

The U.S. economy is showing some regional strength (such as in the Silicon Valley). However, employment prospects and the standard of living continue to decline for young adults and the next generation of Americans. Policies based on government spending, heavy taxation, massive national debt, and redistribution of wealth do not encourage economic growth. Worse, pent up potential is strangled and crowded out by an omnipotent, anti-business federal government. Small business and large corporation's alike struggle to survive in the face of extreme Washington based legislation, predatory regulation, and crony capitalism.

For a few current statistics:

- [\\$18T](#): US debt (\$6.6T added by Obama vs. \$6.3T incurred by all prior presidents combined)
- [\\$153,000](#): amount of debt owed by each American taxpayer
- [12.5%](#): real unemployment rate (which includes people who have given up looking for work)
- [No.2](#): Position of the US economy (China's now the No. 1 economy in the world)
- [\\$774B](#): pension liability of California public sector employees (the state has no plan to pay for the short fall save raising taxes)

ISIS grew out of a failed foreign policy in Syria and rampaged through Iraq, killing Christians, enslaving women, and executing any American they could find. Hillary Clinton believes the U.S. should [emphasize with our adversaries](#) (such as ISIS) never mind the safety of American men, women, and children at home and abroad. Russia invaded Ukraine; the response from the White House was to ignore the inconvenient event and hope the aggression and instability in Eastern Europe would fade from memory. Meanwhile, China continues to steal American inventions through DoD espionage and corporate hacking. Additionally, the Chinese are increasingly antagonistic throughout Asia claiming ownership of Japanese islands, coopting international airspace, and drilling for oil inside Vietnamese territorial waters in spite of their objections. The stakes will only be higher the longer we put off dealing with China.

The "Dreamers" executive order that Obama issued in 2012 to let young illegal aliens stay in the U.S. encouraged 68,000 children to cross illegally into the U.S. this year with the promise of becoming citizens. Encouraged by the influx, Obama elevated the interest of foreigners above those of the citizens who elected him and issued an executive order to halt deportations of 4M illegals. His actions will certainly lead to another flood of illegal aliens and eventually yet another executive order; which I expect will be aimed at allowing illegals to vote (democrat). For context consider the [fall of the Roman Empire](#) when it implemented similar policies while dealing with illegals just 50 years prior to its demise.

2014 saw a wave election that repudiated big-government, an astronomical national debt, and tax & spend policies. Democrats paid for years of marching lockstep with Obama, protecting corrupt government officials at agencies such as the IRS, blocking efforts to find the truth in scandals such as Benghazi and Fast & Furious, and ceding their responsibility to check the administrative branch. Liberal politicians could not defend the legislation they passed, the economy they produced, or the results of the foreign policy they supported. Regardless, the 2014 election wasn't an endorsement of republicans as much as it was an invitation to submit better economic and foreign policies. In addition to republican control of the house & senate, 31 states now have republican governors and state legislatures. It stands to reason that states with conservative fiscal policies, low taxation, and a business friendly climate will eventually outperform heavily regulated, anti-business states like New York, Illinois, and California (where federal, state and local taxes claim ~65% of an individual's income).

Videos surfaced of a lead Obamacare architect, John Gruber, bragging about how the bill was written in a way to hide the true intent of law; which was not to lower healthcare costs but to subsidize insurance for the

unhealthy or unemployed ([including non-citizens](#)) by taxing young, healthy, working Americans. Gruber mockingly said that congress relied on the "[stupidity of the American voter](#)" in order to pass the law.

With over [20 million](#) workers, more than any single private industry, the government continues to saddle hard working Americans with unbearable taxes. To add insult to injury, tens of thousands of government employees are getting rich on the job. For example:

- A California state correctional officer takes home almost [\\$750k/year](#) in pay in benefits
- The Stockton city police chief left with a [\\$204k pension](#) after just eight months on the job
- Senior LA County Fire Department employees retire at age 50 and receive around [\\$1M/year](#) for life

The list of workers who benefit from the out of control government leviathan is [endless](#). The root of the problem is that politicians who are inbred with public sector union leaders cut secret deals that make themselves rich and powerful at the expense of taxpayers' who have to retire on whatever money they squirreled away in a 401k and a meager social security benefit that may not even be there for them. Maybe those "occupy" protestors should be sitting in front of their local city hall to voice anger against the new super rich public employees.

Meanwhile, shale oil and natural gas production on private land in TX and ND has driven the unemployment rate down to 5.1% and 2.8% in the two states respectively. The American energy boom of the 21st century, if managed properly, will keep \$750B/year in our country (which typically goes to Saudi Arabia via the gas pump), remove our strategic reasons to going to war in the increasingly volatile Middle East, and substantially reduce pollution by shifting to cleaner burning natural gas.

I continue to believe in the incredible potential of America. Our [millennial's are the most educated](#) generation in history, we develop first-rate technology, we have competitive manufacturing capacity, low cost energy is abundant, and we epitomize a unique entrepreneurial spirit. To unleash our potential we should:

- Make government smaller and less intrusive in the lives of individuals
- Eliminate unions from the public sector so that taxpayers are not forced to pay for the opulent salaries, retirements, and lifetime healthcare of government employees who add nothing to the economy
- Tax individuals and corporations less (and stop using taxation as a means of redistributing wealth to special interest groups who politicians are beholden to)
- Eliminate job killing federal regulation that does nothing other than create another government agency
- Capitalize on our domestic energy reserves and export energy intensive products world wide
- Prevent China from stealing our intellectual property by whatever means necessary
- Accept only American citizens at our universities and liberally fund programs to educate capable youth on a scale similar to the GI bill (this is how we educated the generation that put us on the moon)
- Remove politicians who do not put American interests above those of foreigners
- Replace generational welfare programs with temporary safety nets

As for us, we're still in Bay Area. Andrew is working at Intel where he's developing software and recently bought a nicer car than I have. Liam's in junior high school; his favorite class is Engineering where he gets to build rockets and make robots. Monica & I continue to work in the Silicon Valley. We recently took a trip to England and Wales where we visited castles and semi-famous back drops from the BBC television series *Dr. Who*. Regardless of how busy we are, we appreciate hearing 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***

"Nobody spends somebody else's money as wisely as they spend their own money" Milton Friedman

What If a Typical Family Spent Money Like the Federal Government?

IN 2014 DOLLARS

The median family income in the U.S. is **\$52,000**.

If they spent money like the federal government, they'd spend **\$60,400** a year ...

... which would mean they'd put **\$8,400** on the credit card every year ...

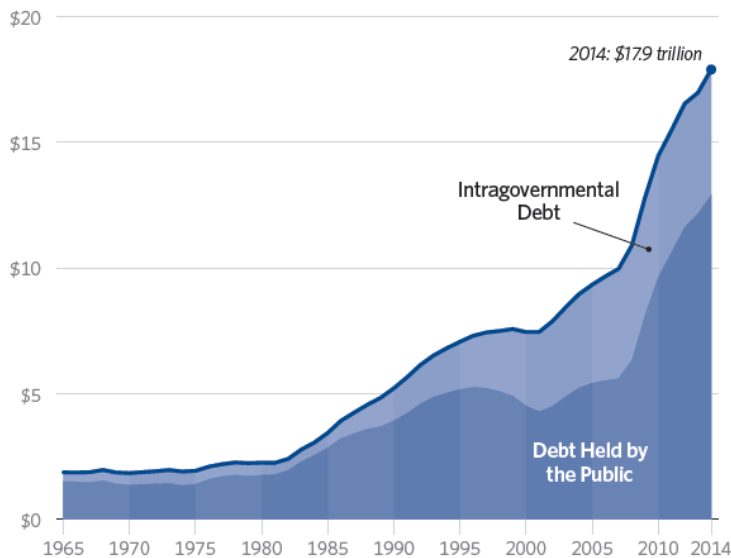
... despite already being **\$308,800** in debt.



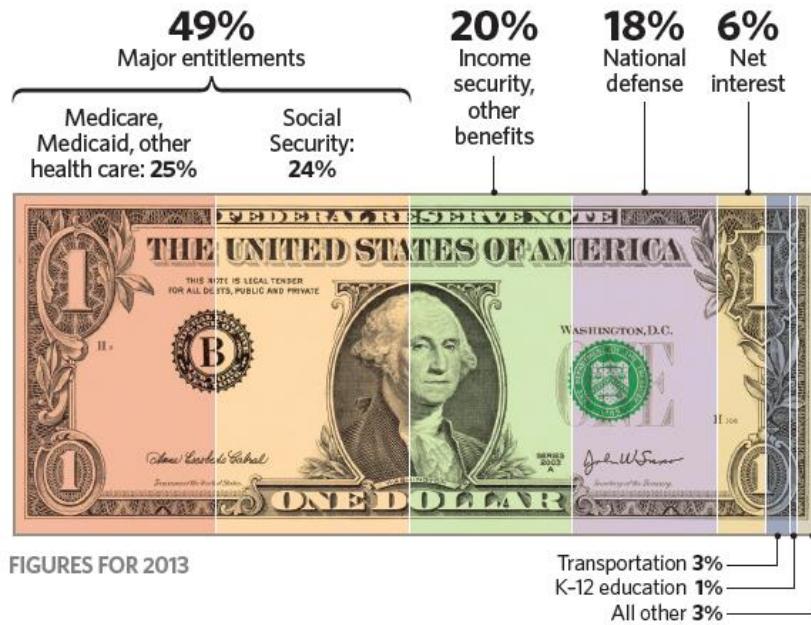
Source: Congressional Budget Office, "Monthly Budget Review for September 2014," October 8, 2014, <http://www.cbo.gov/sites/default/files/cbofiles/attachments/49450-MBR.pdf> (accessed October 8, 2014).

U.S. National Debt Approaches \$18 Trillion

IN TRILLIONS OF 2014 INFLATION-ADJUSTED DOLLARS



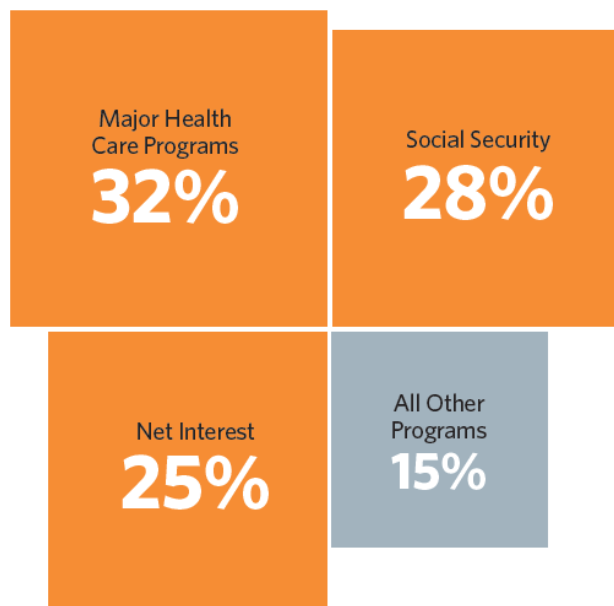
Source: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables*, 2014, pp. 144-145, Table 7.1, <http://www.whitehouse.gov/omb/budget/Historicals/> (accessed September 17, 2014).



Notes: Income security includes federal employee retirement and disability, unemployment compensation, food and housing assistance, and other federal income security programs. Figures have been rounded. National defense includes overseas contingency operations.
Source: U.S. Office of Management and Budget, *Budget of the United States Government, Fiscal Year 2015: Historical Tables*, 2014, pp. 156-157, Table 8.4, <http://www.whitehouse.gov/omb/budget/Historicals/> (accessed September 17, 2014).

Entitlements and Interest on the Debt Account for 85 Percent of Spending Growth Through 2024

PERCENTAGE OF TOTAL INCREASE IN OUTLAYS, 2014 TO 2024



Source: Congressional Budget Office, "An Update to the Budget and Economic Outlook: 2014 to 2024," August 2014, <http://www.cbo.gov/publication/45653> (accessed September 17, 2014).

For more [Federal Spending by the Numbers](#) (Heritage Foundation).