

IN THE NEWS

VOLUME 7 ISSUE 2

JANUARY 26, 2014

World News

China continues to advance its military technology. In the latest example, the communist giant tested a new ultra-high speed missile designed to deliver nuclear warheads through the US missile defense system [1]. What's more, China appears ready to use its military to gain additional territory. Case in point, one article indicates China plans a military operation to seize the Philippines' Pagasa Island [2]. This is a similar approach to the one used back in 1994 when China seized the Pangani-ban Reef from the Philippines without a fight [3]. That action went virtually unchallenged by the West. To downplay China's aggressive action, the official acknowledgement by Manila did not come until years later [4]. The land grab didn't stop there, China continued to build structures on other nearby reefs, essentially taking over additional land claimed by the Philippines [5]. What's more, last year China upgraded the conquered reef, turning it into a forward naval station [6]. Island conquests are not limited to just the Philippines. For instance, 40 years ago China conquered a series of islands from Vietnam [7]. Perhaps the most telling information on what the future holds comes from a Chinese general who commented that armed conflict in the South China Sea would be a good chance to test China's military [8].

To further explore how China fortifies the islands they conquer, consider the Paracels that were taken from Vietnam in 1974. China announced it will start patrols of a 5,000 ton ship from one of the captured islands [9]. In conclusion, the only response from the West to China's continued aggression has been to embrace one-sided trade agreements that enrich the communist giant while sapping the life from those foolish enough to tolerate the imbalance. A question here is why should we expect China to cut back on its aggression when the world responds by appeasement?

In the Middle East, Iran has secured a treaty that essentially allows them to continue nuclear weapons development [10]. According to Iranian officials, they are not required to dismantle any of their nuclear capabilities [11]. Now the Islamic nation is moving the risk closer toward US shores. Case in point, two Iranian warships are heading for the Atlantic Ocean, a first for Iran [12]. We hope the US Navy closely monitors the Iranian warships and has the authorization to shoot down any missiles launched by these warships. It would be foolish not to think Iran does not have a nuclear missile system right now and that the US is a prized target.

(Continued on page 2)

Security

Today's commercial aircraft are packed with electronic equipment, including navigation computers. So when things go wrong, we have to ask if there is more to the story. For instance, last November, a large jet landed 9 miles from its destination [1]. Then on January 13, a Southwest Airlines jet with 124 passengers landed at

the wrong destination, a small airport located in Taney County, Missouri, located seven miles from the intended destination [2]. In both cases, the wrong airport had a short runway. Why would the computers not warn the pilot that the plan was going to a short runway? Finally, there is hope that

technology will be used to mitigate identity theft. Case in point, after confirming malware infected point of sale machines, the CEO of Target would like his company to migrate to cryptographic chip smartcards [3]. Security patches continue to make news. For instance, Adobe released patches to

(Continued on page 2)

Inside this issue:

Terrorism	3
Economy	4
China Pollution	4

Special points of interest:

- Plane lands at wrong airport
- Hackers install bot net in a refrigerator
- First 2 banks shuttered this year

Security

(Continued from page 1)

fix vulnerabilities in the Flash, Reader, and Acrobat products [4]. Additionally, Oracle released patches to fix 144 flaws [5]. Furthermore, Microsoft's patch Tuesday included four fixes [6]. Interestingly, last year 76% of web-based attacks targeted Java [7].

Computers are now part of most electronic devices used in the home and as such can be used for malicious purposes. For instance, bad actors hacked into a refrigerator and installed a bot net [8].

As the impact of the Target retail store breach continues to unfold, it is worth examining where the stolen information is being exploited. Case in point; two Mexican citizens were detained in south Texas after using stolen

Target information to purchase tens of thousands of dollars in goods [9]. So Mexican citizens know where to get the stolen information; the only ones that seem to be at a loss are US law enforcement.

1. Mutzabaugh, Ben, USA Today, *Boeing jumbo jet takes off after landing at wrong airport*, November 21, 2013.
2. Fantz, Ashley, and Payne, Ed, CNN, *Question: How could a passenger jet land at the wrong airport? Answer: Uh ...*, January 14, 2014.
3. Greenberg, Adam, SC Magazine, *Target CEO confirms malware on POS machines, talks chip cards*, January 13, 2014.
4. Greenberg, Adam, SC Magazine, *Adobe patches critical Flash, Reader and Acrobat vulnerabilities*, January 14, 2014.
5. Greenberg, Adam, SC Magazine, *Critical patch fixes nearly 150 flaws in hundreds of Oracle products*, January 14, 2014.
6. Seltzer, Larry, ZDNet, *Patch Tuesday Lite: 4 non-critical updates from Microsoft*, January 14, 2014.
7. Paoli, Chris, Redmond Magazine, *Java Flaws and Android Malware Sharply Increase in 2013*, January 17, 2014.
8. Bort, Julie, Business Insider, *For The First Time, Hackers Have Used A Refrigerator To Attack Businesses*, January 16, 2014.
9. Fox News/AP, *Feds, police differ over whether Texas border arrests linked to Target breach*, January 21, 2014.

*Foolishness is indeed the
sister of wickedness—
Sophocles*

World News

(Continued from page 1)

1. Gertz, Bill, Washington Free Beacon, *China Conducts First Test of New Ultra-High Speed Missile Vehicle*, January 13, 2014.
2. Lee-Brago, Pia, The Philippine Star, *China preparing to seize Pagasa Island – report*, January 14, 2014.
3. Richardson, Michael, New York Times, *Chinese Gambit: Seizing Spratly Reef Without a Fight*, February 17, 1995
4. Manila Standard, *China occupies Panganiban Reef*, February 7, 2002
5. Dacanay, Barbara Mae, Gulf News, *China builds on five more reefs near Philippine-claimed island*, May 24, 2011.
6. Laude, Jaime, The Philippine Star, *China transforms reef into naval station*, July 27, 2013.
7. BBC News, *Shift as Vietnam marks South China Sea battle*, January 15, 2014.
8. Chan, Minnie, South China Morning Post, *Fighting in East, South China Seas would test PLA prowess, general says*, January 16, 2014.
9. Blanchard, Ben, and Yan, Huang, Reuters, *China to start regular patrols from island in South China Sea*, January 21, 2014.
10. AFP, *Geneva deal doesn't stop Iran's bid for a bomb: Israel*, January 20, 2014
11. Cohen, Tom, CNN, *Iranian official on nuke deal: 'We did not agree to dismantle anything'*, January 23, 2014
12. AP, *Iran sends warships to Atlantic*, January 21, 2014.

Terrorism

Terrorism in Iraq continues to make news. For instance, a bomb detonated at a bus terminal located in Baghdad, killing at least 9 people [1]. Meanwhile, a fresh wave of bombings killed an estimated 41 people in central Iraq [2]. Then the Muslim Brotherhood is believed to be behind three bombings in Cairo, Egypt, that killed at least 5 people [3].

Beirut continues to be a hot area where Sunnis and Shiites acts of terrorism escalate. In the latest example, a car bomb directed against the Shitte Hezbollah group killed at least four people [4].

Elsewhere, Russia continues to worry about the upcoming Winter Olympics in Sochi.

For instance, Muslim extremists are warning they plan acts of terrorism during the Olympics [5]. In an attempt to ease

fears, Russian President Putin promised the games will be safe [6]. In the meantime, Russian law enforcement is trying to find four women believed to be planning suicide attacks during the Olympics [7]. What's more, Russian police claim they killed a terrorist suspect in a shootout [8].

1. Raheem, Kareem, Reuters, *Bomb explodes at Baghdad bus terminal, killing 9 – police*, January 12, 2014.
2. BBC News, *Dozens killed in Iraq bomb attacks*, January 15, 2014.
3. AP, *Bombs hit Cairo police stations killing five on eve of Mubarak overthrow anniversary*, January 24, 2014
4. Hadid, Diaa, ABC News/AP, *Car Bomb Hits Shiite Suburb of Beirut, Killing 4*, January 21, 2014.
5. Katz, Andrew, Time, *Group Threatens Olympics in Claiming Responsibility for Russia Bombings*, January 20, 2014.
6. Smith-Spark, Laura, and Shoichet, Catherine, CNN, *Sochi Winter Olympics: Video threat emerges amid security concerns*, January 20, 2014.
7. Kemp, Joe, New York Daily News, *Russia hunts as many as 4 'black widow' bombers before Olympics*, January 20, 2014.
8. Reuters, *Russian police kill terror suspect in Winter Olympics security crackdown*, January 21, 2014.

*When even one American -
who has done nothing
wrong - is forced by fear to
shut his mind and close his
mouth - then all
Americans are in peril.—
Harry S. Truman*

Economy

In 2012, the WTO concluded that China was unfairly placing tariffs on imported US steel products and the US still claims China's response has been inadequate [1]. This is the same model that was used by Japan to decimate US industry. Drag the debates out in world courts and after the US industry is bankrupt, then pay a fine. Clearly, the US is still not serious in dealing with the one sided China trade problem and it remains an existential treat.

Meanwhile, some think China's currency manipulation is the unfair trade practice most responsible for the deficit [2]. However, as noted in the tariffs applied to US goods, currency manipulation is just one of the methods successfully used by China to cripple US trade.

To explore the consequences of unfair trade, consider the former small appliances factory General Electric (GE) had in Columbia, Maryland. When the products are made overseas, what happened to the employees? In the case of GE there were layoffs [3]. In looking at one of the large retailers, the clothing, shoes, and small appliances are made

in China. So what happened to those American's that lost their jobs? Perhaps the best answer is that now nearly 92 million Americans are no longer in the workforce [4].

According to the Labor Department, the number of first time unemployment claims for the week ending January 11 was 326,000 [5]. Then for the following week, the number was also reported at 326,000 [6].

In a sign of economic stress, retail stores are planning more layoffs. For instance, J.C. Penney announced plans to eliminate 2,000 jobs and close 33 stores [7]. This follows the announcement that Macy's will lay off 2,500 workers [8].

Meanwhile, the DuPage National Bank in Illinois became the first financial institution shuttered by regulators in 2014. Then on January 24, regulators closed the Bank of Union in Oklahoma [10].

1. News, *US challenges China over hi-tech steel imports*, January 13, 2014.
2. Newton-Small, Jay, *Time, Why Trying to Hurt China in the Trade Game Could Backfire*, January 14, 2014.

3. New York Times, *G.E. to Cut 1,400 Workers*, May 15, 1989.
4. Mail Online (UK), *More Americans than ever before are not working with 92 MILLION people out of the workforce*, January 10, 2014.
5. Stilwell, Victoria and Smialek, Jeanna, *Bloomberg, Jobless Claims in U.S. Fall to Lowest in More Than a Month*, January 16, 2014.
6. Mutikani, Lucia, *Reuters, U.S. jobless claims up modestly, labor market trend improving*, January 23, 2014
7. CBS News, *J.C. Penney closing 33 stores, cutting 2,000 jobs*, January 16, 2014.
8. Bloomberg, *Macy's to lay off 2,500 workers, close some stores*, January 8, 2014.
9. ABC News/AP, *Regulators Close Bank in Illinois*, January 18, 2014.
10. Kell, John, *Wall Street Journal, Regulators Close The Bank of Union in Oklahoma*, January 24, 2014.

*People never lie so much as
after a hunt, during a war
or before an election—Otto
von Bismarck*

China Pollution

During the colder weather, smog blankets major Chinese cities. After reaching 20 times the World Health Organization limit for particulate air pollution and the poor visibility it caused; Beijing closed four major highways [1]. Meanwhile, researchers are starting to model the impact of China's pollution on the US. One paper finds nitrogen oxides and carbon monoxide

pollution from China are contributing to smog in Los Angeles [2]. What's more, in the Western US, between 12 and 24 percent of the sulfate pollution now originates from China [3].

1. BBC News, *Caution urged as Beijing smog levels soar*, January 16, 2014.
2. Wong, Edward, *New York Times, China Ex-*

ports Pollution to U.S., Study Finds, January 20, 2014.

3. Landau, Elizabeth, *CNN, China's exports linked to western U.S. air pollution*, January 21, 2014.