation X fails to fill the gap, a shrinking labor force will have to support growing generations that will rely solely on the government for their retirement. In 1945 there was a 42:1 ratio of people paying into Social Security vs. drawing upon it. By 2030 that ratio will be 2:1. In fifty years time historians may write that the Great Depression of the 21st C could have easily been avoided with some foresight and conviction during the decadent 90's. It's ironic that the Social Security Act of 1935 and our involvement in World War II, both of which grew out of the Great Depression of 1933, could be primarily responsible for a depression nearly a century later.

The real tragedy lies with the Clinton administration, which made almost no attempt to tackle the serious challenges that loom only a decade away. The 42nd president failed to accomplish much of lasting significance, constantly practiced strict partisan politics driving a wedge between the parties, and consistently disgraced the office. The efforts of Mr. Clinton have been concentrated on relatively uncontroversial policies such as trigger locks, minimum wage, and antiquated civil rights legislation. In California, for instance, there is no majority race and policies such as these impede progress. In the strategically

insignificant Balkans the Clinton administration committed billions of dollars, sacrificed the lives of American soldiers, and undermined foreign relations with Russia and China. Temporary results were achieved at best. He's failed to wrap up issues with Iraq and allowed the UN weapons inspectors to be kicked out of the country. The list goes on. President Clinton tossed aside a golden opportunity to make big changes with the popular public support that a robust economy afforded him and now wonders why he will never have any real significance associated with his presidency.

The USS Cole was attacked with the virtual assistance of the Yemenis government who aided or at the very least turned a blind eye toward the terrorist operation. In 1990 the US Army was deployed once every four years; it's now once every fourteen months. Without a clear foreign policy we're unwilling to define the wars we send our soldiers to fight. Consequently we're unprepared to deal with international conflicts.

We're still in a good position to manage these challenges considering the strong economy and relatively calm international arena. I believe technology can buy us time to deal with an exponentially growing world population and sustain our standard of living provided politicians deal with a slightly longer term perspective than the 2-4 year election cycle. With clean energy like the fuel cell and the increased productivity of an information driven society, the economy and environment will gain in tandem. What's imperative to handling the challenges of tomorrow is a solid foundation of *educated citizens* which I cannot emphasize enough. In line with a policy to keep this letter down to one page, I'll quit my rambling. If you've got feedback, drop me a line, I know I always hit a nerve with somebody. After all, this letter is sent to our friends and family none of whom we choose for their political views.

As for us: I'm working at a Silicon Valley startup, Monica's still at HP. Andrew's in 3rd grade and excels in math and science. We're expecting a baby in February 2001. We're consistently "too busy" which seems to be a part of living in the Bay Area but always enjoy hearing from our friends and family. Even if it's just to say "hi", get in touch anytime.

The Cottrell's
4838 Sandy Lane
San Jose, CA 95124
408-369-1113, mark@cottrell.net, monica@cottrell.net

We have a chance here. Complacency now, at the dawn of this new century, will doom us for the next 30 years. Pay attention, stay informed, take responsibility, and vote. "The chains of habit are too light to be felt until they're too heavy to be broken" Warren Buffet 1996.

www.cato.org
www.vote-smart.org
www.pensionreform.org/usa.htm

www.census.gov
www.ioptout.org
www.urbancure.org

*Merry Christmas
&
Happy New Year*

The Cottrell Family