

Friends & Relatives:

2003 was a turning point for U.S. foreign policy, the world economy, corporate America, and...Saddam Hussein.

The shuttle Columbia disintegrated upon re-entering Earth's atmosphere. I woke up early that morning to view the California transit and follow mission status on a shortwave radio. As explorers and adventurers who embrace physical science we must understand that space travel will never be routine.

Corporate robber barons such as Carly Fiorina (HP), Michael Capellas (Compaq), Andrew Fastow (Enron), Dennis Kozlowski (Tyco), Donald Carty (American Airlines), and Dick Grasso (NYSE) have done more damage to the U.S. economy in the preceding 24 months than al Qaeda did in 10 years. Millions of American jobs have been lost and trillions in shareholder value have been destroyed as a result of this greed. Boardroom megalomaniacs and the compensation committees that determine their pay are the sources of evil. American executives at the Fortune 500 have become virtually in-bred. A relatively small number of individuals make each other rich while shareholders stand idly by. Management incentives have grown to an enormous size, are not tied to performance by any practical measure, and CEO's receive massive severance packages when given the boot.

Investors must exercise the control that comes with ownership. Shareholders that invest in executives who openly plunder corporate assets explicitly accept the risk of the robber baron greed halving their investment overnight. Mutual fund managers and pension administrators have leverage in the boardrooms since they control large percentages of the company's stock. If you've got a mutual fund or pension plan that's invested in a company with out-of-control executive pay, sell it, move it, or lose it. It's your choice. Don't wait or whine for a government fix that will come a decade late and trillions of dollars short.

North Korea's tyrant Kim Jong Il (who is as diabolical as Saddam Hussein and who is quite literally insane) threatens to destabilize Asia and taunts America with his finger on the nuclear trigger attitude. It is hard to exaggerate the danger posed considering his propensity to intimidate neighbors, his history of selling sophisticated weapons to shady characters, and the risk that he may secretly auction off a nuclear weapon to the highest bidder. Fortunately, the regional powers such as China, Japan, and South Korea are able and willing to influence and pressure the failing state into rational action and they are capable of isolating and containing the despot if he continues to pursue his present course.

President Bush made it clear that the 12-year policy of containment in Iraq had failed and that regime change was overdue. Saddam Hussein honored not one of the U.N. resolutions that he agreed to after the first Gulf War. Neither the U.N. nor the prior administration chose to enforce the resolutions allowing Saddam to continue his destructive ways drawing us into a prolonged military presence in the region. Consequently, we've had 5,000 troops stationed in Saudi Arabia since 1991 at a cost of dozens of American lives and billions of dollars. This military presence on the Arabian Peninsula has been one of Osama bin Laden's primary grievances against the U.S. Then, faced with anti-Americanism in Europe and admonished by France, Germany, and Russia the U.S. and a small coalition attacked Iraq in March. Baghdad fell swiftly, as did Uday and Qusay Hussein. And, finally "we got him". Saddam will be tried for genocide, war crimes, and crimes against humanity.

Iraq is rich in resources and can become a beacon of success in a region that has failed to modernize over the past four decades. It has the second largest oil reserves in the world, the Tigris and Euphrates rivers provide abundant water, and the land is fertile and capable of producing surplus food. The Mesopotamian Valley, the ruins of the Tower of Babel, and the Hanging Gardens of Babylon are all in Iraq. It is even believed that the site of the biblical Garden of Eden is in Marshlands south of Baghdad.

By managing his resources wisely Saddam Hussein could have been the most powerful man in the Middle East. Instead he attacked Iran, Kuwait, Saudi Arabia, and Israel, pillaged the wealth of his country, and killed 300,000 people over the past 20 years (not counting countless others in the wars he started). When Saddam took power in 1979, Iraqis had a higher GDP per head than Australia. Today, average incomes in Iraq are lower than those in Congo.

Of course oil and other American self-interests were the primary reasons for going back to Iraq but I believe the President's vision was bold and sincere when he said, "A liberated Iraq can show the power of freedom to transform that vital region by bringing hope and progress into the lives of millions. America's interest in security and America's belief in liberty both lead in the same direction — to a free and peaceful Iraq."

As for Al Qaeda: it seems to have lost some of its capability. Had it been able to carry out another attack of the September 11th magnitude it probably would have already done so. The CIA estimates that 3,000 operatives have been detained worldwide in the previous two years including Khalid Sheikh Mohammad, the most senior al Qaeda figure captured so far. He was instrumental in the 1993 World Trade Center bombing carried out by Ramzi Yousef that killed 6 people, and he planned the September 11th attacks.

It will be difficult for Osama bin Laden to establish a base similar to that of his old Afghanistan operation elsewhere considering American leverage over functioning states and vigilance over failed ones. *Jihadis* who fled to Pakistan, Iran, Iraq and elsewhere now have to worry about preserving their own lives as well as taking other people's. And, while the campaign in Iraq will undoubtedly be used for al Qaeda recruitment purposes it also serves as the proof that bin Laden will be captured sooner or later.

Unfortunately, al Qaeda is now better characterized as a movement than an organization. Fundamental Muslim terrorists such as Jemaah Islamiah attack exclusively soft targets (civilian and the likes) in Asia and car bombed the Jakarta Marriot while death sentences were being decreed for those who planned the 2002 Bali nightclub blasts that killed 202 tourists. Islamic Turks sympathetic to al Qaeda bombed two synagogues, a British bank, and the British consulate in Istanbul. Most of those killed were Muslims and thousands of Muslims turned out at the funerals held for the Jews that were killed in the attacks.

Two suicide bombings in Riyadh with al Qaeda's modus operandi served as a wake-up call to the Saudi ruling family. The royals have done little to alter the environment that fosters fundamental Muslim extremism in their kingdom. Many Muslims were killed in the bombings and these deaths have turned many bin Laden proponents against his *Jihad*. Some of the mystique of the millionaire-turned-revolutionary is wearing off and a struggle is intensifying between fundamental and progressive Muslims within the Islamic world. This is critical because in the end, most of us understand this is not a war between Muslims and Christians or between Arabs and Americans. It is a war between good and evil. The most important people in this conflict will be good, devoted Muslims and intelligent, committed Americans.

As for us: we're still in the San Francisco Bay Area. Andrew's in 6th grade and Liam is in preschool. We spent Thanksgiving with relatives in Texas and in a private ceremony at College-Station former President George Bush recognized my father's career by posthumously awarding him the *CIA Medal of Merit* for his "expertise and professionalism, together with his tireless efforts ... and achievements and deep devotion toward the national intelligence effort." I respectfully accepted the medal in memory of William Curtis Cottrell, Jr.

The Cottrell's: mark@cottrell.net
monica@cottrell.net
www.cottrellfamily.com

Happy Holidays
The Cottrell Family

I started this letter two days ago and it quickly grew to eleven pages. I removed dozens of events and topics to keep it to a two-page format. It is clear to me that the world is becoming more complex and has been doing so since the end of the Cold War. I believe we're at a pivotal moment in history and that what happens in the next decade will dictate what happens in the century to come. I remain cautiously optimistic about our future and the world we'll leave to our children.

Patriotism is not a frenzied burst of emotion, but rather the quiet and steady dedication of a lifetime.
George H.W. Bush in a speech at a CIA dedication, 1999.