

IN THE NEWS

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World News

In the Middle East, one report indicates Iran is sending hundreds of foot soldiers to Syria to help the government there remain in power [1]. Meanwhile, according to the U.N. International Atomic Energy Agency in its quarterly report, Iran doubled the number of underground uranium enrichment machines [2]. Concurrently, the international community led by the US is pressuring Israel not to attack Iran [3]. However, the risk of Iranian action may not be confined to the Middle East. Case in point, the head of Iran's navy revealed plans to place ships in international waters off the coast of the US [4]. So if Iran is allowed to develop nuclear weapons, these may find their way to US coastal cities.

In Asia, Secretary of State Clinton urged China to resume South China Sea territorial dispute talks with its neighbors [5]. In response, China issued a warning for the US to stay clear of the discussions [6].

One reason for caution with China is due to its new economic standing. This has become a magnet for creating jobs that otherwise might have gone to the US. For example, Microsoft is expanding its China operations and plans to hire another 1,000 people there [7]. The one-sided trade agreements favor China and cost many American jobs. For instance, one study estimates the number of jobs lost to China since 2001 is 2.7 million [8].

Europe continues to suffer in the extended recession. For example, Greece is in its fifth year of a recession and has an unemployment rate that hit 24.2% in June [9]. Furthermore, Spain's already bad economy did worse in 2010 and 2011 than previously thought [10].

1. Fassihi, Farnaz, Wall Street Journal, *Iran Said to Send Troops to Bol* (Continued on page 2)



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Special points of interest:

- 8.1% Unemployment Rate
- 96,000 Jobs Added in August
- 368,000 Left Work Force in August
- 41st Bank Closed

Security

A new zero date attack against Java version 7 was detected coming from China [1]. Some security experts suggested turning off the Java program to prevent infection [2]. However, the negative press forced Oracle to issue an out of cycle emergency patch to close the vulnerability [3]. What's more problematic is there is a reported flaw in the just

released Java security patch [4].

It seems the world of science fiction and computer hacking are getting closer. Case in point scientists at University of California and University of Oxford in Geneva have discovered a way to hack the human brain and directly extract personal information [5].

Meanwhile, Saudi Arabia is

still trying to recover from a directed malicious software (malware) attack that infected 30,000 workstations [6]. What's more, the oil and natural gas rich Gulf state Qatar follows Saudi Arabia as the second victim of the virus attack [7].

When there are problems with electronic trades, we wonder if there is a security

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Security

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issue. In the latest trading glitch, natural gas electronic trading was halted for one hour [8].

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World News

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*There is a foolish corner in
the brain of the wisest
man—Aristotle*

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2. Dahl, Fredrik, Reuters, *Iran doubles underground nuclear capacity: IAEA*, August 30, 2012..
3. Reuters, *Israel under international pressure not to attack Iran alone*, August 31, 2012.
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5. Telegraph, *Hilary Clinton wades into South China Sea dispute*, September 4, 2012.
6. BBC, *China warns US on South China Sea row as Clinton visits*, September 4, 2012.
7. Kan, Michael, PC World, *Microsoft Plans Large Expansion in China to Push Cloud Services*, September 6, 2012.
8. Evanoff, Ted, Knoxville News Sentinel, *Study: Chinese imports cost 96,300 jobs in Mid-South since 2001*, August 24, 2012.
9. Billington, Ilona, and Granitsas, Alkman, Wall Street Journal, *Greek Jobless at New High*, September 6, 2012.
10. Davies, Nigel, Reuters, *Spain economy did worse than thought in 2010, 2011*, August 27, 2012.

Energy Cost

Currently, the US imports 10% of its oil from Venezuela [1]. Following the recent Venezuela refinery fire, the price of gasoline increased [2]. Moreover, gas prices set a record high for this Labor Day holiday [3].

Two days following the Labor Day holiday, oil passed \$97 per barrel [4]. This indicates that improvements to the economy will increase the price of energy thereby impacting the economic recovery. Consequently, we must reduce our dependence on imported oil.

In contrast to oil prices, natural gas futures fell [5]. Moreover, Canadian prices fell on weak demand [6]. This shows the energy market is still over reliant on oil. Moreover, the lower cost and cleaner burning attributes make natural gas

an attractive alternative.

On the global front, energy starved countries are looking to natural gas to replace oil. For instance, Japan is working with Russia on a liquefied natural (LNG) gas eastern seaport project [7]. In the area of energy, we can learn much from Japan's choice going with natural gas.

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4. AP, *Oil rises above \$97 on*

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6. Buurma, Christine, Bloomberg, *Canada Natural Gas Drops as Mild Weather Cuts Power-Plant Demand*, September 7, 2012.
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The speed of communications is wondrous to behold. It is also true that speed can multiply the distribution of information that we know to be untrue—Edward R. Murrow

Economy

For the week ending August 25, the number of first time unemployment claims was 374,000 [1]. For the following week, the number reported was 365,000 [2]. Meanwhile, the Labor Department reported the August unemployment rate was 8.1% with 368,000 people removed from the workforce and only 96,000 jobs added [3]. Thus, even though 272,000 fewer people were working in August, the unemployment rate fell 0.2%. What's more, the numbers for jobs reportedly created during June and July were revised lower by 41,000 [4]. The unemployment rate has remained at or above 8% for the longest time since the Great Depression [5].

In another sign of economic problems, 46% of American die with less than \$10,000 in savings [6]. In other words, these people lack the finances to deal with emergencies, such as medical costs. We expect this trend to continue as more wealth is exported.

Even in cases where new jobs are created, the economy impact is weak. For instance, most of the jobs being created are lower paying [7].

The news is not any better for the number of people needing

food assistance. For example, during the month of June a new record number Americans (46.7 million) used food stamps [8]. In other disappointing news, for the third month in a row, US manufacturing contracted [9].

After a several week delay, regulators resumed shuttering banks. On September 7, the following financial institution was closed: 41) First Commercial Bank in Minnesota [10].

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money, August 29, 2012.

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9. Spicer, Jonathan, Reuters, *Manufacturing another headache for U.S. economy*, September 4, 2012.
10. Jones, Kristin, Wall Street Journal, *Regulators Close Bank in Minnesota*, September 7, 2012.

*Behold the turtle. He
makes progress only when
he sticks his neck out—
James Bryant Conant*

Travel

In the age of controlling what air travelers can do, passengers are required to turn off most electronics during take offs and landings. This would seem to imply that the electronic design of the airplanes is so poor, that an errant calculator could bring the

plane down. It is unclear where these ideas materialized but current aircraft designs are solid. If they were not, a terrorist could carry on an electronic device and effectively bring the aircraft down. Fortunately, there is an effort to review what electronics passengers can use [1]. We hope

the regulatory process covering electronic device will be rooted in real threats to the aircraft technology.

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