

IN THE NEWS

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World News

For years, many have argued about the ethics of publishing how-to papers on computer viruses. Now the argument turns to the medical world. Case in point, Dutch scientists have created a mutated flu virus that could potentially kill millions; moreover, they want to publish how they accomplished the work [1]. In response to the upcoming publications, the National Science Advisory Board for Biosecurity has urged scientific journals not to publish the details of how the virus was made [2].

U.S. Secretary of Defense has indicated Iran will not be allowed to build an atomic bomb [3]. Meanwhile, Iran started a 10-day naval exercise near the Strait of Hormuz [4]. Iran also threatened to stop oil shipments if international economic sanctions are expanded [5]. To offset Iranian threats, the U.S. agreed to sell Saudi Arabia \$30 billion in new F-15 fighters and other system upgrades [6]. Additionally, the U.S. will sell the United Arab Emirates \$3.48B in missiles and technology to address Iran [7].

The last American troops left Iraq marking an end to direct U.S. military support [8]. One wonders what the future holds for the Middle-Eastern country. Perhaps the answer can be found from the bombings, following America's departure that left 65 people dead [9].

With China's increase in military capabilities, countries such as Japan are changing their policies to address the new threat. Case in point, the ban on weapons exports Japan had in place for decades was relaxed [10]. Elsewhere, China announced space plans to land a man on the moon around 2020 [11]. Meanwhile, the U.S. must rent seats aboard Russian Rockets at over \$50 million per person [12].

China has uncovered another incident where toxic chemicals were found in consumer's milk [13]. Elsewhere in China, the investigation of the July bullet train crash is complete; design flaws and 54 officials were identified as the cause [14]. In contrast, the NTSB took one year following the Washington Metro Red Line crash that killed 9 people to report track circuits were the cause [15]. However, the system was billed as fail-safe with multiple redundant backups [16]. It is unclear how a system managed centrally by a supervisory control and data acquisition (SCADA) system loses track of trains when rail circuits fail.



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Special points of interest:

- Dutch scientists create deadly flu virus
- Iran threatens to stop Gulf oil if sanctions are expanded
- Russian nuclear sub catches fire

Security

Sometimes it's not who votes but what controls the counting. For instance, the Iowa Republican caucusing system appears to be vulnerable to hackers [1].

Meanwhile, Chinese hackers breached the U.S. Chamber of Commerce's computers [2]. Elsewhere, hackers stole 200 GB of email and credit card data from the U.S. security

think tank, Stratfor [3]. Later, the hackers published private email messages obtained from the Stratfor breach [4]. In response, Stratfor is offering customers free identity theft protection [5]. In summary, the hackers dumped the names, addresses, and hashed password for over 800,000 users; including approximately 50,000 ending in .mil

or .gov domains. [6].

The U.S. is not alone in concern over lax security. Case in point, attackers were able to physically wander through a Russian military rocket facility without detection and posted pictures of the exploit [7]. Domestically, hackers breached a military gear web site compromising

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Security

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approximately 8,000 identities [8].

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target U.S. security think tank, December 25, 2011.

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A Russian nuclear submarine caught fire [17]. Of particular concern is Russian nuclear subs use titanium hulls [18]. Should the titanium catch fire, water cannot stop the process as seen in other metal fires [19]. However, Russia announced it had extinguished the fire after nearly one day fighting the fire [20]. This is not the first case of a Russian class sub catching fire. In 1989, a Soviet nuclear sub caught fire off of Norway and sank [21].

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3. Pelley, Scott, CBS, *Panetta: Iran will not be allowed nukes*, December 19, 2011.
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12. Boyle, Alan, MSNBC, *Next steps in a new space race*, December 12, 2011.

13. Burkitt, Laurie, Wall Street Journal, *Chinese Milk Producer Promises Tougher Measures Following Scare*, December 27, 2011.

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14. AP, *China blames 54 officials for bullet train crash*, December 28, 2011.

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18. Wilson, George, Washington Post/St. Petersburg Times, *Soviet sun tops U.S. models: source*, May 18, 1979.

19. Eugene Register-Guard, *Titanium Chips Catch on Fire*, August 13, 1964.

20. Reuters, *Russia submarine fire "totally extinguished"*, December 30, 2011.

21. AP/Daily News, *Soviet sub burns, sinks*, April 9, 1989.

A turtle travels only when
it sticks its neck out—
Korean Proverb

Energy

By one estimate, Russia spills 1% of its oil production (5 million tons) every year [1]. Moreover, Russia agrees with Canada's decision to back out of the Kyoto Protocol and will not assume any new commitments [2].

Ever since the Fukushima nuclear reactor meltdown, questions were raised as to how prepared and effective the Japanese response was. A recent 507-page report concludes the Japanese disaster response failed [3]. Meanwhile, the company that owns the stricken reactors and provides one third of Japan's power, has asked the Japanese government for an additional \$9 billion to pay victim's compensation [4].

The Saudis estimate that at \$74 per barrel, their budget will be balanced [5]. What's more, oil is currently trading around \$100 per barrel [6]. As long as the U.S. energy policy remains, import more oil, the Saudis should expect balanced budgets. Elsewhere in the Middle-East, following Iranian threats to close the flow of oil from the Gulf; the Pentagon stated such an act would not be tolerated [7]. So not only do we pay a high price for imported oil, we must commit

military forces to defend the foreign supply lines. Meanwhile, Iran claims to have made its first nuclear reactor fuel rod [8].

Many states are anticipating the dependence on imported oil will someday come to an end and natural gas will take on a larger role. Case in point, many states are trying to win new chemical plants needed for extracting natural gas from shale [9].

One item of interest is the overcapacity of U.S. oil refineries. This has culminated in an export between 2.77 million and 2.89 million barrels per day [10]. This indicates the U.S. is cutting back demand for gasoline (even though prices are high); however, foreign countries are still driving up demand [11]. This also indicates the U.S. currently has a greater refinery capability than required for domestic consumption.

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December 26, 2011.

An inefficient virus kills its host. A clever virus stays with it—James Lovelock

Economy

Cheers to a new year and another chance for us to get it right—Oprah Winfrey

First time unemployment claims were lower. For the week ending December 17, the number of first time unemployment claims was 364,000 [1]. For the week ending December 24, the unemployment claims were reported as 381,000 [2]. In another sign of a weak economy, home sales were down for the sixth month in a row [3]. The dollar as an exchange currency continues to diminish. Case in point, China and Japan have agreed to direct trading in each other's currency without first converting to dollars [4]. Meanwhile, China's rare Earth export quota for 2012 will remain the same as 2011 [5]. However, an initial 27% reduction was announced [6]. China is effectively forcing many industries to move to China in order to bypass the embargo [7]. Meanwhile, the U.S. and Europe have complained to the WTO; but such complaints take years to resolve allowing many industries to fail due to unfair competition. What's more, once again the Treasury

department has declined to label China a currency manipulator [8]. Interestingly, the last time the Treasury did label a country a currency manipulator was back in 1994 and that country was China [9].

Many are wondering how well the 2011 Christmas shopping season was for retailers. For Sears, it announced plans to close 100 to 120 (K-Mart and Sears) stores due to lackluster sales [10].

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