

# IN THE NEWS

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## World News

There was a report indicating a blast occurred at an Iranian nuclear processing plant that trapped 240 workers in the underground facility [1]. Iran denied there was a major explosion at the Fordo nuclear facility that processes enriched uranium [2]. Additionally, the UN nuclear watchdog, the International Atomic Energy Agency (IAEA), claimed there was no evidence of an explosion [3]. Meanwhile, former Secretary of State, Henry Kissinger, warned Iran is fast approaching a nuclear weapons capability that will increase the likelihood of nuclear war [4]. What's more, according to former Iranian diplomat Mohammed Razza Hidari, Iran is getting uranium from Venezuela and will definitely use the atomic bomb against Israel [5]. Israel is not the only Iranian target. For example, under the pretext of sending a monkey into space, Iran continues to advance its intercontinental ballistic missile capability [6]. In response to the Iranian action, the US offered to negotiate one-on-one but was rejected by Iran's Ayatollah Ali Khamenei [7].

Meanwhile, the civil war in Syria has expanded. Reports indicate Israel conducted a deep bombing raid destroying a research facility near Damascus [8]. Separately, rebel fighting moved into Damascus [9].

In Asia, China continues to modernize its military capability. For example, China tested the domestically produced Y-20 heavy air force freighter that can fly 27,300 miles with 66 tons of freight [10]. Regarding the South China Sea, Japanese Prime Minister Shinzo Abe vowed to protect disputed islands from Chinese incursions [11]. Furthermore, Japan is protesting a radar lock by China against a Japanese ship in the contested area [12].

However, China is not the only country to be modernizing its military. Case in point, India successfully launched the 1,500 kilometer range K-5 ballistic missile from an underwater platform [13].

The arms race on the Korean peninsula is heating up. For instance, South Korea successfully placed a satellite into orbit [14]. Then South Korea warned its neighbor to the north not to test another nuclear device [15]. Unfortunately, the next North Korean nuclear bomb test is expected to use enriched uranium instead of the plutonium used during the first two tests in 2006 and 2009 [16]. Finally, North Korea posted a three minute

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## Security

Chinese hackers continue to make the news. For instance, one report calls China the most threatening actor in cyberspace [1]. Additionally, China's hackers targeted the New York Times for 4 months [2]. Following the New York Times admission, the Wall Street Journal announced they were hacked by China's bad actors [3]. The next news

organization to announce they were targeted was the Washington Post [4]. What's more, the Chinese attacks are now recognized as a serious financial risk and the US government is looking for an appropriate response [5]. When the power goes out, we have to ask if hackers manipulated power grid. This raises the question why the lights went out

during the highly visible Super Bowl game [6]. The current explanation for the blackout is an unspecified "abnormality" in the Superdome's power system [7]. What's more, the Department of Energy appears to have been penetrated by China's hackers during January [8]. Meanwhile, Oracle pushed

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### Special points of interest:

- Iran's atomic bomb program
- More cyber-attacks from China
- US GDP contracts 0.1% during fourth quarter
- Unemployment rate increases to 7.9%
- 157,000 jobs added, 169,000 left the workforce

## Security

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out a security patch to address 50 Java security vulnerabilities [9].

Elsewhere, Federal law enforcement agents uncovered a credit card fraud scheme that cost victims over \$200 million [10]. In other financial hacking news, bad actors breached a web server belonging to the Federal Reserve [11].

1. Gallo, William, VOA, *Chinese Cyber Hackers a Growing Threat*, January 31, 2013.
2. Perlroth, Nicole, *Hackers in China Attacked The Times for Last 4 Months*, January 30, 2013.

3. Perlroth, Nicole, New York Times, *Wall Street Journal Announces That It Was Hacked by the Chinese, Too*, January 31, 2013.
4. Collins, Terry, and D'Innocenzio, Anne, AP, *Twitter, Washington Post targeted by hackers*, February 2, 2013.
5. Baldor, Lolita, AP, *US weighs tougher action over China cyberattacks*, February 1, 2013.
6. Wilner, Barry, AP, *Lights out: Ravens beat 49ers 34-31 in Super Bowl*, February 4, 2013.
7. Newberry, Paul, AP, *New Orleans braces for fallout*

*from blackout*, February 4, 2013.

8. Fox News, *Sophisticated cyber-attack hits Energy Department, China possible suspect*, February 4, 2013.
9. Whitney Lance, Cnet news, *Oracle pushes out new Java update to patch security holes*, February 4, 2013.
10. Katersky, Aaron, ABC News, *'Massive' \$200M Credit Card Fraud*, February 5, 2013.
11. Reuters, *Federal Reserve hacked*, February 6, 2013 .

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*One pound of uranium is worth about 3 million pounds worth of coal or oil—James Lovelock*

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## World News

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YouTube video showing New York City under a nuclear missile attack [17].

1. UPI, *Report says blast in Iranian nuke site*, January 27, 2013.
2. The Times of Israel, *Iran denies rumors of explosion at nuclear plant*, January 28, 2013.
3. Dahl, Fredrik, Reuters, *U.N. nuclear watchdog backs Iran's denial of Fordow blast*, January 30, 2013.
4. Global Times, *"Nuclear Iran" is "approaching": Kissinger*, January 24, 2013.
5. Jerusalem Post, *'Iran would definitely use nuclear weapon on Israel'*, January 25, 2013.
6. BBC News, *Iran 'successfully sends monkey into space'*, January 28,

2013.

7. BBC News, *Iran's Khomeini rejects US nuclear talks offer*, February 7, 2013
8. Kershner, Isabel, and Gladstone, Rick, New York Times, *Syria says Israeli airstrike hit target on its territory*, January 30, 2013.
9. VOA, *Syrian Rebels, Assad Troops Clash For 2nd Day*, February 7, 2013.
10. ABC News/AP, *China Test Flies Heavy Air Force Freight Plane*, January 28, 2013.
11. VOA, *Japan PM Vows to Protect Disputed Islands from China*, February 2, 2013.
12. BBC News, *Japan protest over China ship's radar action*, February 5, 2013.
13. Times of India, *India test-*

*fires ballistic missile from underwater platform*, January 27, 2013.

14. AP, *S. Korea: We put our first satellite into orbit*, January 30, 2013..
15. AFP, *S. Korea warns North against nuclear test*, January 31, 2013.
16. Klug, Foster, AP, *NKorean uranium nuclear test would raise stakes*, February 1, 2013.
17. Miller, Joshua Rhett, Fox News, *North Korea video shows New York in ruins after missile attack*, February 5, 2013.

## Made in Japan

Since the nuclear reactor meltdowns, the quality of Japanese products has been called into question. In the latest example, the Boeing 787 Dreamliner fleet was grounded because of Japanese batteries and one report suggests the Japanese government relaxed scrutiny on the technology [1]. In one case, a hole in the battery electrode indicates the failure was due to an internal short [2]. The defective technology could end up costing Boeing up to \$5 billion [3]. Meanwhile, Japan's two largest auto makers concluded that battery operated cars are currently not viable and may never be [4]. Hopefully, those

in charge of our energy policy will learn from the Japanese and move toward other energy alternatives.

Nevertheless, when it comes to buying cars, the US favors Japanese models. Case in point, US sales helped Toyota regain the world's sales leader for 2012 [5].

1. Reuters, *Exclusive: Japan eased safety standards ahead of Boeing 787 rollout*, January 28, 2013.
2. Norris, Guy, and Flottau, Jens, *Aviation Week, Charging On*, February 4, 2013.
3. Black, Thomas, and Ray, Susanna, *Bloomberg, Boeing Risks \$5 Billion in*

*Revenue on 787 Probe's Outcome*, January 28, 2013.

4. Shirouzu, Norihiko, et. Al., Reuters, *Insight: Electric cars head toward another dead end*, February 4, 2013.
5. BBC News, *Toyota reclaims world's top vehicle maker title*, January 28, 2013.

## Pollution

here is how much Chinese pollution finds its way back into the US?

One consequence of importing oil is that most of it arrives by ship. This in turn provides additional opportunity for environmental pollution. For example, Mississippi river traffic near Vicksburg was halted following a barge containing 80,000 gallons of oil struck a bridge and started leaking [7].

1. Watt, Louise, AP, *Smog Thick Enough to Cancel Flights Hits Beijing*, January 29, 2013.
2. Bloomberg News, *Beijing Told to Stay Inside Today as Pollution Blankets the City*, January 29, 2013.
3. Pierson, David, Los Angeles Times, *China uses*

*nearly as much coal as rest of the world combined*, January 30, 2013.

4. Ruwitch, John, Reuters, *China sentences 16 for violent protest against pollution*, February 7, 2013.
5. Phillips, Jack, Epoch Times, *China's Smog Affects South Korea, Too*, January 20, 2013.
6. The Japan Times, *China's thick smog settling over Japan*, February 5, 2013.
7. Mohr, Holbrook, AP, *Oil leak: Miss. River at Vicksburg remains closed*, January 29, 2013.

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*The American people have  
a right to air that they and  
their children can breathe  
without fear—Lyndon  
Baines Johnson*

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For the second time during January, smog returned to eastern China with visibility reduced to 109 yards and many scheduled commercial air flights cancelled [1]. In response, the Chinese government advised people in Beijing to remain indoors until the smog abated [2]. One sobering point is China now burns nearly as much coal as the rest of the world combined [3]. One of China's methods for dealing with pollution is to jail protesters [4].

China's pollution is causing problems for its neighbors. By one estimate, 40% of South Korea's air pollution comes from China [5]. In another example, the thick smog has found its way to Japan, causing a health hazard [6]. A question

## Economy

The US economy continues to experience recovery pains. For example, for the fourth quarter, the Gross Domestic Product (GDP) decreased by 0.1% [1]. As a side note, two consecutive quarters where the GDP shrinks is a technical indicator of a recession. In contrast, China's GDP growth rate for the fourth quarter was 7.9% [2]. Clearly, China's one sided trade policies are enriching that country. Case in point, US business leaders cited market access barriers as a contributing factor for reduced investment in the China market [3].

China is not the only country to use one sided trade practices. For example, it seems Japan is being allowed to devalue the Yen without consequences [4].

For the week ending January 26, the number of first time unemployment claims reported by the Labor Department was 368,000 [5]. For the week ending February 2, the num-

ber of claims was 366,000 and the previous week increased to 371,000 [6]. What's more, the January unemployment rate reported by the Labor Department increased from 7.8% to 7.9% [7]. Furthermore, while 157,000 jobs were added, 169,000 people left the workforce [8].

Meanwhile, the latest monthly trade deficit was \$38.5 Billion [9]. What's more, the December gap with China was \$24.5 Billion [10].

1. Chandra, Shobhana, Bloomberg, *Economy Unexpectedly Shrinks as U.S. Defense Spending Slumps*, January 30, 2013.
2. Back, Aaron, Wall Street Journal, *Quarterly Growth Gives China Boost*, January 18, 2013.
3. Pennington, Matthew, AP, *US businesses concerned over China market barriers*, February 4, 2013.
4. Cottle, David, Wall Street Journal, *Japan Gets Away With Weakening the*
5. Jamrisko, Michelle, Bloomberg, *Jobless Claims in U.S. Rose 38,000 Last Week to 368,000*, January 31, 2013.
6. Kowalski, Alex, and Chandra, Shobhana, Bloomberg, *Fewer Workers Filed Claims for Jobless Benefits in U.S.*, February 7, 2013
7. Rampell, Catherine, New York Times, *U.S. Adds 157,000 Jobs; Jobless Rate Edges Up to 7.9%*, February 1, 2013.
8. Stirewalt, Chris, Fox News, *US Workforce Shrinks, Ages in Obama's First Term*, February 1, 2013.
9. Chandra, Shobhana, Bloomberg, *Record Oil Exports Shrink Trade Deficit as U.S. Fills Energy Gap*, February 8, 2013.
10. Raval, Anjali, Financial Times, *US trade deficit narrows thanks to oil*, February 8, 2013.

Yen, February 5, 2013

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*There are always, of course, job losses of a cyclical nature in a recession—Tim Bishop*

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