

IN THE NEWS

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World News

The future will certainly include China as a force to be reckoned with. For instance, China conducted its third test of a new hypersonic missile capable of traveling eight times the speed of sound [1]. Meanwhile, China's rapid military expansion continues to escalate an arms race. For instance, to address China's expanding fleet India is building toward a Navy of 150 ships [2]. Meanwhile, China has plans for a 351 ship Navy by 2020 [3]. Stated another way, by 2020 China will have more warships than does the US [4]. One report indicates China plans to build an additional three aircraft carriers in addition to the one it already has [5]. Meanwhile, China is expected to start sea patrols of its JIN nuclear submarines initially equipped with 4,598 mile range JL-2 missiles [6].

In addition to building its military, China is embarking on anti-Japanese nationalism. For instance, China is holding its first national Remembrance Day ceremony honoring the victims of the 1937 Japanese massacre in Nanking [7]. During the 1937 attack, estimates place the death toll in the 40,000 to 300,000 range and keeps Chinese animus alive [8].

By one estimate, Russia spent \$90 billion on its military during 2013 [9]. What's more, some believe Russia has at least 5,000 nuclear tactical nuclear weapons; far more than the US [10]. Like China, Russia is aggressively flexing its military muscle. For instance, Russian aircraft and ships are routinely skirting the borders of neighboring Estonia, Latvia and Lithuania [11]. Additionally, one Russian aircraft operating with its transponder off, nearly collided with a passenger jet over Sweden [12].

1. Gertz, Bill, Washington Free Beacon, *China Conducts Third Flight Test of Hypersonic Strike Vehicle*, December 4, 2014.
2. Reuters/Newsweek, *China's Sea Activity Puts Region On Edge*, December 2, 2014.
3. Osborn, Kris, Business Insider, *China Wants To Grow Its Navy To Over 350 Ships By The End Of The Decade*, December 4, 2014.
4. Tharorr, Ishaan, Stars and Stripes/Washington Post, *China predicted to have more warships than the US by 2020*, December 5, 2014.
5. China Times, *PLA considering plan to build three more aircraft carriers*, December 4, 2014.
6. Tweed, David, Bloomberg, *China Takes Nuclear Weapons Underwater*

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Security

The hacking attack against Sony resulted in the pirated release of five new movies [1]. Additionally, an estimated 47,000 Social Security Numbers of current and former Sony employees were breached during the attack [2]. By one estimate, the Sony breach could cost \$100 million [3]. What's more,

the company may have suspended filming because their payment system was breached [4]. One report indicates the FBI issued a warning to US businesses about malicious software (Malware) attacks [5]. As there was nothing forwarded from the Chamber of Commerce, we assume the warning only went to some

businesses. The question here is what happens to the other businesses that may also be at risk?

Sony is not alone in being the recipient of hacker attacks. For instance, one piece indicates e-cigarettes made in China include Malware embedded with

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Special points of interest:

- China is now the world's largest economy
- \$29.6 billion October trade deficit with China
- China posts record \$54.47 billion November trade surplus
- Gas falls below \$2.00 per gallon

Security

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the USB hookup [6].

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2. Mlot, Stephanie, *PC Magazine*, *Sony Hack Exposes Celebs' Social Secu-*

rity Numbers, November 5, 2014.

3. Richwine, Lisa, *Reuters*, *Cyber attack could cost Sony studio as much as \$100 million*, December 9, 2014.
4. The Telegraph (UK), *Sony suspends film shoots after hackers hit payments*, December 12, 2014
5. Reuters/CNBC, *FBI*

warns US businesses of 'destructive' malware, December 1, 2014.

6. Robinson, Teri, *SC Magazine*, *E-cigarette from China distributes malware to systems*, November 26, 2014.

He who learns but does not think, is lost! He who thinks but does not learn is in great danger-Confucius

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Where Prying Eyes Can't See, December 9, 2014.

7. Japan Times, *China to hold first national day ceremony for Nanking Massacre victims*, December 11, 2014.
8. Traynor, Paul, and Bodeen, Christopher, *Stars and Stripes*, *Chinese leaders preside over WWII Nanking massacre remem-*

brance, December 13, 2014.

9. Masters, Jonathan, *Newsweek*, *How Strong Is the Russian Military?*, December 12, 2014.
10. Yenko, Athena, *International Business Times*, *Russia Shocks US With Tactical Weapons, Pentagon Retaliates*, November 15, 2014.
11. The Telegraph (UK), *Baltic states spend big on*

defence as Russia buzzes borders, December 13, 2014.

12. M. Olsen, Jan, *AP*, *Sweden: Another near-miss in Baltic skies*, December 13, 2014.

*From the deepest desires
often come the deadliest
hate-Socrates*

Terrorism continues to increase around the world. By one estimate, during the month of November there were 664 jihadist attack in 14 countries that left 5,042 people dead [1].

The Islamic State (IS) is claiming responsibility for shooting a Danish citizen in the Saudi capital [2]. If confirmed, this would indicate the oil giant Saudi Arabia has an expanding terrorism risk. Elsewhere, the IS claims to have shot down a helicopter in Iraq, killing two people in the attack [3]. What's more, one report indicates China may soon start airstrikes in Iraq that target IS terrorists [4].

Russia continues to have problems with the Chechen Islamic terrorists. For instance, a terrorist attack in Chechnya's capital left at least 20 dead and a major media building gutted by fire [5].

US citizens overseas are being subjected to heightened acts of terrorism. Case in point, in United Arab Emirates, police

arrested a woman who allegedly killed an American school teacher and separately tried to bomb an American doctor's apartment [6].

In Afghanistan, the Taliban terrorist organization is still quite active. Case in point, two American soldiers and 19 other people were killed in separate Taliban attacks [7]. In neighboring Pakistan, police killed four Taliban terrorists planning to attack Shiite Muslims [8].

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2. Omran, al Ahmed, Wall Street Journal, *Islamic State Supporters Apparently Claim Responsibility for Shooting of Dane in Saudi Arabia*, December 2, 2014.
3. Hanna, Jason, et. al., CNN, *Hundreds of British troops going to Iraq, official says*, December 13, 2014.
4. Bozorgmehr, Najmeh, Financial Times, *China offers to help Iraq defeat Sunni extremists*, December 12, 2014.
5. Sadulayev, Musa, and Isachenkov, Vladimir, ABC/AP, *Islamic Militants Attack Chechen Capital; 20 Dead*, December 4, 2014.
6. Fitch, Asa, and Al Omran, Ahmed, Wall Street Journal, *Woman Held for Abu Dhabi Killing of U.S. Teacher*, December 4, 2014.
7. Popalzai, Masoud, and Spark, Laura Smith, CNN, *2 American soldiers, 19 Afghans killed in 2 days of Taliban attacks*, December 13, 2014.
8. AP/ABC News, *Pakistan Police: 4 Taliban Plotting Attack Killed*, December 13, 2014.

Terrorism

Economy

According to the International Monetary Fund, China has surpassed the US as the world's largest economy [1]. Meanwhile, the Labor Department reported the number of first time unemployment claims for the week ending November 29 was 297,000 [2]. Then for the week ending Dec. 6, the number reported was 294,000 [3]. For November, the reported unemployment rate was 5.8% [4].

There are telltale signs the economy is still soft. The retail and online sales from the Thanksgiving holiday are reportedly 11% lower than last year [5].

Unfair trade practices resulted in the loss of many US industries. Now one of the original architects, Japan, is undergoing similar attacks from other developing countries. Perhaps this is why the Moody's company downgraded Japan's credit rating [6].

As a refresher, according to the Commerce Department, for September, the trade defi-

cit with China surged 17.6 percent to a new record high of \$35.6 billion [7]. Overall, the total US trade deficit was \$43 billion [8]. More recently, the US trade deficit for October was \$43.3 billion; with \$29.6 billion going to China [9]. Meanwhile, due in part to lower oil prices; China reported a record \$54.47 billion trade surplus for November [10].

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4. Sharf, Samantha, Forbes, Jobs Report: U.S. Economy Added 321,000 Jobs In November, Unemployment Steady At 5.8%, December 5, 2014.
5. Tabuchi, Hiroko, New

York Times, *Thanksgiving Weekend Sales, at Stores and Online, Slide 11 Percent*, November 30, 2014.

6. Warnock, Eleanor, and Narioka, Kosaku, Wall Street Journal, *Moody's Downgrades Japan's Credit Rating*, December 1, 2014.
7. Boak, Josh, AP, *US trade deficit expands in September*, December 3, 2014.
8. Ro, Sam, Business Insider, *America's Trade Deficit Expands*, December 4, 2014.
9. Bartash, Jeffrey, Market Watch, *U.S. trade deficit dips to \$43.4 billion*, November 5, 2014.
10. Bradsher, Keith, New York Times, *China Announces Record Trade Surplus, Helped by Weak Oil Price*, December 7, 2014.

*The words of truth are
always paradoxical~Lao
Tzu*

Energy

With the US producing more energy, monopolies such as OPEC are having a difficult time. For instance, at one location in Oklahoma City, gasoline dipped below \$2.00 per gallon [1]. In another context, the price of oil has

fallen to a five year low [2].

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