

IN THE NEWS

VOLUME 5 ISSUE 27

DECEMBER 30, 2012

World News

China announced plans to invest \$1.6 billion in airports and piers located on islands claimed by Vietnam and the Philippines [1]. Elsewhere, the South China Sea contest between China and its neighbors appears to have changed Japan's leadership. Two days before the Japanese election, China submitted an 11-page document to the UN claiming the contested islands are tied to China by the continental shelf [2]. The Japanese election was a landslide victory for the right wing *Liberal Democratic Party* [3]. Among the stated goals of the newly elected leader, Shinzo Abe, is for Japan to build its own nuclear weapons [4]. What's more, Japan appears to have a 44 ton stockpile of Plutonium; more than enough for making over 1,000 nuclear warheads [5]. By one estimate, the 44-tons of Japanese Plutonium could make 5,000 nuclear bombs [6]. Of course, China has a vast array of nuclear weapons estimated by the former commander of Russia's nuclear forces, retired Col. Gen Viktor Yesin, at between 1,600 to 1,800 warheads and bombs [7]. What's more, China dispatched three ships that are not moving from one of the contested islands thereby challenging Japan's claim [8]. In desperation, other nations are looking toward India for help in countering the Chinese navy threat in the South China Sea [9].

There are continued concerns that Syria will resort to using chemical weapons in its ongoing civil war. However, it appears that Syria may be working on a cover story for chemical weapons use. Case in point, Syria is warning that the opposition might use chemical weapons and blame it on the government [10].

Iran is in the nuclear enrichment news. Once again, Iran has stated it will not back down from higher-grade uranium enrichment [11]. Concurrently, Iran's navy started a six-day exercise near the Strait of Hormuz (the Gulf chokepoint where most of the Middle-East oil traverses via tanker) [12]. This is a clear warning to the West that Iran has the ability to disrupt world oil supplies. Of course, the West's complete failure in stopping North Korea's nuclear weapons program is not lost on Iran. For example, Iranian experts were reported to have helped North Korea with its missile program [13]. What's more, one report indicates China has provided Iran with nuclear expertise and missiles as part of its anti-United States policy [14]. While the Western nations debate a response to North Korea, China continues to reward the rogue nation. Case in point, China's trade with North Korea increased 60% since 2011 [15]. So as we continue to acquiesce to China's one sided trade policies, we are undermining national security.

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Security

When the National Institute of Standards and Technology (NIST) called for Advanced Encryption Standard (AES) candidates, an operational Java implementation was required [1]. Now we are learning that Java has some serious security defects that are not keeping up with

- patch management [2]. Indeed, some are arguing that Java should be turned off due to design flaws actively being exploited [3].
1. Dray, Jim, NIST, *Report on the NIST Java™ AES Candidate Analysis*, November 8, 1999.
 2. Gonsalves, Antone, CSO, *Oracle's Java*

security update lacking, experts say, December 19, 2012.

3. Garber, Lee, *Have Java's Security Issues Gotten out of Control?*, IEEE Computer, December, 2012.

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Special points of interest:

- Japan may build nuclear weapons
- Java security issues

*The nail that sticks up gets
hammered down—Japanese
Proverb*

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3. Einhorn, Bruce, Bloomberg, *Japan Election Landslide Puts LDP Back in Power*, December 17, 2012.
4. Ryall, Julian, and Irvine, Chris, *The Telegraph* (UK), *Japan election winner fires early warning to China*, December 16, 2012.
5. Von Hippel, Frank, and Takubo, Masafumi, *New York Times* (Opinion Pages), *Japan's Plutonium Policy*, December 9, 2012.
6. *Japan Times*, *Britain can reuse plutonium extracted from Japan's spent fuel: expert*, November 24, 2012.
7. Gertz, Bill, *Washington Free Beacon*, *Number the Nukes*, December 14, 2012.
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9. Colvin, Ross, *Reuters*, *In China's shadow, ASEAN leaders look to India for maritime security*, December 20, 2012.
10. Lederer, Edith, *AP*, *Syria Says Opposition Could Use Chemical Weapons*, December 17, 2012.
11. Torbati, Yeganeh, *Reuters*, *Iran defiant on enrichment ahead of possible nuclear talks*, December 18, 2012.
12. Gladstone, Rick, *New York Times*, *Iran: Navy Begins War Games Near Vital Waterway*, December 28, 2012.
13. *Jerusalem Post/Reuters*, *Iran stations defense staff at North Korean site*, December 2, 2012.
14. Gertz, Bill, *Washington Free Beacon*, *From Beijing with Love*, December 20, 2012.
15. Yeon, Sangwon, Bloomberg, *N. Korea's China Trade Expanded*, December 26, 2012.

World News

Energy

One report suggests natural gas will replace coal as the world's number 1 energy source [1]. Moreover, fracking may be key for US energy independence [2]. Consider a time when the US would not be required to protect Middle-East oil supplies? Meanwhile, the EPA has cracked down on the coal industry and may do the same for the fracking technology [3]. The environmental argument is that fracking might contaminate in ground drinking water. However, even if we accepted the unproven argument that fracking is environmentally bad; if the water is exposed to petroleum based products, its already contaminated and unfit for drinking. So is the argument, we are taking unusable water and making it unusable? Further-

more, preventing US energy dependence could damage the weak economy. For instance, the new supply of natural gas (due to fracking) has lowered energy process, driving down the cost of electricity and creating new jobs [4]. As a final environmental test; consider what it's like driving behind a diesel bus compared to one using natural gas.

While the rest of the world debates the best energy approach, China continues to expand its nuclear capability. For example, since October, work has started on constructing three nuclear reactors [5]. What's more, after previously announcing plans to phase out nuclear power plants; Japan is reconsidering the decision [6].

1. Snow, Nick, Oil & Gas Journal, *ExxonMobil sees gas displacing coal as world's*

No. 2 energy source, December 17, 2012.

2. Ailworth, Erin, Boston Globe, *Fracking may hold key to energy independence*, December 30, 2012.
3. Leff, Jonathan, and Schneyer, Joshua, Reuter, *After Jackson, EPA faces big decisions on U.S. fracking boom*, December 28, 2012.
4. Anderson, Eric, Times Union, *Natural gas price ignites growth*, December 29, 2012.
5. World Nuclear News, *Three Chinese Nuclear Reactor Projects Underway*, December 18, 2012.
6. Obe, Mitsuru, Wall Street Journal, *Tokyo Reconsiders Nuclear Phase-out*, December 28, 2012.

*An appeaser is one who
feeds a crocodile, hoping it
will eat him last—Prime
Minister Winston
Churchill*

Economy

For the week ending December 15, the number of first time unemployment claims was reported by the Labor Department as 361,000 [1]. For the week ending December 22, the number as reported as 350,000 and the previous week revised to 362,000 [2].

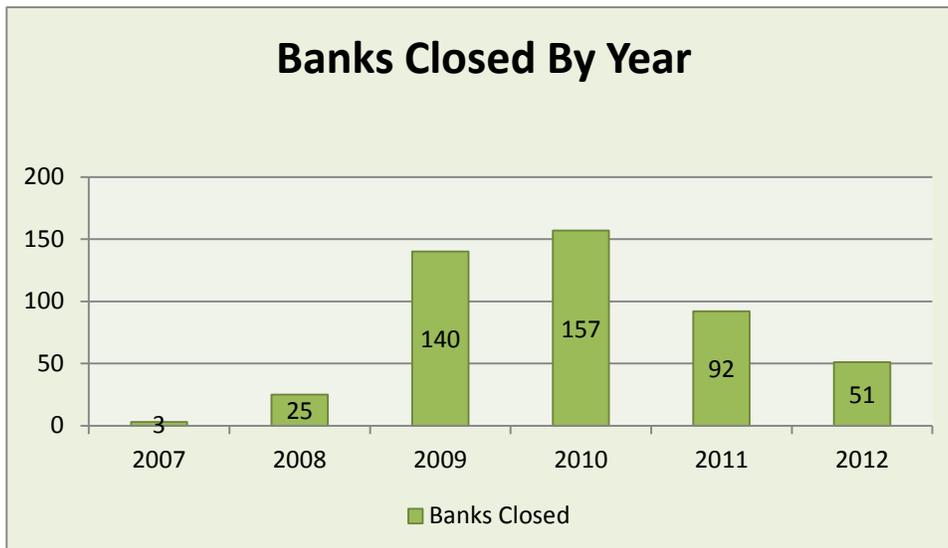
Good news for economically stricken Michigan. Ford Motor Company announced plans to spend nearly \$1 billion in the south-east portion of the state [3]. The success of Ford has not gone unnoticed by Japan in its efforts to help exports. For instance, it is expected Japan will manipu-

late its currency, making the dollar stronger and thereby helping Japanese industry to erode US competitiveness [4].

The banking regulators concluded the year with 51 financial institutions shuttered during 2012. The chart below depicts a bell curve graphic with 2010 as the year with the most closures. This would indicate stability is returning to the banking industry. However, the frail economy could easily plunge us backwards.

1. Kowalski, Alex, Bloomberg, *Initial Jobless Claims in U.S. Rose Last Week to 361,000*, December 20, 2012.

2. UPI, *First-time jobless claims drop by 12,000*, December 27, 2012.
3. Goreham, John, Torque News, *Ford will pour nearly a billion dollars into SE Michigan and add thousands of jobs*, December 27, 2012.
4. Nakamichi, Takashi, and Ito, Tatsuo, Wall Street Journal, *Japan's Call for Weakening Yen Spurs Talk of Copycat Moves*, December 27, 2012.



there is a certainty that it [the a-bomb] will in the future be developed by potential enemies and that it will probably be used against us—Admiral William D. Leahy
