

IN THE NEWS

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World News

Storms shut down the power to millions of people in the Mid-Atlantic Region [1]. Parts of the DC metro area experience multiple days without power [2]. The main culprit was fallen trees that downed power lines. A question here is what would the impact of a nuclear detonation producing an electromagnetic pulse be? Clearly above ground unshielded power lines are vulnerable.

In the Middle-East, the situation in Syria is continuing to heat up. First on June 22 Syria shot down a Turkish F4 jet [3]. Then Turkey warned Syria, if it moved troops near its boarder, there would be a military response [4]. Meanwhile, fighting between rebels and the Syrian military raged outside the capitol, Damascus [5]. Elsewhere, gunmen took over a pro-Assad Syrian TV station [6].

For the first time since records were started in 1979 Japan experienced a monthly trade deficit with the European Union [7]. However, the trade surplus with the US increased to \$4.18 billion for May [8]. Elsewhere in Japan, the lower house of Parliament voted to increase the sales tax from 5% to 10% [9]. This comes as Japan's industrial output declined 3.1 percent from April to May [10]. Effectively, this will contribute to fewer imports while preserving the integrity of the export driven industrial policy. Given the number of items imported to the US, what would happen if we were to pass a 10 percent sales tax? Instead of contributing to the world-wide economic recovery, Japan seems to be set on protecting its own domestic industry.

The Chinese three crewmember spacecraft successfully returned from a 13-day mission [11]. China's military led program demonstrated manual and automatic docking with an orbiting module [12]. In contrast, NASA astronaut Donald Pettit landed in Kazakhstan in a Russian provided space ride [13].

1. Gresko, Jessica, AP, *Storms: Mid-Atlantic power outages could last days*, July 1, 2012.
2. Washington Post, *D.C. area power outages after storm could last for days*, July 1, 2012.
3. CNN, *Turkey hardens military position after Syria downs jet*, June 26, 2012.
4. Arsu, Sebnem, et. al., New York Times, *Turkey Threatens Force if Syrian Troops Near Border*, June 26, 2012.

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Special points of interest:

- Banks hit with cyber-attacks
- Storm cripples DC area power grid

Security

The international banking system remains vulnerable to cyber-attacks. For example, an ongoing cloud-based cyber-attack has resulted in losses estimated between \$75 million and \$2.2 billion [1]. So far, sixty servers have been found issuing bogus transactions [2]. With the current extended recession, how much more crime can banks withstand?

The banks are not the only industry at risk from cyber-attacks. For instance, a British intelligence officer is warning that ongoing cyber-crime is putting businesses at risk [3].

State sponsored cyber continues to make the news. For example, one report is suggesting the US and Israel jointly developed the Flame virus to slow Iran's nuclear weapons program

[4].

1. Gonsalves, Antone, PC World, *Cybercriminals Build Massive Banking Fraud System in the Cloud*, June 27, 2012.
2. Swewell, Anne, Digital Journal, *Massive cyber attack in USA, Europe, and Latin America*, June 28, 2012.
3. Espiner, Tom, ZDNet,

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Security

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M15 chief: Massive cyber-crime wave putting businesses at risk, June 26, 2012.

4. Nakashima, Ellen, et. al., Washington Post, U.S.,

Israel developed Flame computer virus to slow Iranian nuclear efforts, officials say, June 19, 2012.

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5. Solomon, Erika, et. al., Reuters, Heavy fighting around Syrian capital, June 26, 2012.
6. Holmes, Oliver, Reuters, Gunmen storm pro-Assad Syrian channel, June 27, 2012.
7. McLannahan, Ben, Financial Times, Japan posts first trade deficit with EU, June 20, 2012.
8. Kitchen, Michael, Market Watch, Japan's trade deficit widens more than expected, June 19, 2012.
9. Harlan, Chico, Washington Post, Japan lower house approves doubling sales tax to 10 percent de-

spite ruling party rift, June 26, 2012.

10. Sharp, Andy, and Ujikane, Keiko, Bloomberg, Japan's Industrial Output Falls Most Since 2011 Quake, June 28, 2012.
11. The Telegraph (UK), Chinese astronauts return to Earth, June 29, 2012.
12. Perrett, Bradley, Aviation Week, Shenzhou 9 Aims To Prove Station Technology, June 25, 2012.
13. Leonard, Peter, San Francisco Chronicle, Soyuz spacecraft lands safely in Kazakhstan, July 1, 2012.

*Medicine sometimes
snatches away health,
sometimes gives it—Ovid*

Pollution

Once again, China is calling for nations with a long industrial history take the lead in addressing climate change and argue they are still a developing nation [1]. This at a time when the second largest source of mercury in the great lakes is now air pollution originating in China [2].

Meanwhile, new reports are suggesting health damage is caused by ozone pollution. Case in point, ozone may be harmful to heart patients [3]. Moreover, it appears that ozone pollution originating in East Asia is contributing up to 20% of California's measure-

ments [4].

In the US, wild fires in Colorado are producing air pollution on a large scale [5]. Moreover, some are arguing the fires are a result of global climate change [6].

1. AFP, *China says developed nations must lead in Rio*, June 18, 2012.
2. Asanova-Taylor, Saodat, *Great Lakes Echo, China second largest source of Great Lakes mercury pollution*, June 7, 2012.
3. Medical News Today, *Ozone Pollution Ban News For Heart Patients*, June 27, 2012.
4. Main, Douglas, New York Times, *A New East Asian Import: Ozone Pollution*, March 6, 2012.
5. MSNBC, *US wildfires spewing pollution all across the country*, June 29, 2012.
6. Zabarenko, Deborah, Reuters, *West's wildfires a preview of changed climate-scientists*, June 29, 2012.

Medicine can only cure
curable disease, and then
not always—Chinese
Proverb

Economy

For the week ending June 16, the number of first time unemployment claims was 387,000 [1]. Then for the week ending June 23, the number was 386,000 and the previous week raised to 392,000 [2].

Concerns the global recovery has stalled are driving oil prices down. Case in point, Oil continued to fall to an 18-month low [3].

Meanwhile, Moody's downgraded the credit rating of 15 global banks including several large US financial institu-

tions [4]. Yet during this two week period, regulators did not close any banks.

As unemployment remains high and industry driven overseas, the impact to tax collections is impacting US cities. Case in point, one report indicates the California city of Stockton is preparing to file for bankruptcy [5].

1. Chandra, Shobhana, Bloomberg, *More Americans Than Forecast File for Jobless Benefits*, June 21, 2012.
2. Mutikani, Lucia, Reuters,

Jobless claims fall last week, but still high, June 28, 2012.

3. Johnson, Christopher, Reuters, *Oil at 18-month low on China date, U.S. stocks*, June 21, 2012.
4. AP/Washington Post, *Moody's downgrades 15 global banks citing risks of 'outsized losses' in volatile markets*, June 19, 2012.
5. Christie, Jim, Reuters, *Stockton, California to file for bankruptcy*, June 27, 2012.

The Egyptians could run to Egypt, the Syrians into Syria. The only place we could run was into the sea, and before we did that we might as well fight—Golda

Meir

Egypt

Having won the majority of votes, the new leader of Egypt is from the Muslim Brotherhood [1]. What's more, the new leader, Mohamed Morsi, has been an outspoken critic of the US [2]. The transition to the Muslim Brotherhood was helped when the US told Egypt's military to cede power [3].

To top it off, for years, the US recognized the Muslim Brotherhood as a terrorist organization [4]. Elsewhere, many priceless historical sites are being lost in nearby parts of Africa. For instance, Mali Islamic fundamentalists have

destroyed fabled Timbuktu shrines similar to what the Taliban did to Buddhist shrines in Afghanistan [5].

1. Blair, Edmund, and Macdonald, Alastair, Reuters, *Egypt's Islamist president begins building government*, June 25, 2012.
2. Londoño, Ernesto, and Brulliard, Karin, Washington Post, *Egypt's president is U.S. critic, but he could be an ally*, June 25, 2012.
3. Klapper, Bradley, and Baldor, Lolita, New York Times, *Worried US tells Egypt's military to cede*

power, June 18, 2012.

4. CBS News, *Feds Still Seeking Fort Hood Terror Link*, November 13, 2009.
5. The Sydney Morning Herald, *Islamists attack Timbuktu's world heritage site shrines*, July 2, 2012.