

IN THE NEWS

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World News

The threat from China is forcing Japan to expand its military capability. Case in point, Japan is expanding its budget by 2.4 % to \$47.2 Billion; purchasing F-35s, and allocating funds for a seventh and eight Aegis destroyer [1]. What's more, one article suggests US and Japan officials are discussing a more offensive military capability for the Japanese military [2]. In the South China Sea, many countries are worried about China's expansion. For instance, China justified constructing artificial islands by claiming ownership of contested areas [3]. This comes at a time when China is actively expanding its navy [4]. Moreover, China may be working on developing a new bomber aircraft [5].

Academia may provide some insight as to what China may be preparing for. For instance, one scholar at a Chinese military university predicts World War III will result from sea disputes and China needs to be ready [6].

Meanwhile, Russia conducted another nuclear missile test and Russian leader Putin indicated the need for a strong nuclear force [7]. Concurrently, in a return to cold war area practices, Russian nuclear capable bombers are once again testing the air defenses of Europe and Alaska [8].

In the Middle-East, the Islamic State (IS) continues to advance. Case in point, using tanks and other advanced weapons, the IS terrorists captured over 20 Kurdish towns within Syria [9]. Meanwhile, the Syrian military is not attacking the IS; expecting the US to hit these targets soon [10]. In Iraq, France joined the US in bombing IS targets [11].

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4. Fabey, Michael, Aviation Week & Space Technology, *Expansion Plan*, September 15, 2014.
5. Sweetman, Bill, and Fisher, Richard D., Aviation Week & Space Technology, *Long-Range Plans*, September 15, 2014.
6. FlorCruz, Michelle, International Business Times, *Chinese Scholar: World War III Will Probably Be Result Of Maritime Disputes*, September 16, 2014.

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Special points of interest:

- ISIS planning on using southern border to infiltrate the US
- Home Depot point of sale breach could impact 56 million payment cards

Security

Once again, security patching is in the news. For instance, Microsoft's patch Tuesday included fixes for 42 bugs [1]. Additionally, Adobe released fixes for 12 security bugs [2].

Commercial businesses continues to be breached by bad actors. For instance,

the Home Depot point of sale breach could impact 56 million payment cards [3]. The breach is estimated to have gone undetected for six months and is considered larger than the Target breach [4].

So a question here is, how bad does it have to get before the US seriously starts

issuing smart cards for commercial payment systems? Now that Home Depot suffered a breach; they are now all in for getting smart card readers installed at their stores [5]. But alas, as long as regulators shy away from reasonable security standard, we will expect more breaches until indus-

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Security

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try finally does the job right.

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latest bulletin, September 9, 2014.

3. Walker, Danielle, SC Magazine, *Home Depot: breach risks 56M payment cards, 'unique' malware used*, September 18, 2014.
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5. Rash, Wayne, eWeek, *Home Depot Rushes to Deploy EMV Cards in Wake of Massive Data Theft*, September 20, 2014.

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8. Gertz, Bill, Washington Free Beacon, *Russian Nuclear Bombers Buzz Alaska, N. Europe*, September 19, 2014.
9. Mroue, Bassem, AP/

ABC News, *Militant Gains Illustrate Plight of Syrian Kurds*, September 18, 2014.

10. Washington Free Beacon, *Assad Strikes Hard Against Moderate Rebels, Doesn't Touch ISIL*, September 18, 2014.
11. BBC News, *French launch first strikes on IS in northern Iraq*, September 19, 2014.

*What's done can't be
undone—William
Shakespeare*

Terrorism

In central Asia, Taliban terrorists attacked a Pakistan navy dockyard, killing a sailor in the process [1]. Following this attack, Pakistan warplanes bombed Taliban hideouts, killing at least 35 militants [2].

One report cites DHS testimony before Congress in confirming the ISIS terrorist organization is planning to use the US southern border to infiltrate the US [3]. What's more, one article suggests the IS terrorists are just miles from the US border and have car bombs ready for a cross border attack [4].

The activities of the IS are not limited to the US. Case in point, Australian officials broke up a terror ring that planned to behead a randomly selected person in Sydney [5].

One potential problem with US citizens fighting in Syria is what happens when they re-

turn home? By one estimate, 40 American citizens that fought for the IS have since returned to the US [6]. One article suggests over 100 IS fighters are US passport holders and the terrorist group's influence is expanding within the US [7].

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4. Schmidt, Michael S., New York Times, *U.S. Pushes Back Against Warnings That ISIS Plans to*
5. Gelineau, Kristen, AP, *Australia Raids Thwarted ISIS Beheading Plot*, September 18, 2014.
6. Kredo, Adam, Washington Free Beacon, *Dem Rep: 40 American ISIL Fighters Have Already Returned to the United States*, September 19, 2014.
7. Husain, Rahat, Washington Times, *Husain: ISIS attempts to establish foothold in U.S.*, September 5, 2014.

*We are twice armed if we
fight with faith—Plato*

Economy

Now that China is applying the same type of trade restriction that Japan pioneered, the impact to Japan is dramatic. For instance, for the second quarter, Japan's economy contracted at a 7.1% rate [1]. To illustrate the unfair practices used; one group indicates the current Chinese anti-monopoly laws likely violate the WTO pact [2].

Unemployment still remains an uncertainty. Case in point, for the week ending September 6, the number of first time unemployment claims reported by the Labor Department was 315,000 [3]. Then for the following week, the number reported was 280,000 [4].

For the US to become competitive, the current tax burden continues to be challenging. For instance, one piece indicates the US comes in at number 32 on the International Tax Competitiveness Index [5].

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High, Breaking Steady Decline, September 11, 2014.

4. Mutikani, Lucia, Reuters, *U.S. jobless claims data point to firming labor market*, September 18, 2014.
5. Wall Street Journal, *We're Number 32!*, September 14, 2014.

Men freely believe that
which they desire—Julius
Caesar

China Pollution

One visible consequence of China's water pollution is animal extinction. Case in point, the wild Chinese sturgeon species, thought to have lived in the Yangtze River for 140 million years, is near extinction due to polluted

water [1]. What's more, other waterways are also in a state of increasing pollution. For instance, 173 of the 310 rivers running through Shenzhen are in a critical state [2].

1. The Guardian (UK), *Wild Chinese sturgeon on brink of extinction in polluted Yang-*

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2. Huifeng, He, South China Morning Post, *Shenzhen is losing its fight against pollution in main rivers*, September 20, 2014.