

IN THE NEWS

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World News

The Syrian civil war appears to be poised for escalation. Case in point, the US warned Syria not to use chemical weapons in its ongoing civil war [1]. This warning came as Syria was seen moving its chemical weapons components [2]. One report suggested that the chemical weapon, Sarin nerve gas, must be used within 60-days to be effective, else it degrades and must be destroyed [3]. However, the US options may be limited. Case in point, by one estimate, it could take tens of thousands of troops to secure Syria's chemical weapons [4]. Meanwhile, Syria appears to be using Scud missiles in attacking rebel positions near Turkey [5]. In response, the US announced plans to deploy two Patriot missile batteries along with 400 troops to the Turkish border with Syria [6]. Interestingly, Iran warned against such a move [7].

In Asia, China's claim to the entire South China Sea is resulting in tensions with other nations in the region. For example, Vietnam is stepping up naval patrols in the area to protect its fishing industry [8]. Meanwhile, China warned Vietnam to stop oil exploration in the contested areas [9]. To make its point, China conducted one of its largest air force drills in the area [10]. What's more, Chinese military planes flew over the Senkaku islands controlled by Japan (but claimed by China) [11]. This forced Japan to scramble F-15 fighters [12]. While the West is ignoring China, the communist nation continues to advance its technology. For instance, a Chinese space probe returned close up pictures of the asteroid Toutatis [13]. Stated another way, China has the ability to deliver nuclear weapons anywhere on Earth.

Elsewhere in Asia, it appears North Korea was successful in placing a satellite in orbit [14]. The missile launch prompted condemnation from Japan and the U.S. [15]. This means, like China, they now have a capability to deliver their nuclear weapons anywhere on Earth. What's more, since sanctions were ineffective when dealing with North Korea, why should we expect Iran to be any different?

1. Wall Street Journal/AP, *U.S. Warns Syria on Chemical Weapons*, December 3, 2012.
2. Time/AP, *Official: Syria Moving Chemical Weapons Components*, December 3, 2012.
3. Fox News, *Syria mixes chemical weapons for potential use in bombs, US source says*, December 6, 2012.

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Security

The latest version of malicious software (malware) is going undetected by current anti-virus software products [1]. In particular, there is concern that supply side products might include hardware exploits. For instance, following a congressional briefing warning of supply-chain exploits originating from China; DARPA announced it is launching a

program to address the issue [2].

Computer crime is a thriving industry. For instance, Facebook helped the FBI arrest cyber criminals blamed for \$850 million in losses [3]. Meanwhile, there is a new threat to financial institutions. Case in point, one report indicates Russian cyber-gangsters are preparing to attack U.S. financial institutions [4].

1. McCaney, Kevin, GCN, *New malware sneaks by most antivirus protection*, November 28, 2012.
2. McCaney, Kevin, GCN, *DARPA targets supply-chain threats in hardware, firmware*, December 4, 2012.
3. Chan, Edwin, Reuters, *Facebook helps FBI bust*

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Special points of interest:

- North Korea places satellite in orbit
- 51st bank shuttered

Security

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cybercriminals blamed for \$850 million losses, December 11, 2012.

4. Washington Times, U.S.

banks warned of cyberattack on accounts, December 14, 2012.

*The frog forgets that he
was once a tadpole—
Korean Proverb*

(Continued from page 1)

4. Hosenball, Mark , and Stewart, Phil, Reuters, *Securing Syria chemical weapons may take tens of thousands of troops*, August 17, 2012.
5. Holmes, Oliver, Reuters, *NATO says Syrian Scuds hit "near" Turkey*, December 14, 2012.
6. The Telegraph (UK), *US sends 400 troops with Patriot missile batteries to Turkish frontier*, December 14, 2012.
7. AFP, *Iran army chief warns Turkey over Patriot missiles*, December 15, 2012.
8. Reuters, *Vietnam steps up sea patrols as tensions with*

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China climb, December 4, 2012.

9. Reuters, *China says Vietnam must stop S.China Sea oil work*, December 6, 2012.
10. Washington Post/AP, *China's air force holds large-scale drill amid tensions with Japan, South China Sea claimants*, December 7, 2012.
11. Japan Times, *Defiant Chinese plane intrudes over Senkakus*, December 13, 2012.
12. Demick, Barbara, Los Angeles Times, *Japan scrambles jets in dispute with China over islands*, December 13, 2012.
13. Boyle, Alan, ABC News, *New milestone for China: Probe snaps close-ups of asteroid Toutatis*, December 15, 2012.
14. Reuters, *North Korea's new leader burnishes credentials with rocket*, December 12, 2012.
15. Kim, Hyung-Jin, AP, *North Korea Defies Warnings, Launches Long-Range Rocket*, December 11, 2012.

Economy

In another sign the banking industry is still recovering, Citigroup announced plans to cut 11,000 jobs [1]. Meanwhile, after a long pause, regulators resumed bank closures. For instance, the Community Bank of the Ozarks became the 51st financial institution closed this year [2].

The Labor department reported the unemployment rate at 7.7% but revised the number of jobs created during September and October downward [3]. While a rate going from 7.9% to 7.7% sounds like good news, the main driver is people that left the workforce. For instance, while 146,000 jobs were added, 350,000 people left the workforce and are no longer counted [4]. So essentially, the Labor Department took a terrible news report and declared it a good news story. While such approaches make for good headlines, the economy is still under pressure. For the week ending December 1, the number of first time unemployment claims was reported to be 370,000 [5]. For the week ending December 8, the Labor Department reported 343,000 first time unemployment claims and revised the previous week with an increase of 2,000 to 372,000 [6].

Back in January, 2009, Timothy Geithner clearly stated that China was manipulating its currency [7]. Yet, as Secretary of the Treasury, he has yet to label China as a currency manipulator. Had he done so, there would have been a number of trade practices applied to Chinese goods that would likely have saved many U.S. Jobs. As previously reported Treasury Department under Secretary Geithner, once again refused to label China as a currency manipulator [8]. Yet This comes as the US trade deficit with China (of October) set a new record high [9]. The China deficit for October was \$29.5 billion out of a \$42.2 billion total [10]. That is, 69.9% of our trade deficit goes to China. Clearly, the one sided trade practices are benefiting China at the expense of U.S. workers. It remains a mystery why Chinese jobs are considered more important than American jobs.

1. Silver-Greenberg, Jessica, New York Times, *Citigroup to Cut 11,000 Jobs and Take \$1 Billion Charge*, December 5, 2012.
2. AP, *Missouri bank failure brings 2012 total to 51*, December 14, 2012.
3. Schwartz, Nelson, New York Times, *U.S. Adds*

146,000 Jobs; Jobless Rate Falls to 7.7%, December 7, 2012.

4. Shah, Neil, Wall Street Journal, *Economy Adds 146,000 Jobs*, December 7, 2012.
5. Mutikani, Lucia, Reuters, *Jobless claims fall back to pre-storm range*, December 6, 2012.
6. Kowalski, Alex, Bloomberg, *Jobless Claims in U.S. Decline to a Nine-Week Low*, December 13, 2012.
7. Johnson, Ian, and Hong, Shen, Wall Street Journal, *Chinese Ministry Denies Geithner's Currency Claims*, January 24, 2009.
8. Klimasinska, Kasia, and Katz, Ian, Bloomberg, *U.S. Treasury Declines to Name China Currency Manipulator*, November 27, 2012.
9. AP, *Trade deficit grows to \$42.2 billion in October*, December 11, 2012.
10. Reuters, *U.S. Trade Deficit Widens in October*, December 11, 2012.
- 11.

Nevertheless, China was unfortunately unable to understand Japan's real position, and it is greatly to be regretted that the Sino-Japanese War became one of long duration—
Hideki Tojo

Energy

One problematic byproduct of energy consumption is pollution. However, while the US carbon emission fell last year to 2% to 5.9 billion tons; China increased 10% to 10 billion tons [1].

One of the green fuels, natural gas, is currently in abundance. For example, there are plans for the US to start exporting large quantities of natural gas [2].

1. AP, *Carbon pollution up to 2 million pounds a second*,

December 5, 2012.

2. New York Times, *Sending Natural Gas Abroad*, December 15, 2012.