

Friends & Relatives,

2004 was chaotic. Iraq saw real progress and serious setbacks. The U.S. economy picked up after a prolonged recession. Terrorists attacked in Europe, Russia, and the Middle East. And, an election at home polarized the nation.

Tight security led to the Summer Olympic Games in Greece being uneventful. Hurricanes' Charley, Frances, Jeanne, and Ivan hammered the Caribbean and Florida in quick succession. And, former President Ronald Reagan, the man who idealistically confronted the Soviet Union with absolute resolve, died.

Abdul Khan, Pakistan's top nuclear scientist, confessed to selling nuclear materials and expertise to Iran, Libya, and North Korea. Then, after 15 years of American sanctions and international pressure Libya revealed and scrapped all of its weapons programs. In contrast, Iran became defiant when it was caught developing nuclear weapons. Two steps forward, one step back.

Less than three years after the U.S. put an end to the Taliban's reign of terror almost all eligible voters cast ballots in Afghanistan.

Space Ship One, a private venture, went suborbital. Paul Allen (Microsoft), Richard Branson (Virgin Air), and Burt Rutan (aeronautical engineering genius) will have a space-based tourism business up and running within a decade. In the meantime researchers are finding the first Earth-like planets orbiting nearby stars and will soon be able to scan them for tale-tell signs of life.

Interest rates bottomed out, oil hit \$55/bbl (up from \$10/bbl in 1998), Google went public, and Walmart, with over *one million* employees, hit \$270 *billion* in sales. Walmart alone is China's 8th largest trading partner.

Al Qaeda blew up commuter trains in Madrid killing 200 men, women, and children. Spaniards immediately replaced their leaders with those who would concede to the terrorists and withdraw troops from Iraq. Such trepidation in response to violence sets a dangerous precedent; any grade school kid who's been bullied knows this.

Terrorists detonated car bombs and gunned down westerners in Saudi Arabia's largest cities. It was inevitable that the kingdom that bred and exported thousands of fundamental Muslim fanatics would find itself squarely in the sights of al Qaeda. For years the Saudi royal family blocked U.S. efforts to deal with the terrorist threat living in their lands. Only now that the royals have become the target are they making an attempt to hunt down these murderers and implement much needed socio-political reforms.

Suicide Chechen rebels blew up two commercial planes and a subway station in Russia. Then came the tragedy that will haunt every civilized parent for life: fundamental Muslim terrorists took 1,100 women and children hostage at a K-12 school in Beslen, herded them into the gymnasium, and rigged the building to explode. When chaos erupted after a bomb went off prematurely the terrorists shot the hostages. In the end over 300 people were killed, more than half children. It is only a matter of time before we experience our own Beslan. Remember, in 1998 al Qaeda issued a *fatwa* (religious ruling) that it was an "individual duty for every Muslim in any country to kill American civilians whenever they could." And al Qaeda has tens of thousands of followers worldwide.

Under intense international and domestic pressure the Bush administration released a handful of enemy combatants from Guantanamo Bay. One of them went right back to the Taliban, declared a holy war on Pakistani President Pervez Musharraf, kidnapped two Chinese engineers working on a Pakistani dam project, and killed one of them. Assuming officials released only those who posed the lowest possible risk what does that tell us about the remaining detainees? The most serious flaw with democracy is that political leaders are constantly forced to react to a mostly disinterested, naïve, and uneducated public. I'm sick of hearing from civil libertarians who have yet to set foot in "Gitmo" and know nothing of the background of the prisoners.

Iraqi's began to govern themselves and the first real elections in over a quarter of a century will be held in January. To reach this point has not been without risks, costs, or mistakes. 1,308 American soldiers have been killed since the beginning of the war. Over 170 foreigners (relief workers, journalists, and infrastructure specialists) have been kidnapped; more than 30 were slain by their captors. And the Abu Gahrib prison scandal tarnished the coalitions' reputation throughout the Arab world. It seems that most of the rebels are from Saddam's old Baathist party and would rather fight than relinquish power; Iraqi's will soon have to manage this problem on their own. Still many of the insurgents are "foreign fighters"; they are nothing more than terrorists who will go anywhere in the world to target westerners. I, for one, prefer that they head toward a heavily armed and well-trained U.S. Marine platoon than a shopping mall in Portland, Oregon.

There's still a lot of misunderstanding about why we went to Iraq. Regardless of what President Bush said about WMD's the reason we went there was to remove Saddam Hussein from power. Prior to the war 5,000 troops had been stationed in Saudi Arabia for 12 years to enforce a containment policy at a cost of billions of dollars and dozens of lives. In return we got continued instability in Iraq, an increasingly belligerent Saddam, and a declaration of war from Osama bin Laden because our "crusader army [was] occupying the Arabian Peninsula." Historically the policy of containment served to minimize the risk of direct superpower confrontation and has been successfully employed many places including Berlin and Korea for over 50 years. But since the end of the Cold War the tactic has failed to deliver stability. New solutions for regional problems must be developed for the 21st Century.

On the home front...Bush 286: Kerry 252. Bush was the better candidate not because he had high morals but because he had grand ideas to fix major problems. Kerry's aspiration for power appeared to be his primary agenda (which is why nobody could get a fix on him.) Besides, there is no way John Kerry, or any first term president for that matter, could pursue Bush's second term platform of Social Security reform, tax reform, and a proactive war on terrorism. Social Security is an out of control freight train and the bend in the tracks is fast approaching. In 1945 there was a ratio of 42:1 paying into versus drawing out of the system; today it's 3:1. In less than 15 years social security will begin to pay out more than it takes in and by 2045 it'll be bankrupt. Federal and state tax codes often encourage corporations and individuals to make poor business decisions focusing instead on tax consequences. The IRS has spawned an entire industry of "tax professionals" that don't produce anything. And, the war on terrorism will go on for years if we challenge the enemy consistently. Generations if we do not. Failing to understand the severity of the situation is clear: in 1993 fundamental Muslim terrorists bombed the World Trade Center with the goal of toppling the towers. Lack of conviction in the decadent 1990's led directly to the attacks of September 11th.

As for us: we're still living and working in the Bay Area. Andrew's in 7th grade and enjoys studying math and science. Liam is almost four years old now. Monica traveled to London earlier in the year with Andrew and her mother; I stayed at home with Liam this time. We always enjoy hearing from our friends and family. Even if it's just to say "hi," get in touch anytime.

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*Happy Holidays,
The Cottrell Family*

I remain cautiously optimistic that the events of the past few years have taught Americans that our most serious problems must be addressed with a foreign policy applied consistently over the course of many administrations. God Bless the lives of those individuals who put themselves in harms way so that we may be safe. Let their sacrifices not be in vein but for a greater good.

If there must be trouble let it be in my day, that my child may have peace. - Thomas Paine