

The year began with a natural disaster of biblical proportions. A Tsunami triggered by a sub-oceanic earthquake destroyed the coastlines of Indonesia, Thailand, and Sri Lanka killing 286,000 and displacing 5 million. American troops raced to assist those in the region; Japan and the U.S. committed almost \$1 billion to the effort. Saudi Arabia and Kuwait, fat with record oil revenues, sent a paltry \$40 million to their Muslim brethren in the region.

Hurricane Katrina hit the Gulf Coast making it the most deadly natural disaster in the U.S. since the 1906 earthquake in San Francisco. Ever since 1718 when a French colonist decided to build his settlement on a hurricane-prone patch of swampland surrounded by three giant pools of water (the Mississippi Delta, the Gulf of Mexico, and Lake Pontchartrain) "The Big Easy" has been living in nature's shadow.

60% of the registered voters in Iraq participated in elections rivaling our turnout for the extremely divisive 2004 presidential election. Talk of how to withdraw from Iraq is now happening inside the beltway. The consensus across America is that an immediate withdraw may lead to a collapse of the new Iraqi government and that would have consequences.

After a long and distinguished career Peter Jennings died. And, Deep Throat revealed himself as Mark Felt, a former FBI agent who held a senior position when Nixon was in office.

Federal Reserve Chairman Alan Greenspan will retire in early 2006 after an incredibly successful 18½ years on the job. He is a well-balanced intellectual with immense power, does not practice "crony-ism", and has no political agenda. This man is the type of individual our faltering nation needs more of, especially in Washington. I for one will miss him.

The U.S. tax code is a disaster in spite of attempts to tweak it over recent decades. In a report to congress Alan Greenspan said that "a simpler tax code would reduce the considerable resources devoted to complying with current tax laws, and the freed-up resources could be used for more productive purposes." He went on to say "a move away from the current income tax to a tax based on consumption could be the best way to promote economic growth. However, a wholesale shift would raise a challenging set of transition issues". These *transition issues* are what prevent arrogant politicians interested only in keeping their jobs from implementing real changes to a system that needs a serious overhaul.

I started railing against Social Security when I first studied the system in 1985. It is now 70 years old and by 2025 it'll be paying out 110% of contributions. Regardless of what any politician says, this program is broken, beyond repair, and needs to be completely dismantled. I'm anxious to see this disastrous entitlement and failed experiment eliminated before it wastes the resources of yet another generation.

Bernie Ebbers was sent to prison for 25 years, likely a life sentence for the 63 year-old. He epitomized the greed and deceit at the turn of the century by cooking the books at WorldCom and wiping out \$260B in shareholders' value overnight. And, a court ordered the WorldCom and Enron board of directors to pay \$31M out of their own pockets for shirking their oversight responsibilities.

Carly Fiorina, CEO of Hewlett Packard, was fired (we celebrated the occasion in our household). She was told to take her \$21M severance package and go after failing to have a clear and concise business strategy, wasting \$18B on the purchase of Compaq, and being operationally inept. Unfortunately, this corporate robber baron has always hinted at her political aspirations; I fear we have not seen the last of Ms. Fiorina.

Domestic housing prices are finally heading for a correction due to rising interest rates, market saturation, excessive speculation, and sky-high prices coast-to-coast.

Epidemiologists believe we're overdue for a pandemic. The current avian flu that came out of Asia has all the signs of mutating into such a viral agent. One quarter of the world's population fell ill during the 1918 Spanish Flu outbreak that killed 50 million people and essentially brought WWI to a halt. In the event of a pandemic it will take up to six months to produce the vaccine; by then millions of people will certainly have perished. The problem is that vaccines are complicated to produce, prone to production problems, and, thanks to American litigation, not very profitable.

Voice Over Internet Protocol (VOIP) which sends packets of voice data over the internet instead of the old switch based telephone network is poised to kill the old telephony business in as little as five years. By leveraging off of consumers with an eye on high fuel prices and concerns over the environment Toyota has sold over 150,000 of its hybrid Prius cars. Most automakers are rushing to get hybrid SUV's and luxury cars into production. And Space Adventures, a private company that has already sent two paying customers to the International Space Station, is taking reservations on a future lunar mission; the cost: \$100m/seat.

Suicide bombers hit the London Underground and a double-decker bus. Over 50 were killed, 700 injured. Some people blame the war in Iraq for the actions of the four British terrorists that carried out the attack, but that is to confuse the means of recruitment with its fundamental causes. Al Qaeda was busy bombing its way around the world before American tanks rolled into Baghdad. Iraq is chiefly a threat because it is a magnet and training ground for foreign fighters.

Meanwhile, we wait for a Western leader with the integrity, desire, ability, and perseverance to deal with terrorism correctly. If you want to know what the "correct way" is you'll have to get in touch with me since the scope and depth of this particular letter is extremely limited.

King Fahd of Saudi Arabia died. Nothing will change in the Kingdom though since his younger half-brother Abdullah who assumed the throne has been running the country since a stroke incapacitated the king in 1995. Despite the current bonanza from the price of oil, ordinary Saudi citizens' average income has plummeted during the past two decades. The greed and inability of the House of Saud to lead a nation is more responsible for breeding Islamic Arab terrorists than any other government, family, or organization in the world. Nobody except a handful of top royals know how many billions of dollars the 7,000+ princes and their 20,000 hangers-on get from the country's oil revenues. To provide some perspective, Aramco, Saudi Arabia's national energy company, is *20 times* larger than Exxon-Mobil.

As for us, we're still in the San Francisco Bay Area. We've got one boy in middle school and another starting elementary school. We made it to Hawaii and Mexico this year and took a few domestic trips. If we haven't seen you recently we hope to soon as we are planning more visits to friends and family. Alternatively, if you receive this letter consider yourself invited to stay with us in California anytime you can make it here.

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*Merry Christmas and Happy New Year,
From The Cottrell Family*

For the first time in my life I am pessimistic about the state and future of the world and especially our nation. U.S. foreign policy since the late 1980's has typically been amateur at best, our corporations are often run by ethically challenged individuals of similar caliber as those found in government, and in general the masses seem uninterested in pushing for the dramatic changes that we need. For the time being I'm standing by, anxiously waiting for the tide to turn.

To sin by silence when we should protest makes cowards out of men. - Ella Wheeler Wilcox