

Friends & Relatives,

2006 was dominated by the Iraq war and nuclear proliferation. An increasingly complex world has made American's, the majority of who have a weak grasp of foreign affairs to begin with, rather capricious.

The U.S. population hit 300 million and the domestic economy is back on solid footing after a prolonged recession. Unemployment is down to 4.5%, inflation is low, and consumer confidence is high. Voters shook up the house and senate in mid-term elections. It was more of a vote of no-confidence for republicans than it was a win for democrats. A terribly run war and despicable congressional behavior made the change inevitable. Donald Rumsfeld was replaced by Robert Gates (former Director of Central Intelligence) as the Secretary of Defense.

Only one year after Iraqis celebrated the country's first free elections in over a quarter century the nation has plunged into civil war. America's foreign policy in the Middle East is lost. The Baker-Hamilton Iraq plan demonstrates how desperate the situation really is by suggesting that the U.S. solicit support from Syria and Iran. Our official defense policy is to maintain the capability to fight two conventional wars on two continents simultaneously. This Cold War approach needs to be re-tooled for the next century where our threats will come from anywhere but a traditional army.

It's been five years now since the September 11th attacks and although people haven't forgotten that day they have become comfortably numb to the impending threat. The majority of American's fail to understand the severity of the situation: in 1998 Al-Qaeda declared war on the U.S. and issued a *Fatwa* (an Islamic ruling considered more binding than law) stating that "to kill Americans and their allies-civilians and military-is an individual duty for every Muslim." Later that same year, Osama bin Laden said it was "his Islamic duty to acquire chemical and nuclear weapons to use against the United States". Obviously the vast majority of the 1.2B Muslims world-wide recognize and discount this kind of fanaticism. Unfortunately, failed nations, poorly run economies, a subverted religion, and an arrogant U.S. foreign policy have convolved to breed tens of thousands of patient Jihadi's bent on murder. The war in Iraq has simultaneously become a rallying cry and a training ground for tomorrow's suicide bomber on a Portland municipal bus or at a Phoenix middle school.

Once again the insanity of our tax code became clear to me while filing a Schedule CA. The income category I was required to address was the *Ottoman Turkish Empire Settlement Payments*. Clearly it's time to chuck the entire system and start over. I submit to anyone that regardless of what we end up with: a flat tax, a national sales tax, or whatever, it cannot possibly be any worse.

The U.S. snowboarding team was unprofessional and an absolute embarrassment during the 2006 winter Olympic games in Torino, Italy. Not once did I hear a snowboarder interviewed who talked about how hard they'd trained, how grateful they were for the support of their family and coaches, or how proud they were to be competing. Instead it was always something like being in the groove with their bling-bling or jamming to the *Goo Goo Dolls* on their IPOD while cranking off 720 backsiders - dude. Lindsey Jacobellis sacrificed a gold medal when she went down on the final jump of a race caused by a failed hot-dogging board grabbing move. That girl may have ability but she's clearly not a competitor. In sharp contrast American speed skater Joey Cheek donated his entire Olympic cash prize of \$25,000 to the human disaster occurring in war ravaged Sudan. The gesture prompted corporation's world-wide to immediately contribute over half a million dollars in matching funds. For his performance and humanitarianism Cheek earned the coveted and historic spot on the *Wheaties* cereal box. Needless to say Cheek's sponsors did not abandon him as they did with that snowboarding girl - what's her name.

The H5N1 bird flu virus continued to spread throughout Asia, Europe, and Africa. Epidemiologists believe we're overdue for a pandemic and the avian flu has all the signs of mutating into an agent that can spread directly between humans. For perspective, one quarter of the worlds' population (1.8B at the time) fell ill during the 1918 Spanish Flu outbreak, 50M people died, and WWI was brought to a virtual halt. Today the world population is 6.5B, much denser, and significantly more mobile. In the event of an influenza

pandemic it would take up to six months to produce the vaccine; by then millions 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.

North Korea's dictator Kim Jong Il tested an atomic bomb this year and has missiles capable of reaching the U.S. He continues 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 and a track record of selling sophisticated weapons to the highest bidder. It is primarily up to China, Japan, and South Korea to influence and pressure this tyrant to act rationally. Fortunately, the federal government does spend a fair amount of your hard earned tax dollars on programs other than pure pork. Anti-missile systems made to intercept intercontinental ballistic missiles bound for the U.S. are in the final stages of development. I was short sighted when I argued against these systems a decade ago in order to smooth relations with Russia and China. With the end of the Cold War I thought the programs were antagonistic and served little purpose. Ironically, we may soon be longing for a return to the lethal balance of power prevalent in the bipolar world of yesteryear.

Regarding the state of our nation and world, I was anxiously optimistic at the beginning of the decade. To say I'm now discouraged would be to state the blindingly obvious. I have no intention of being completely negative when I sit down and write these letters. This is, after all, the holiday season and, yes, I do catch flak from some people over the final product. I typically find it less critical to focus on the positive. To be fair, of all the places I've lived in or visited in this world I have never met individuals that can do such amazing things as American's. After all, who else can claim such life altering inventions as the airplane, the light bulb, the telephone, the Personal Computer, or the Internet? We have reaped and displayed the benefits of democracy and the right to private property more than any other nation. There is no civilization in history that has improved life for our species as much as we have. And, we continue to concentrate on and are world leaders in industries where future growth lies. Industries like communications equipment, software, aerospace, chemicals, alternative energy, pharmaceuticals, biotechnology, and entertainment. Most of these industries have the potential to dramatically change the world similar to the recent advent of the Internet. For example, breakthroughs in alternative energy alone will simultaneously arrest global warming, reduce dependence on foreign oil, and improve our trade deficits.

As for us, we're still living in the San Francisco Bay Area, working in the high-tech industry. Andrew's in 9th grade, Liam's in elementary school. We're consistently "too busy", which seems to be inherent with living in the Silicon Valley. If we haven't seen you recently we hope to soon; we're planning visits to friends and family throughout next year. Alternatively, if you receive this letter consider yourself invited to stay with us anytime. Even if it's just to say "hi", we always appreciate hearing from you.

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

The past few years have taught Americans that our most serious problems must be addressed with a consistent foreign policy applied 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 at home. 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

Where your tax dollar goes:



Social Security ¢21 Defense ¢17 Welfare ¢14
Medicare ¢12 Health Care ¢10 Education ¢4
Interest on the Debt ¢9 Veteran's Benefits ¢3
Agriculture & Resources ¢3 Other ¢7