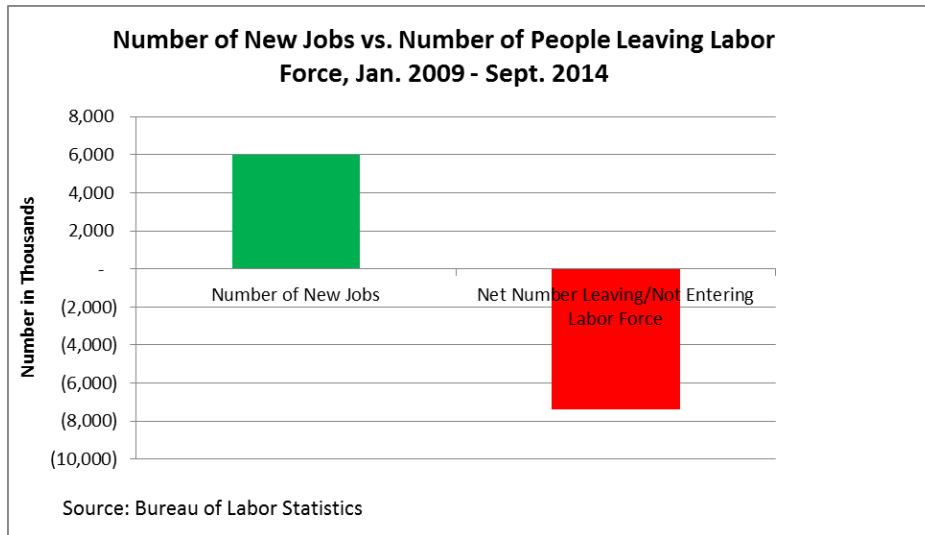


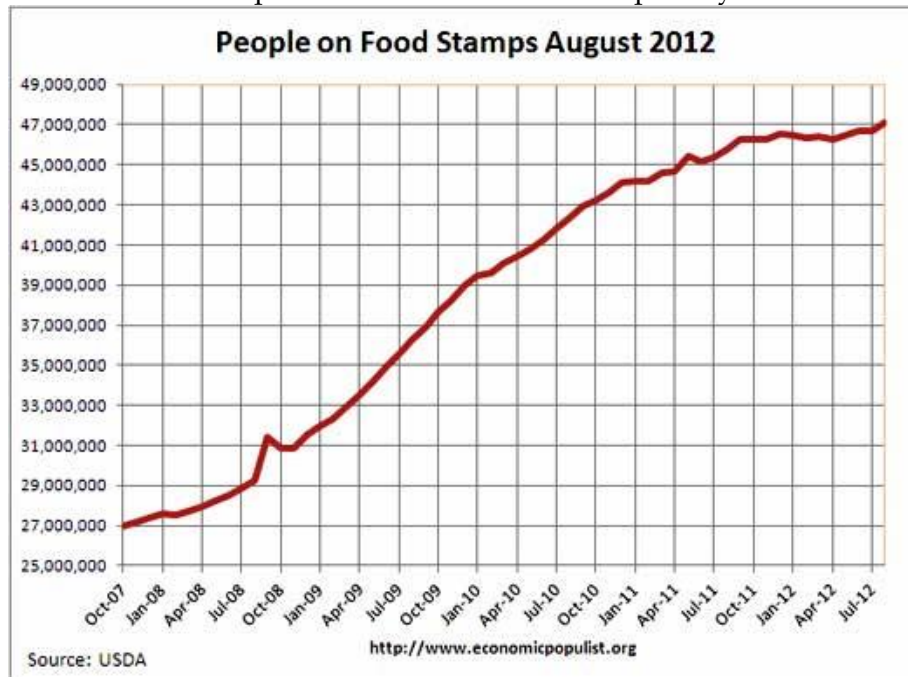
The U.S. economy sputtered along with an anemic 3.5% growth rate in 2015. In contrast, China grew at 7% in the first quarter alone. The current administration is oblivious to the needs of Americans and instead has ignored foreign terrorism on U.S. soil, encouraged Iran to develop nuclear weapons and intercontinental ballistic missiles, and implemented policies that assist illegal aliens to enter and stay in the country.

**United States & Domestic Economy**

Virtually all of the reduction in the unemployment rate under Obama is due to a decline in the "Labor Force Participation Rate". To be specific, the unemployment rate decreased not because people found jobs but because over [7 million](#) people have given up looking for work, dropped out of the labor force, and are now considered NOT unemployed.



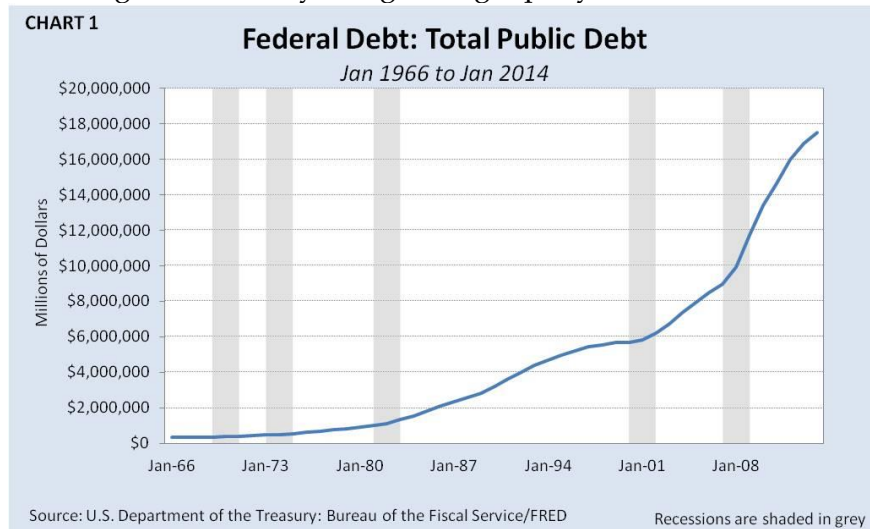
The number of Americans on food stamps has almost doubled in the past 6 years:



Home ownership is the [lowest in half a century](#) and government employees outnumber manufacturing jobs in the country by almost [2:1](#). Many of those government employees are paid to dream up predominately job

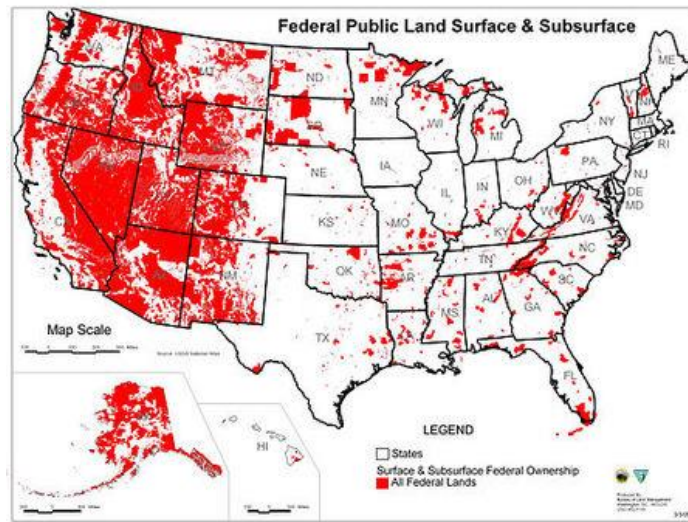
killing regulations that competing nations don't have ([21,000+ new regulations](#) covering 500,000 pages under Obama alone). In addition, the days where government employees have secure, low stress jobs in exchange for a little less pay than private sector workers are gone. Federal workers now make [78% more](#) than hard working Americans. In addition, government employees often receive a pension paycheck (for life) after they retire and typically cannot be fired.

The U.S. national debt is the highest in history and growing rapidly.



Based strictly on data from the non-partisan Congressional Budget Office an economics professor presented a report to congress this year that showed the national debt at a staggering [\\$210T](#) (as opposed to the officially reported [\\$19T](#)). The massive difference between the real debt and the reported debt is because over the past 6 decades congress has made a common practice of keeping some obligations, such as social security, Medicare, and now obamacare off the books. In order to address this debt we'd need to raise taxes by 58% or reduce federal spending by 38%. If we wait 30 years then those numbers go up to 77% and 46% respectively.

The federal government is so big that it owns 85% of Nevada, 70% of Alaska, and 50% of California, Utah, and Arizona (or about [640 million acres](#) of land).



The democratic field for president has basically become a coronation of the Clinton dynasty. Yet for all the time Hillary has been in government can you cite even one of her accomplishments? Worse, she's a serial liar who vows to expand all of Barack's failed policies. At least Bernie Sanders is genuine, albeit a self-proclaimed socialist. In a nutshell, both Bernie & Hillary's policies for Americans are that if you build any wealth or

produce income then the government will take most of it and give it to someone else (primarily some group of individuals who are politically connected). And, if you have no wealth or produce no income then you'll be dependent on the government for your entire life. Quite simply, socialism is a failed experiment with catastrophic consequences. Throughout history nowhere it has worked or raised the standard of living for the masses.

Socialism stands in complete contrast to how American citizens became the wealthiest in world history. The republic was founded by the states who knew that in order to survive the threats of the powerful European adversaries like France, Spain and England, they'd have to band together. The states formed a federal government with powers limited primarily to the defense of the states from foreign threats. Critically, the Bill of Rights clearly stated that the individual had inalienable rights that the government could not usurp and that all power not specifically granted to the federal government was retained by the states. It was this great American philosophy that allowed individuals in our young nation to develop ideas and technologies that made the country the most prosperous in history and consistently gave nations around the world hope of achieving the same dream.

The republican candidates are dynamic with Trump, Cruz, Carson, Fiorina, & Rubio. Expect to see the republican nominee propose a flat tax which would provide quick gains by eliminating 75,000 pages of tax code and the majority of the 90,000 IRS agents (neither of which produce so much as one penny for the nation). A flat tax is one principle reason that Hong Kong was able to grow rapidly into a global trading center with an exceptional standard of living in the middle of an impoverished Asia.

Illegal immigration has become a real topic on the campaign trail. Between 2008 and 2014 immigrants committed [611,000 crimes](#) including 3,000 homicides in Texas alone. It's believed that other states have similar problems. However, the numbers are closely guarded by states for various reasons. It stands to reason that illegal aliens who come to the U.S. today are not of the same cloth as those from prior decades.

The primary reason why Americans are better off today than any time over the past 8 years is because of lower energy costs; which are strictly due to commercial industry drilling and fracking on private land in spite of the federal government.

All of this data points to one simple solution to improve economic growth and prosperity for future generations: shrink the size of the federal government. This is the only way for Americans younger than 50 years old to have a chance of prosperity and to take the shackles off the U.S. economy. If you have children or grandchildren and believe in personal responsibility then logically you'll agree.

## World

Europe's economy is floundering and is in the worst shape of my lifetime. The type of socialism-lite that many European countries have adopted has led to living standards that rise very slowly at best and are dependent on the government for most medical needs, retirement income, and a disproportionate number of jobs.

Middle Eastern immigrants have overwhelmed Europe and will transform it from the quaint cities and culture that have existed for centuries. 10 years ago the UN counted 38 million displaced from their homes; today it's 60M (primarily from Middle Eastern wars). As a result of 300,000 Muslim refugees immigrating to Sweden that country has gone from being one of the safest in the world to the [rape capital of Europe](#).

Obama cut a one-sided deal with Iran that included a number of secret agreements which were kept from Americans and congress and gave the terrorist nation \$150B. In addition, it opened Pandora's box in the Middle East where a cats' cradle of nuclear trip wires will soon be built up by any nation that can afford a weapons program. The region has been troubled for 1,400 years and with a new multi-lateral arms race it's almost certain to culminate in nuclear war.

China claimed international waters in the South Pacific by [building islands](#). They're doing this by dumping tons of concrete, steel, and dirt onto pristine, tropical reefs and atoll's in the region and then building seaports and runways on the man-made islands. Environmental activists remain silent.

### **Terrorism**

ISIS grew out of a failed U.S. policy in Syria to run free in the region executing [10,000 civilians](#), [enslaving](#) Yazidi women and children, and killing any American they could find. Hillary believes the U.S. should emphasize with ISIS, not speak ill of them, and allow Syrians (who cannot be vetted) to immigrate to the U.S. at great risk to American lives and safety at home.

The results of Barack's pacifist foreign policy are clear in the terrorist attacks of 2015 alone:

- France - Charlie Hebdo newspaper attack (12 dead)
- Tennessee - Chattanooga Armed Forces Recruiting station attack (5 dead)
- Paris - high speed train attack (foiled by American servicemen onboard the train)
- Egypt - Russian airliner bomb (224 dead)
- Beirut - Open air market suicide bombers (43 dead)
- Paris - concert, café & soccer stadium attack (130 dead)
- California - San Bernardino county Christmas party attack (14 dead)
- Mali - Radisson Hotel attack (21 dead)

When Obama addressed the nation after the San Bernardino attack he laid the blame on American cultural insensitivity and law abiding, American gun owners. The address showed his out-of-touch with reality, radical demagogue nature.

### **Science & Technology**

The New Horizon's spacecraft flew by Pluto to capture [stunning pictures](#).

Like something out of a science fiction movie, SpaceX launched a fleet on satellites into orbit and then returned the rocket to Earth where [it landed](#) at Cape Canaveral. Amazon's space venture, the secretive Blue Origin, accomplished a similar feat a few months earlier. These private companies are blazing the path to space travel that will put countless people in space and land humans on Mars within a decade.

Many American firms are still the envy of the world such as Apple, Google, Facebook, Twitter, and Tesla. And, new companies are changing American business by opting to stay private even though they've grown to be worth more than \$1B (which is in sharp contrast to the last hundreds years of taking companies public as soon as possible). Many of these firms reside in the Silicon Valley where they're referred to appropriately as "unicorns": UBER, Pinterest, Airbnb, WhatsApp, and Dropbox to name a few.

### **Take Away**

If you were born after 1965 then you need to know two things: 1) you're living at a time of extraordinary change and opportunity, and 2) you should be furious with the debt and burdensome state my generation has obligated you to.

You're living in an era on par with the invention of the light bulb, airplane, automobile assembly line, transistor, personal computer, and internet (all of which are American inventions incidentally). Google & HSBC will soon bring [3B more](#) internet users online, twitter will continue to foster social change (regardless of whether it's a revolution in a dictatorship or mob rule in a rundown inner city), and mankind will soon live on other worlds. This kind of change brings opportunity for individuals and generations to realize potential.

What could kill this potential for Americans (and which would inevitably allow Chinese, Indians or Russians to gain at our expense) is that as it stands right now you'll have a 75% income tax within 10-20 years and you'll likely never see a dime in social security, Medicare, or obamacare. This kind of drag on individuals risks our ambition, creativity, and dreams.



The way to fix the problem is to eliminate the federal government aristocrats who spend decades in Washington getting rich, exempting themselves from the taxes most Americans pay, and showering themselves with lifetime paychecks and medical after 2 short terms of service. Over the last quarter century all Washington has done is to ruin opportunities for individual prosperity in the country. We should back any politician that campaigns on substantially cutting the size of the federal government. I've spent a lot of time in Washington D.C. and worked with many agencies and hundreds of government employees. Even my colleagues who are employed by the federal government will tell you that we could shrink the U.S. government by 25 - 50% without any negative effect on American competitiveness.

### **Looking ahead at 2016**

- February - March: Iowa caucuses, New Hampshire Primary, and Super Tuesday will likely determine the 2016 presidential candidates
- March: Tesla will unveil an attractive electric car (finally) priced at \$35,000 with a range of 250 miles
- April: will mark 100 years since Einstein published "The Foundations of the General Theory of Relativity" which fundamentally changed our understanding of space & time
- May: leaders from the richest world economies (known as the G7) will meet in Japan to discuss economic issues
- July: NASA's Juno spacecraft will reach Jupiter where it will orbit and study the gas giant
- August: The summer Olympics will be held in Rio de Janeiro. And, 70,000 will attend the 30<sup>th</sup> annual Burning Man Festival in the Nevada Blackrock desert
- November: Americans will go to the polls for an election. The result will either doom Millennial's to perpetual debt, a low standard of living, increased terrorism, and an omnipotent government that watches and controls its citizens, or allow them to realize prosperity and economic growth (that all prior U.S. generations have enjoyed) and a return to a state where the individual is served by the government instead of the other way around
- December: The deadline for Google's Lunar X-Prize will loom where a private team may win \$30M for landing a rover on the moon
- Also, sometime during the year, having acquired a taste for bypassing congress to rule his way, look for Obama to enact fiats to restrict 2<sup>nd</sup> amendment constitutional rights and close Guantanamo Bay

Some people ask me why the negative spin with a Christmas letter. My response is and always has been that to ignore the news and world around us does not make it not happen. Witnessing what's happening in our world (especially over the past decade) frightens and profoundly discourages me. However, the virtue I see in American individuals and the potential of our nation when our citizens are unshackled is sincerely inspiring.

As for us, we're still in Bay Area where Monica & I work in the Silicon Valley. Andrew is at Intel where he's developing software. Liam's in high school and still favors math & science over liberal arts. We recently bought a house in Roseburg, Oregon where we have relatives. We were shaken when a madman went into a classroom at a nearby community college in the small town and killed 6 people. Mind you, this is the same small town that produced one of the young American heroes that prevented the terrorist attack this past year on the high-speed train while traveling in Paris. Our thoughts and prayers are with our friends and relatives in Roseburg. We always appreciate hearing from our family and friends; please keep in touch. Consider visiting the Bay Area and Silicon Valley for the high-tech marvels much as you would Washington D.C. for the history & politics or New York City for the world class finance. The invitation is always open for you to stay with us.

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monica@cottrell.net

<http://www.cottrel.com/xmas/xmas15.pdf>

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

*Freedom is never more than one generation away from extinction. We didn't pass it to our children in the bloodstream. It must be fought for, protected, and handed on for them to do the same, or one day we will spend our sunset years telling our children and our children's children what it was once like in the United States where men were free. - Ronald Reagan*