

The 2012 election was disastrous for the future of our nation; especially the children who will inherit the massive debt Washington has accumulated. Obama won based on a hardcore ideological platform of wealth redistribution, big government, restrictions on individual liberty, and a track record of contempt for the Constitution. Americans will now be taxed more, have personal freedom curtailed, and face economic stagnation caused by runaway regulation, over-reaching laws, and political cronyism. For perspective, consider the following facts:

- \$16T: US debt (\$5.6T added by Obama vs. \$6.3T incurred by all prior presidents combined)
- 40¢: the amount that the federal government borrows for every \$1 it spends
- 15%: real unemployment rate (this number includes people that have given up looking for work)
- 38%: the decline of US household wealth (to 1992 levels) in the last 4 years
- 23M: number of unemployed (14M) and underemployed (9M) out of a labor force of 155M
- 46%: the percentage of income tax filers that will pay nothing this year
- 47M: number of people on food stamps (the highest in history)
- No. 7: US rank in global competitiveness (down from No. 1 in 2008)
- \$5M: net worth of democratic Senator Harry Reid (who has worked in government his entire career)
- \$4.1M: the cost to taxpayers of the first family's Christmas vacation

If the federal government were an individual with an annual income of \$22,000 it would spend \$38,000 every year and have a credit card balance of \$142,000. American's will pay \$4.2T in interest on the debt over the next decade; enough to cover tuition for every science, math, and engineering college student in the country. To those who voted for "hope" and "change" back in 2008 because they opposed the price of foreign conflicts: if interest rates go up by just 3%, the additional payments alone on the debt over ten years will equal the cost of the Iraq and Afghan wars combined.

The President's first major achievement, the Dodd-Frank Act, was spawned by the 2008 financial crisis. At 848 pages long, it is a law aimed not at people but instead directs bureaucrats to draft tens of thousands of regulations creating countless government jobs. In contrast, the bill that setup America's banking system in 1864 was 29 pages, the Federal Reserve Act of 1913 was 32 pages, and the act that transformed American finance after the Wall Street crash of 1929 was 37 pages. Dodd-Frank, which literally nobody in Washington has read, was essentially a government takeover of our financial system. Obama's other achievement, the Affordable Health Care Act, will cost Americans \$2.8T, create 166 new bureaucracies, require 16,500 additional IRS agents, and does nothing to address the rising cost of medical benefits. Employing tortured logic the Supreme Court upheld the law and set a precedent giving the federal government sweeping new powers to tax individuals for *not* doing something that our rulers decree. In the past four years Washington has taken our right to live freely under a stable constitution law and replaced it with an obligation to maintain an unrestrained government at the expense of our economic health, national prosperity, and individual liberty.

With over 21M government employees, our massive, over-reaching bureaucracy does far more damage than good. In addition, public employees are compensated much more lucratively than ordinary working Americans. Average pay for a private sector employee in 2009 was \$61k; for a government employee it was \$123k. Since the recession started the number of federal employees with salaries over \$100k has doubled. In 2008, the Department of Transportation had one employee making over \$170k/year, now it's got 1,690 clearing that amount. And last year, while Americans were struggling with wage cuts and more costly benefits, the obscure General Services Agency handed out \$44M in bonuses.

Public sector compensation is bankrupting municipalities across the country. For instance, in California:

- a state prison doctor (who's been disbarred and works in the medical records office) made \$777k
- the police chief of San Jose received a \$535k check the day he retired for unused vacation and sick pay; his annual pension is \$193k in what will likely be a \$6M retirement package

- in the tiny Northern Californian Town of Moraga the fire chief retired with a \$241k pension (more than his salary) on a Friday and returned to his same desk the following Monday as a consultant with an annual contract of \$176k for a new combined income of \$417k/year
- an employee of the infamous bankrupt City of Bell (population 36,000) who had a salary of \$421k, is suing for \$837k in unused vacation and sick pay

While our taxes are rising, standard of living declining, and job security & economy are precarious, government workers are retiring at 50 years old to second homes in Europe and luxury vacations in 5-star hotels. For the rest of us, beginning this year, those who have paid into Social Security will get less money out of it than they put into it. Most government workers, incidentally, can opt out of this rapidly failing retirement program. Contrary to what the Lear Jet liberal politicians espouse, the problem is not that taxes are too low, but that government is too big and spends too much.

The Government Accounting Office estimates that in order to pay off the \$16T debt through taxation alone over the next two generations would mean the lowest tax bracket would be 25%, middle income would be taxed at 66%, and businesses & high income would be 88%. In short, unless it is reduced, the debt will likely cause the complete collapse of the US economy and society. Leaders of industry and foreign nations uniformly acknowledge that the size and scope of the federal government is the single biggest threat to US national prosperity and the world economy. Future generations will likely look to America's naïve decision in 2012 for bigger government and redistribution of wealth as the tipping point that destroyed all that prior generations had built. The consequences of our actions are clear; unlike other great nations that have fallen throughout history we will not have the luxury of blaming our destruction on unforeseen events such as plague, drought, or invasion.

Massive government debt, lucrative public servant pay, and the resulting devastation to our economy and freedom are the result of an incestuous relationship between public sector unions and politicians. Laws passed over the last 50 years have allowed unions to extort vast sums from tax payers while simultaneously destroying government efficiency and effectiveness. For example, we spend 68% more on K-12 education than Germany, 33% more than Japan, and 84% more than Korea. Still, we have far worse scores in math and science than all these countries. Our teachers are not at fault for this disaster. Indeed, we naturally hold them with the utmost esteem. Instead, it is the teachers unions that have driven a uniformly poor school system nationwide which benefits only the worst teachers at the expense of the children, our future, and the vast majority of high quality educators. Lawmakers and democratic presidents have issued executive orders and legislation that encourage politicians to collude with public employee unions while the interests of the public are ignored. The result is lavish compensation for government employees, a massive transfer of wealth from private sector tax payers to public servants and the utter failure of government to do anything well.

For the time being I have confidence in American ability and ingenuity; we're still the envy of the world. We've recently developed game changing ways to extract valuable domestic energy sources giving us a huge advantage in the global economy. And, we continue to innovate better than competitors. If we can get government and unions out of the way and let Americans do what comes naturally then it's plausible our children's future could be prosperous while we keep our commitments to the next generation of retiree's.

As for us, we're still in Bay Area. Andrew's pursuing a computer science degree at UCSB and Liam's busy in junior high school. We visited close friends in Peru last spring where we spent time on the beautiful South American coast, traveled to Machu Pichu, and explored the thriving city of Lima perched on the cliffs above the Pacific Ocean. Regardless of how busy we are, it is very important for us to hear from our family and friends; please keep in touch. The invitation is always open for you to visit us.

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

"To preserve our independence, we must not let our rulers load us with perpetual debt" Thomas Jefferson