

# IN THE NEWS

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## World News

The president's new budget contains hard choices for agencies such as DoD and NASA. Case in point, NASA will need to cut back on unmanned mission; however money to pay Russia for launching astronauts to the space station is included [1]. Meanwhile, China plans to launch 3 astronauts, possibly in June, to a prototype space laboratory currently in orbit [2]. What's more, former astronaut, John Glenn is worried the US is losing its leadership in space [3]. Elsewhere, the Russian Mars mission may have been lost due to counterfeit or defective memory chips [4].

In North Dakota, Dickinson State University appears to be operating a diploma mill for foreign students (predominantly from China) with 400 out of 410 foreign diplomas audited not achieving the academic requirements for the degree issued [5]. Meanwhile, China's military budget is expected to double over the next five years [6].

Counterfeit cancer drugs are finding their way into US medical facilities. Case in point, counterfeit versions of the cancer drug Avastin was discovered in the US [7]. Elsewhere, Italian prosecutors seized \$6 trillion in counterfeit US bonds in Zurich [8]. Meanwhile, North Korea continues making counterfeit super bills; estimates range from \$15 million to hundreds of millions of dollars per year in bogus bills [9].

For the second time since 1979, an Iranian warship (a destroyer and supply ship) entered the Mediterranean Sea [10]. The two Iranian ships docked in Syria [11]. What's more, Iranian missiles now have the range to reach American targets in the region [12]. We hope someone is watching the Iranian warships to ensure they don't try any missile launches. Adding to the angst, sanctions have yet to work and short of military action, consumers will likely be confronted with higher oil costs. What's more, UN inspectors have determined that Iran is boosting uranium processing at the 20% level, in violation of international resolutions [13]. Iran is the second largest oil producer in OPEC pumping an estimated 3.5 million barrels per day [14]. So if the US had expanded its domestic oil production capabilities by 3.5 million barrels per day, the impact of Iran would be

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## Security

Some are warning that cyber-attacks could result in a shooting war [1]. Moreover, apparently, the now bankrupt telecommunications giant, Nortel, was penetrated by Chinese hackers for over 10 years [2]. It seems the hackers had access to everything within Nortel including account access to seven executives [3]. Then hackers

claim to have broken into a police and military product vendor, Combined Systems Inc., web page [4]. Furthermore, the *Anonymous* hacker group defaced the web page of an international prison contractor, GEO Group Inc [5]. What's more, there are concerns that the *Anonymous* hacker group could take down the US power grid [6].

The race for vendors to fix security bugs is and will remain a challenge. Case in point, Adobe issued a critical security patch correcting the latest zero-day vulnerability [7].

Last year, nearly 12 million Americans were identity fraud victims, up 13% from the year before [8].

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### Special points of interest:

- Nortel hacked by China for over 10 years
- Iranian warships enter Mediterranean Sea
- Military looking at reducing nuclear warheads down to only 300 devices
- Oil reaches 10-month high
- UN indicates Iran stepped up highly enriched uranium processing

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*Whenever a doctor cannot  
do good, he must be kept  
from doing harm—  
Hippocrates*

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# Energy

Not all energy is increasing in cost. Case in point, the price of natural gas continues to fall causing drillers to cut production [1]. The law of supply and demand can best be seen with the process of natural gas. Since domestic sources have produced an oversupply, prices are near a 10-year low [2]. In contrast, since our current energy policy relies on imported oil, we are at the mercy of foreign governments. One consequence is rising gasoline prices [3].

Two sources of soot pollution come from power plants and diesel burning vehicles [4]. In China, most of the electricity to run electric cars comes from coal burning plants; consequently, the electric cars are responsible for more air pollution than the gas burning vehicles [5].

In spite of the sanctions against Iran, Japan's Showa Shell is purchasing 100,000 barrels per day [6]. What's more, Iran has welcomed the International Atomic Energy Agency for talks; while British authorities are trying to talk Israel out of attacking Iran [7]. However, according to one UN official, there does not appear to be any way forward for the negotiations track [8]. It seems Iran is following the same approach that North Korea and Pakistan used; talk nuclear reduction while building the bomb.

Recognizing the wiliness of the UN to negotiate at any cost, Iran is calling for additional talks [9]. In so doing, Iran can continue with its nuclear weapons program while reducing the chance of an armed attack against its facilities. For instance, during all the talks with North Korea, we were unable to prevent them from building

a nuclear bomb. Now that they have the bomb, we continue the talks to try to get them to reduce their nuclear capability [10].

By some estimates, China may have 3,000 nuclear warheads [11]. What's more, China is not bound by the US/Russia treaty and is expanding its nuclear weapon stockpile and capability [12]. Meanwhile, there are plans to unilaterally reduce the US nuclear weapons inventory by 80% to between 300 – 1,100 warheads [13]. Perhaps fearing a US decline; some in Japan are arguing to maintain the capability to build Japanese nuclear weapons [14]. Elsewhere, a Russian general says Russia might use nuclear weapons to keep the country's integrity intact and plans new nuclear submarines and strategic missiles [15].

Finally, nuclear experts blame Japan's lax safety culture for mishaps before, during, and after the Fukushima nuclear accident [16]. What does this imply for overall Japanese product quality?

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*Had we not pursued the hydrogen bomb, there is a very real threat that we would now all be speaking Russian. I have no regrets.*

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*–Edward Teller*

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## Economy

While it is difficult to ascertain how many American jobs were lost to China; one estimate places the number (between the years 2001 and 2010) at 2.8 million jobs lost [1]. For the week ending February 11, the number of first time unemployment claims was 384,000, the lowest since March, 2008 [2]. Then, for the week ending February 18, the first time claims was 351,000 [3].

Moody's downgraded the credit ratings of Italy, Malta, Portugal, Slovakia, Slovenia, and Spain [4]. Moreover, one report indicates the Euro zone is heading for another recession [5].

Oil prices reached an eight-month high [6]. In turn, this has resulted in the highest gas prices ever for this time of the year [7]. For example, Brent oil reached a 10-month high passing \$125 per barrel [8]. Meanwhile, as the price of oil rises, the US is offering to help India replace the oil it imports from Iran [9].

Regulators continued closing financial institutions. For example, on February 24 the following were shuttered: 10) Home Savings of America in Minnesota; and 11) Central Bank of Georgia [10]. Interestingly, the FDIC couldn't find a receiver for the failed Minnesota bank [11].

Much has been said regarding the US Auto bailout of GM and Chrysler [12]. However, US industry must compete in the world market. Consider, estimates of the Japanese government bailout of Tokyo Power and Electric (TEPCO) are in the \$137 billion range [13]. The Japanese govern-

ment realizes that if the cost of electricity increases too much, the export based economy will suffer.

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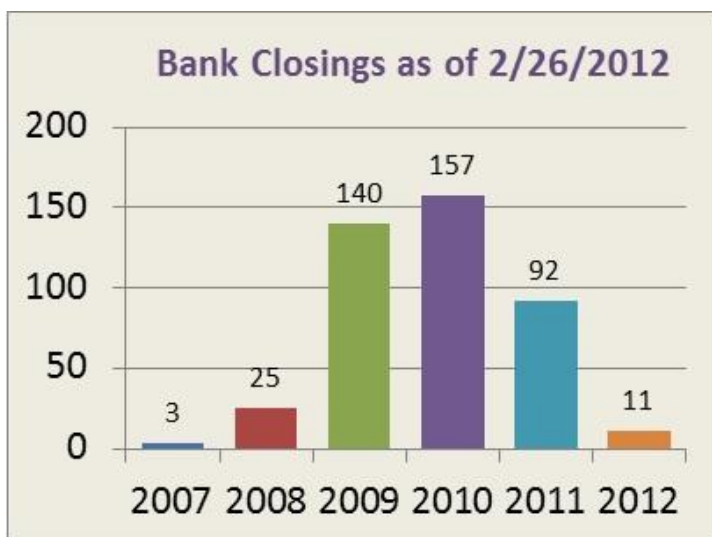
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*The absence of war is not  
peace—Harry S Truman*

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