

IN THE NEWS

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World News

China violates existing trade treaties when there is political desire. Case in point, China appears to be using economic attacks on those nations that have political issues with China [1]. For example, Chinese banks have pulled out of meetings in Japan indicating rough relations going forward [2]. In the South China Sea, Japan is reporting that Chinese surveillance ships have entered the contested area of islands claimed by multiple nations [3]. Meanwhile, China put its first aircraft carrier into service [4].

The Middle East continues to erupt in violence and rhetoric. For instance, the civil war in Syria is worsening and threatens to expand to neighboring countries [5]. Case in point, following shelling of targets inside of Turkey, the Turkish military shelled Syrian government targets inside Syria [6]. The Turkish counter attacks continued for a second day [7]. Then following more shells landing in Turkey; strikes into Syria have continued for the fourth day with Turkey warning that it will not shy away from war [8].

In a new twist, Iran indicated that it might launch a first strike against Israel [9]. What's more, the Iranian president speaking before the UN General Assembly said Israel would be eliminated [10]. Meanwhile, following the UN speech by Israel's Prime Minister Benjamin Netanyahu, some now believe an attack on Iran will not occur before the US elections in November [11]. Of course, this could be an obfuscation tactic to lower expectations. Meanwhile, an Iranian lawmaker is warning that his country will refine uranium to 60% if nuclear talks fail [12]. This latest threat takes Iran to a refinement level they repeatedly claimed they would never go.

Terrorist organizations continue to test the West. For instance, the Middle East terrorist organization Al-Qaeda may be responsible for setting fires throughout Europe [13]. Meanwhile, Israel F-16's shot down a drone that did not have any explosives [14]. The drone was 20 minutes into Israel's airspace and believed to be the work of Hezbollah [15]. A question here is where did Hezbollah get the drone from?

1. Wall Street Journal, *Beijing's Trade Bullying*, October 1, 2012.
2. Dvorak, Phred, et. al., Wall Street Journal, *China Banks Pull Out of* (Continued on page 2)

Security

Iran has indicated it is the target of numerous instances of state sponsored sabotage [1]. One article points out how ill prepared US banks are in mitigating cyber-attacks [2]. The cyber-attacks disrupted web sites for several large banks [3]. Reports indicate the Middle East (Iran) hackers used advanced botnets and other tools [4]. Meanwhile, China contin-

ues to be a major player in launching cyber-attacks. For example, the US Cyber Command's Rear Admiral Samuel Cox accused China of persistent cyber-attacks against the Pentagon [5]. Then a breach at a Calgary, Alberta energy software developer appears to be the work of attackers located in China [6]. The current social networking offers hackers mecha-

nisms to literally destroy people. Case in point, after a picture of a burned Muslim holy book was tagged to a Buddhist youth's Facebook account; rioters burned 40 homes and 10 Buddhist temples in Bangladesh [7]. In the aftermath of the destruction, one source is reporting the Facebook owner was not the person that posted the (Continued on page 2)

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Special points of interest:

- US banks unable to stop cyber-attacks
- 43rd bank closed
- Gasoline prices in California hit record high

Security

(Continued from page 1)

questionable picture [8]. In summary, all a bad actor needs to do is to post an inflammatory picture purporting to come from the victim and that person's life will be at risk.

1. Gladstone, Rick, New York Times, *Iran Reveals More About What It Calls Foreign Sabotage*, September 25, 2012.
2. Reckard, E. Scott, et. al., Los Angeles Times, *Banks fail to repel cyber threat*,

September 27, 2012.

3. Kapner, Suzanne, Wall Street Journal, *Websites at Wells Latest Hit by Attack*, September 25, 2012.
4. Menn, Joseph, Reuters, *U.S. bank website hackers used advanced botnets, diverse tools*, October 2, 2012.
5. Wolf, Jim, Reuters, *U.S. cyber warrior accuses China of targeting Pentagon*, September 28, 2012.
6. Finkle, Jim, Reuters, *U.S. group studying breach at*

Schneider unit, September 27, 2012.

7. AP/ABC News, *Bangladeshi Muslims Torch Buddhist Temples, Homes*, September 30, 2012.
8. Ahmed, Julhas Alamtofoyel, AP/Businessweek, *Bangladesh says opposition attacked Buddhists*, October 1, 2012.

World News

(Continued from page 1)

*When the sword is once
drawn, the passions of
men observe no bounds of
moderation—Alexander
Hamilton*

Meetings in Japan, October 3, 2012.

3. Reuters, *China surveillance ships enter waters near disputed islands*, September 23, 2012.
4. Perlez, Jane, New York Times, *China Shows Off an Aircraft Carrier but Experts Are Skeptical*, September 25, 2012.
5. Lauria, Joe, Wall Street Journal, *Syria War 'Getting Worse,' New Envoy Warns*, September 24, 2012.
6. AP, *Turkey PM's office says Turkish artillery fired on Syria after shelling of Turkish town*, October 3, 2012.
7. Arango, Tim, et. al., New York Times, *Turkey Strikes Back for Second Day After Syrian Shelling Kills 5 Civilians*, October 4, 2012.
8. Butler, Daren, Reuters, *Turkey strikes back at Syria after Erdogan warning*, October 6, 2012.
9. Hosseinian, Zahra, and El Gamal, Rania, Reuters, *Iran could launch preemptive Israel strike commander*, September 23, 2012.
10. Reuters, *In New York, defiant Ahmadinejad says Israel will be 'eliminated'*, September 24, 2012.
11. Williams, Dan, Reuters, *Israelis see no Iran war this*

year after Netanyahu's speech, September 28, 2012.

12. Torbati, Yeganeh, and Hosseinian, Zahra, Reuters, *Iran to enrich uranium to 60 percent if nuclear talks fail: MP*, October 2, 2012.
13. The Telegraph, *Al-Qaeda blamed for Europe-wide forest fires*, October 5, 2012.
14. Lappin, Yaakov, Jerusalem Post, *IAF shoots down UAV in northern Negev*, October 6, 2012.
15. AP, *Israeli fighter jets shoot down drone in airspace*, October 6, 2012.

Energy

The demand for US Natural Gas is so high, there are plans to construct a \$50 billion pipeline and export terminal in Alaska [1]. Moreover, the US supply is so great, one company plans to shut 400 wells in Kentucky [2]. A question here is why not have an energy policy that builds energy independence using our natural gas surplus?

Elsewhere, China expects to increase oil imports. For example, Chinese shippers placed a \$4.5 billion order for 50 supertankers [3].

Overall, the world is dependent on imported oil. For example, by one estimate, a revolution in Saudi Arabia could drive the price of oil to \$300 per barrel [4]. We have seen cases where supply cutbacks result in gasoline shortages and price increases. For example, in California, following the Valero Energy refinery fire, spot prices surged \$1.00

per gallon and many stations closed pumps due limited supply [5]. In turn, gasoline prices rose 20 cents in one night [6]. What's more, the average price hit a record high of \$4.61 a gallon [7]. For those consumers able to get gasoline, they experienced a 47 cent price increase during one week [8]. The take away here is that as long as we are dependent on unreliable oil imports, we are at risk for higher energy prices that could further cripple our economy. What can we expect prices will be should Iran and Israel go to war?

1. Roston, Eric, Bloomberg, *Fracking Makes U.S. Surprise Energy Power*, September 25, 2012.
2. Bhattacharjee, Sunayan, Reuters, *Magnum Hunter shuts 400 natural gas wells in Kentucky*, September 26, 2012.

3. McDonald, Joe, AP, *Chinese shippers place order for 50 supertankers*, September 28, 2012.
4. Katusa, Marin, Forbes, *An Islamic Revolution In Saudi Arabia Would Send Oil To \$300 A Barrel*, October 1, 2012.
5. Doan, Lynn, and Falk, Joshua, Bloomberg, *California Gas Stations Shut as Oil Refiners Ration Supplies*, October 4, 2012.
6. Dearen, Jason, AP, *Calif. gas prices jump by up to 20 cents overnight*, October 5, 2012.
7. AP, *California-gas prices hit all-time high as average soars to \$4.61 a gallon*, October 6, 2012.
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Our prime purpose in this life is to help others. And if you can't help them, at least don't hurt them—

Dalai Lama

Economy

For the week ending September 22 the number of first time unemployment claims was 359,000 according to the Labor Department [1]. Then for the week ending September 29, the number was 367,000 and the previous week raised to 363,000 [2].

Economists had expected 118,000 jobs would be added and this would keep the unemployment rate at 8.1%; however, only 114,000 jobs were added and the rate fell to 7.8% [3]. The Labor Department receives the actual unemployment numbers as evidenced by the weekly first time unemployment claims report. Why then does the Labor Department rely on a subjective survey instead of reporting the actual numbers? Meanwhile, almost one household in five now has student loan debt [4]. Then the second quarter GDP growth rate was

lowered from 1.7% down to 1.3% and August consumer durable good purchases fell 13% from July [5].

There is more bad news for the US Postal Service (USPS). For instance, the USPS will default on a second \$5.6 billion payment to the US Treasury [6].

Meanwhile, regulators continued to shutter another financial institution. On September 28, the following was closed: 43) First United Bank in Illinois [7].

1. Kowalski, Alex, Bloomberg, *Claims for U.S. Jobless Benefits Fall More Than Forecast*, September 27, 2012.
2. USA Today/AP, *Claims for unemployment benefits edges higher*, October 4, 2012.
3. Jaremsky, Matt, and Kilgore, Tomi, Wall Street Journal, *U.S. Stock Futures*

Rise on Payrolls Data, October 5, 2012.

4. Staley, Oliver, Bloomberg, *Student Loan Debt Is Held by One in Five U.S. Households*, September 26, 2012.
5. Mitchell, Joh, and Sparshott, Jeffrey, Wall Street Journal, *Headwinds Evident in Drop in Durable Goods*, September 27, 2012.
6. AP, *Postal Service to default on second \$5B payment*, September 28, 2012.
7. Market Watch, *Illinois bank 43rd to fail in U.S. in 2012*, September 29, 2012.

It didn't take long for the world to realize that the Shah was an enlightened liberal next to the bloody reactionary regime that followed, and which executed more people in three months than the Shah had done in 30 years—Alexander Haig
