

IN THE NEWS

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Economy

In a sign of the times, the historic city of Detroit (Motor City) has filed for bankruptcy; making this the largest municipal bankruptcy in US history [1]. The bankruptcy paints a sad picture of what was once the fourth largest city in the US. The city's fall has been breathtaking. For example, the homicide rate is its highest in 40 years, over 100,000 creditors are owed \$18 billion, 40% of street lights don't work, and 66% of ambulances are out of service [2]. As the US auto industry slid behind unfair trade practices, so too did Detroit. Until unfair international trade is resolved, this is the model going forward. Consider how the population has decreased. During the 1950's 1.8 million lived in the thriving city; today barely 700,000 live in Detroit [3]. In 1950, there were 296,000 manufacturing jobs in Detroit; by 2011 the number was only 27,000 [4]. As one report indicates, the weak auto industry resulted in lost jobs and fewer taxes collected; thereby driving Detroit into bankruptcy [5]. Interestingly, one opinion piece points out free trade agreements resulted in US auto jobs going to other countries [6].

For the week ending July 13, the number of first time unemployment claims reported by the Labor Department was 334,000 [7]. Then for the week ending July 20, the number of first time claims rose to 343,000 [8]. Unfortunately, these Labor Department announcements mask the true scope of the weak economy. Case in point, 22 million Americans are unemployed or under employed [9].

On the positive side, a leading economic indicator is the stock market. To this end, a new record high was again observed [10]. However, one needs to ask who is making money on the stock market and how much of the gain is due to high speed trader manipulation. For instance, regulators detected and fined a high speed trading firm for using an algorithm that manipulated oil and commodities prices [11]. A question here is how many other algorithms are effectively doing the same thing?

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2. Cherney, Mike, Wall Street Journal, *Detroit's Bankruptcy: 40% of Street Lights Don't Work, 66% of Ambulances Out of Service*, July 18, 2013.
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Security

Sometimes, new technology is deployed without considering the security consequences. We have cases where laptop and phone built in cameras were hacked and used by bad actors to spy on people. In a more recent example, the new Google glasses were hacked to include a facial recognition capability [1].

Bad actors continue to

target evolving technology firms. For instance, it seems hackers breached Apple's software developer's site [2].

Once again, bank security is in the news. One report suggests malicious software at a New Hampshire bank may have compromised over 100,000 accounts [3]. Meanwhile, Federal prosecutors charged five Russian and Ukrainian hackers with hacking US corporate net-

works and stealing 160 million credit card numbers [4].

A hacker famous for an ATM exploit, Barnaby Jack, died at age 35; just prior to presenting his findings on how to hack embedded medical devices and then administer lethal doses of medicine from 300 feet away [5]. At this time, the

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Special points of interest:

- Detroit files for bankruptcy

Security

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cause of death has not been reported.

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2. Economic Times/

Reuters, *Apple software developers site hacked*, July 22, 2013.

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4. Greenberg, Adam, SC

Magazine, *Five charged in hacking corporate networks to steal 160M card numbers*, July 25, 2013.

5. Holpuch, Amanda, The Guardian (UK), *Hacker Barnaby Jack dies in San Francisco aged 35*, July 28, 2013.

Economy

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*To hold a man down, you
have to stay down with
him—Booker T.
Washington*

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5. USA Today, GM CEO: *Auto industry had role in Detroit fiscal slide*, July 19, 2013.
6. Martelle, Scott, Washington Post, *Five myths about Detroit*, July 27, 2013.
7. Smialek, Jeanna., Bloomberg, *U.S. Jobless Claims*

Decline on Auto Factory Shutdowns, July 18, 2013.

8. Baca, Alexandria, and Chandra, Shobhana, Bloomberg, *Jobless Claims in U.S. Rose by 7,000 to 343,000 Last Week*, July 25, 2013.
9. Zuckerman, Mortimer, Wall Street Journal, *Mort Zuckerman: A Jobless Recovery Is a Phony Recovery*, July 15, 2013.
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spite Some Big Earnings Misses, July 19, 2013.

11. Thompson, Mark, CNN, *High speed trader fined \$3 million for commodity manipulation*, July 22, 2013.

Syria

The war in Syria continues to escalate. For instance, the UN estimates 5,000 die each month as a consequence of the ongoing conflict [1]. What's more, one senior United Nations humanitarian official is warning the war in Syria could engulf the entire Middle-East [2]. Furthermore, one piece suggests Israel is training for a potential border conflict with Syria [3]. This follows reports of mortar shells fired from Syria landing on Israel territory [4]. What's more, one report suggests that in neighboring Egypt, 72 people were killed during one night of rallies [5].

On the plus side, the continued fighting is depleting Syria's stockpile of weapons. By one estimate, Syria may have expended half of its missile stockpile in the ongoing civil war [6].

Meanwhile, asymmetric attacks continue to challenge the ruling government within Syria. For instance, another car bomb exploded north of

the capital, killing 13 people including 10 police officers [7].

The threat of chemical weapons use against the rebels continues to be a news item. For example, Britain is giving protective equipment to the rebels [8].

1. Witcher, Timothy, AFP, *Syria death toll hits 5,000 a month: UN*, July 17, 2013.
2. Freund, Larry, VOA, *UN Official Warns Syrian Fighting Could Ignite Middle-east*, July 16, 2013.
3. Lapin, Yaakov, Jerusalem Post, *Mortar shells from Syria explode in Golan*, July 16, 2013.
4. Duthiers, Vladimir, CNN, *Israel trains for border clash with Syria*, July 16, 2013.
5. al-Atrush, Samer, AFP, *At least 72 killed at pro-Morsi Cairo rallies*, July 28, 2013.
6. Kredo, Adam, Washington Free Beacon, *Israeli Expert: Syrian Missile Stock-*

pile Half Depleted, July 19, 2013.

7. AP/Fox News, *Syrian activists say car bomb north of capital kills 13 people, including 10 policemen*, July 15, 2013.
8. Osborn, Andrew, Reuters, *Britain giving Syrian rebels protection against chemical weapons*, July 16, 2013.

*A business that makes
nothing but money is a
poor business—Henry Ford*

World News

A North Korean ship was seized in the Panama Canal zone after a military cargo was discovered hidden in containers of brown sugar [1]. It seems the cargo included missiles and the voyage originated from Cuba [2]. Meanwhile terrorist are again in the news. Case in point, in Iraq two jailbreaks freed a number of Al-Qaeda terrorists [3]. It is estimated that over 500 escaped the two prisons [4]. What's more, in Benghazi, Libya, 1,200 prisoners escaped [5]. In more bad news, a Rand study indicates the Al-Qaeda terrorist group is growing in size [6].

While the US continues to downsize its military and nuclear capability, China is expanding its arsenal. For example, one piece indicates China's three new Type 094 missile submarines, each with 12 missile launch tubes capable of firing the JL-2 submarine-

launched ballistic missiles (SLBMs), will begin sea patrols in 2014 [7]. Additionally, one article indicates Russia plans to build up its Pacific navy fleet starting in 2014 [8]. In turn, the rising power of China is causing Japan to consider a pre-emptive attack capability [8].

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2. AP/USA Today, *Panama seizes North Korean ship carrying missiles*, July 16, 2013.
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zi prison with help of neighbors, July 28, 2013.

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7. Gertz, Bill, Washington Free Beacon, *PLA Navy to Begin First Strategic Missile Submarine Patrols Next Year*, July 23, 2013.
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9. Sieg, Linda, Reuters, *Japan likely to mull pre-emptive strike ability in defence update*, July 24, 2013.

If you put this in the context of Detroit in '64 or '65, the economy was booming. Everybody had jobs and there was a whole nightclub culture where bands could work.—Wayne

Kramer

China

A another aspect of doing business with China is considering the bribes that must be paid. Case in point, one report indicates GlaxoSmithKline Plc paid \$489 million in bribes to Chinese officials since 2007 [1].

Meanwhile, the contested South China Sea continues to make news. For instance, Japanese Prime Minister Shinzo Abe renewed claims to some of the islands that China also claims [2].

Elsewhere, China keeps its military pressure on countries disputing its claim to the South China Sea. For example, Japan had to scramble fighter jets when Chinese military aircraft flew near its southern islands [3]. What's more, China claims its patrol boats confronted Japanese vessels near the contested islands [4].

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15, 2013.

2. AP/Fox News, *Japan's Abe renews claim on disputed islands, cheer coast security officials*, July 17, 2013.
3. Takenaka, Kiyoshi, Reuters, *Japan scrambles jets after China military plane flies by disputed islands*, July 24, 2013.
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