

## IN THE NEWS

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### World News

When it comes to claims from Iran, it is difficult to determine what is fact from fiction. Nevertheless, Iran claims to have fired a medium range missile during the Gulf of Arabia military drill [1]. Additionally, Iran bragged they fired two long range missiles during the same exercise [2]. In general, it is believed the Iranian missile tests were designed as a warning to the West [3]. In a further threat to the region; Iran warned that if the U.S. Air Craft Carrier (USS John C. Stennis) returns to the Gulf, it will respond to the action [4]. This was countered by Defense Secretary Panetta who promised a quick military response if Iran tried to block the Strait of Hormuz [5]. However, small Iranian motorboats have been harassing US ships in the area [6]. Meanwhile, Iran announced new military exercises in the Gulf will take place in February [7]. Separately, Iran staged military exercises within 40 miles of the Afghanistan border [8].

Elsewhere, a car bomb killed an Iranian nuclear scientist [9]. This is the fifth daylight attack on Iranian nuclear experts in the past two years [10]. In response to the killing, Iran is threatening the killing on the U.S. and Israel [11]. In spite of the threats from Iran and China, significant cuts to the US military are planned. For instance, in a press conference at the Pentagon, President Obama outlined the strategic plans for a downsized military that includes greater emphasis on cyberwar [12]. What's more, the cuts would include a 14% reduction in troops for the Army [13].

The economic news from Europe is not good. Standard & Poor's downgraded the credit rating for France, Austria, Italy, Spain, Portugal, Cyprus, Malta, Slovakia, and Slovenia [14]. Taking the downgrade seriously, France plans to institute cost cutting measures [15]. Furthermore, German Chancellor Merkel predicted a long road to recovery [16].

1. AP/Boston Globe, *Iran navy tests medium-range missile during drill*, January 1, 2012.
2. Mostafavi, Ramin, Reuters, *Iran test-fires missiles in Gulf exercise*, January 2, 2012.
3. Khalaj, Monavar, Financial Times, *Iran missile test seen as warning to* (Continued on page 2)



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#### Special points of interest:

- Hong Kong air pollution worst levels on record
- S&P downgrades credit rating for 9 European countries
- Iran threatens U.S. Navy
- U.S. Military downsizing announced

### Security

In Israel, 20,000 credit card numbers were exposed following a successful cyber-attack [1]. What is interesting, Israel vowed to retaliate treating the incident the same as a terrorist attack [2]. Following the attack, an Israeli hacker posted over 200 Saudi credit cards online [3].

Elsewhere, malware infected 800,000 machines and

stole 45,000 Facebook login credentials [4]. On the regulatory front, the SEC may require companies to divulge cyber-attack losses [5].

Internet security must start with strong identification and authentication. To this end, the administration is planning to have the Commerce Department Internet identities for every American [6].

Security companies are a target of choice for hackers. Case in point, after releasing some portions, one hacker is threatening to release the source code for Norton antivirus [7]. Depending on how the code was written, this might help other hackers figure out how to bypass the security product.

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## Security

(Continued from page 1)

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3. AFP, *Tit-for-tat hack as Israeli posts Saudi credit cards*, January 11, 2012.
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## World News

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*No one is fool enough to  
choose war instead of  
peace—in peace, sons bury  
their fathers but in war  
fathers bury sons—  
Croesus/Herodotus*

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- west, January 2, 2012.
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10. Mostafavi, Ramin, and Hafezi, Parisa, Reuters, *Bomb kills Iran nuclear scientist as crisis mounts*, January 11, 2012.
11. CNN, *Iran threatens Israel, U.S. over scientist killing*, January 15, 2012.
12. Blumiller, Elisabeth, and Shanker, Thom, New York Times, *Obama Puts His Stamp on Strategy for a Leaner Military*, January 5, 2012.
13. Barnes, Julian, and Hodge, Nathan, Wall Street Journal, *Military Faces Historic Shift*, January 6, 2012.
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15. Charlton, Angela, AP, *France to pursue reforms after downgrade*, January 14, 2012.
16. Moulson, Geir, AP, *Merkel: Europe Faces 'Long Road' to Win Back Trust*, January 14, 2012.

# Energy

Environmentalists claim making alcohol from corn is dirtier than the gasoline it is made to replace [1]. What's more, a \$6 billion per year subsidy to farmers to grow corn for making alcohol, expired on January 1 [2].

With the new year, the 100-Watt incandescent bulb is now phased out [3]. This comes at a time when fluorescent bulbs are considered a potential fire hazard [4].

The U.S. wants to impose sanctions against Iran. However, Turkey has requested a waiver on Iranian oil [5]. Moreover, China has again stated its opposition to sanctions [6]. Currently, China import 11% of its oil from Iran [7]. Additionally, China has given no indication that it plans to support the Iranian oil embargo [8]. Moreover, for December, the amount of oil China imported was 6% higher than the year before [9]. Similarly, Japan gets 10% of its oil from Iran and has said it will cut back as much as possible [10]. Unfortunately, China and Japan will still import oil thereby helping Iran overcome economic sanctions.

Elsewhere in China, many flights in the capital, Beijing, were delayed or cancelled due to heavy smog [11]. Some describe Beijing's air as similar to standing downwind of a forest fire [12]. In contrast, in the US, companies that supply motor oil are paying \$6.8 million for not blending with cellulosic bio-fuel; something that does not yet exist [13]. So while the US imposes impossible to achieve environmental laws, China freely pollutes the planet. The question here is by driving US industry to China, does this help or hurt the environment? Yet one of the clean-

est fuels around, natural gas is not getting the visibility it should. Case in point, 350 workers will be employed at a new \$650 million plant in Youngstown that will make steel for the natural gas and fracking industry [14]. Why not change our energy policy of importing more oil and encourage greater use of natural gas?

In the meantime, one report suggests Iran started processing uranium at a hardened underground facility; making air strikes more difficult [15]. What's more, some believe the new site will be used to refine uranium sufficient for nuclear weapons [16].

While the price of oil remains high, Natural Gas is considered cheap. Moreover, an over capacity crunch could drive prices lower [17]. For instance, Natural Gas fell to its lowest price in over a decade [18].

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16. Khalaj, Monavar, and Blitz, James, Financial Times, *Iran to extend nuclear enrichment*, January 8, 2012.
17. Strumpf, Dan, Wall Street Journal, *Natural-Gas Supplies Bulge, Pressuring Prices*, January 7, 2012.
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*The superior man acts  
before he speaks, and  
afterwards speaks  
according to his action—  
Confucius*

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## Economy

In the competitive world, education is one standard used to identify those job candidates most productive. However, the U.S. Equal Employment Opportunity Commission is warning that requiring a high school diploma may violate the Americans with Disabilities Act [1].

Businesses are still suffering from the recession. For instance, Boeing plans to close its Kansas facility that employs 2160 employees [2]. Then it appears that Kodak is planning to file Chapter 11 bankruptcy [3]. In more negative news, Hostess filed for bankruptcy citing the high costs of bakery ingredients [4]. Moreover, 113 Food Lion supermarkets will close cutting 4,900 jobs [5]. What's more, we learned the Federal Reserve completely underestimated the housing collapse back in 2006 [6]. Indeed, at the time, Timothy Geithner expressed confidence collateral damage from the housing market would be avoided [7].

For the week ending December 31, the number of first time unemployment claims was 372,000 [8]. For the following week ending January 7, the number of claims increased to 399,000 [9].

Meanwhile, Alcoa posted its first loss since 2009 [10]. Concurrently, the Department of Interior is banning uranium mining near the Grand Canyon for the next 20 years [11].

It is unclear how many jobs will be impacted by the Interior's decision.

As China continues to grow, there is the question of the environmental impact. Case in point, last year, Hong Kong suffered its worst air pollution on record [12]. Meanwhile, China imported 253.8 million tons of oil last year [13]. Perhaps this is the main reason the price of oil remains high. What's more, auto sales in China rose 2.5% in 2011 [14]. Finally, China remains the largest auto market in the world, selling 18.5 million vehicles last year [15].

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*Wars are caused by  
undefended wealth—Ernest  
Hemingway*

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