

In terms of enduring prosperity, 2009 was a disaster. Don't take my word for it; instead consider what I have to say. Then, do your own research and determine if you think the current direction of the country looks ominous for our children. I'm convinced that if you're motivated, intelligent, and willing to work for a higher standard of living you'll concur with me.

Last year I proposed that the goal of energy independence was a win-win situation for every American citizen. Free of foreign oil the U.S. would benefit economically (each year U.S. consumers transfer \$750B to oil rich nations via the pump), strategically (with no oil interests in the Middle East we'd far less likely to get involved in the region), and climatically (nuclear power and green energy are infinitely cleaner). Reality struck when I learned that from 1977 to 2004 U.S. oil companies had profits of \$630B and paid \$518B in federal and state taxes. Over the same period, consumers paid an additional \$1.34T in excise fuel taxes. At once, I understood why politicians pay only lip service to a real energy policy: *The government alone is the largest single profiteer of the oil industry.* When technology has matured enough to get us out of this mess and when we could least afford it, a practical, feasible energy policy is actually a threat to the opiate of the bureaucracy.

Iraq has all but vanished from the news. It seems we will soon withdraw, leaving the country free and relatively stable (either of which is a tall order in the Middle East) for the first time in a generation. On the other hand Afghanistan has a ways to go; "success" may ultimately be elusive as the Soviet Union found and, indeed, history has shown.

Unemployment hit 10% nationally and, thanks to high taxes, an anti-business climate, and a huge housing bubble, 12% in California. \$3T in American bank assets vaporized when the bubble burst. And, against free market odds, with a government bailout, all three American auto makers survived. Given that there's excess automobile manufacturing capacity worldwide of around 30%, this is most likely a short-term-loss/long-term-loss scenario.

In 2006 the Census Bureau reported that there were 47M Americans without health insurance. Nancy Pelosi and Barack Obama frequently cite this number as the reason for passing a massive healthcare reform bill. Upon closer examination of the number, 9.5M were not U.S. citizens, 18M were between the ages of 18 and 34 (a demographic that is largely healthy) and did not need or chose not to purchase health insurance, and 17M lived in households with incomes exceeding \$50,000 and could, presumably, purchase health insurance if they deemed it important. Of the 47M over 44M either don't want health insurance or don't need subsidies for it. Besides the deliberately misleading number, our representatives in Washington do nothing to address the *rising cost* of healthcare that most tax-paying citizens are concerned about. Instead, the House bill for healthcare reform loads taxes on the "rich" (if you live in the Bay Area odds are you fall into this category), sets up a state-run insurance scheme, and does nothing to contain, let alone reverse, the escalating costs of treatment while adding an expensive requirement that everyone have health insurance, with large subsidies where needed. It's like American's have been targeted by predatory Washington politicians in a propaganda war.

In a recent CNN poll 61% of respondents were opposed to the current government healthcare plan, 79% thought the governments' plan would lead to higher deficits, and 85% understood that the plan would raise their taxes. To add insult to injury these "public servants" shower themselves with lifetime healthcare and retirement plans after only two years on the job during which they only work 27% of the time. Lee Iacocca says, "You can't call yourself a patriot if you're *not* outraged".

It seems that we are through the worst of the recession and the \$787B stimulus bill is responsible for at least part of that. How much and where we would have been without the massive spending package is now academic and we'll simply never know. Barack Obama has done much to repair relationships with U.S. allies who were aggravated by President Bush's "my way or the highway" attitude. And, standing before congress Obama pledged that a family making less than \$250,000/year would not pay a single dime in more taxes.

Still, measured against the expectations of those who bought pictures of Mr. Obama riding a unicorn, his presidency has been a dismal failure. He has ceded his authority to the House elitist Nancy Pelosi. His budget projections that the economy will shrink by 1.2% in 2009 and then grow by 4% in the following four years are optimistic in a normal recession and unlikely in this particular recession. He's been deliberately vague on plans to deal with the long-term debt obligations that come with a massive, permanent expansion of government instead preferring to lead from up on his cloud. At times, Mr. Obama's role has seemed limited to deploying his teleprompter-driven oratory to sell whatever Congress proposes to

the public, even before it is clear what exactly those proposals amount to. And, his preference for talking to rogue states such as Iran and N. Korea has so far yielded no substantial results.

To my fellow Americans who soured on the high cost of the Iraq War and voted for rather vague "change" in the last election: know that at \$585B the cost of the entire war under President Bush is less than what Barack Obama and Nancy Pelosi spent in the first three months of 2009 alone. And, it was not Bush's wars that got us into the financial crises but the bursting of a housing bubble fueled by cheap loans given to millions of people that had no capital at stake let alone means to buy a house. More, bankers made those risky loans after relentless pressure by liberal congressmen to do so. Given the recent expansion of government now underway and entitlements such as Social Security and Medicare already promised to baby boomers (now retiring in droves) it is apparent that all of us will soon have to accept a lower standard of living. Mr. Obama should level with American's: if they want a bigger government, one that will help them in all sorts of ways, they'll have to pay for it. In short, my recommendation is that if you voted for this "change", next time, ask to see the fine print.

It's been said that giving money and power to the government is like giving whisky and car keys to teenage boys. In 1940, about 220,000 people received monthly Social Security checks. By 2004, the number had reached 47M and in 2030, it is expected to cover 84M at a time when the U.S. population will be 375M. The government legally forces employers and employees to "contribute" to an "insurance" program (the funds of which are spent the moment they're deducted from the employees' salary) with the only way to make good on the coming IOU the government gave us is to saddle our children and grandchildren with the bill and yet more government.

The problem with all of these federal schemes is that they're inefficient because the government controls them with a huge bureaucracy, there is no relationship between the taxes paid for these programs and the benefits received, and there are no funds set aside for future payments. In 2008, the Congressional Budget Office projected that if Social Security, Medicare, and Medicaid go unchanged, by 2082 the tax rate on incomes currently in the 25% bracket will be 63% and those in the 35% bracket will be 88%. Obviously, there will be little incentive to work and the colossal U.S. government will drag our once great nation into chaos and despair.

For those who believe I'm exaggerating the consequences of our present course consider this: in 1405, 87 years before Columbus sailed, a Chinese admiral set out on the first of seven sea faring expeditions with 317 vessels and 28,000 men (compared to Columbus's four boats and 150 sailors). At 450' and with nine masts the largest ships were more than four times that of the Santa Maria. Shortly afterward, China changed its policies and by 1500 the country executed builders of sea faring ships, outlawed plans for such vessels, and had scorched 700-miles worth of coastline in order to destroy the ship building industry. By all rights, the Chinese should have discovered the new world, claimed its riches, and probably been one of today's superpowers. Instead, the result of China's policies was that its' GDP remained constant at \$600 per person for the next 500 years. We are on a similar course.

My wife will kill me when she reads this letter. She has, in the past, encouraged me to take a bit of the edge off of my annual discourse. Yet, I have studied enough to convince myself that I'm right and that we're heading for disaster. If nothing else, this letter will be a record to my children that I along with millions of other educated, concerned, patriotic Americans recognized the serious consequences associated with the left shift in Washington and the new age of big government and limited freedom.

Assuming I survive the wrath of my spouse, we're still living in the San Francisco Bay Area and working in high-tech. Andrew's applying to colleges primarily on the West Coast; Liam's still in elementary school. My grandmother passed away last year; she was 95 years old. For the most part she had a good life and lived long enough for me to appreciate the stories of her experiences during some genuinely historic events. We always enjoy hearing from our friends and family; please keep in touch.

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*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