

## IN THE NEWS

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### World News

Russia is adding to its nuclear weapons stockpile. For instance, one report indicates Russia added 111 additional warheads, 98 more than allowed for under the START treaty (that requires the number to be reduced by 2018) [1].

In Syria, the war continues to expand. For instance, one report indicates Cuban military personnel are in Syria, possibly preparing to operate Russian tanks in the fight [2]. In response, Cuba has denied involvement in the Syrian conflict [3]. Meanwhile, Syrian and Iranian forces launched a ground offensive against Aleppo [4]. Concurrently, the Syrian army, backed by Russian aircraft, launched an offensive in the Homs province [5]. Moreover, it appears Russia is not limiting its attacks on Rebels. Case in point, one piece indicates Russian weapons in use include cluster bombs [6]. Overall, the Russia's attacks on rebel targets demonstrate a modern military capability [7].

As the tension in the South China Sea continues it should be noted that Japan has the ability to enter the nuclear weapons club. For instance, by one estimate, Japan has amassed enough plutonium to construct 5,000 nuclear warheads [8]. Furthermore, Japan will start a plant this spring capable of extracting enough plutonium to construct 1,000 nuclear bombs per year [9]. Meanwhile, China is developing a new nuclear capable air launched cruise missile [10]. This comes as a senior Chinese naval officer, Rear Admiral Yang Yi, warned China's military would deliver a head blow to foreign (read US) forced violating its sovereignty (artificial islands) [11].

What's more, France is also accusing Iran of violating the U.N. resolution [5].

1. Gertz, Bill, Washington Free Beacon, *Russia Adds 111 Warheads Under Arms Treaty*, October 9, 2015.

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#### Inside this issue:

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#### Special points of interest:

- OPEC hurts US oil production

### Security

In past newsletters, we have detailed the threat from artificial intelligent driven programs (referred to as algos) that autonomously execute bank transactions and stock trades. The algo problem is not limited to the United States. Case in point, China concluded a recent rout was due to such programs and is implementing controls to minimize the risk [1].

Elsewhere, China's state

sponsored cyber-espionage appears to be another factor in unfair trade practices. For example, one report indicates three Chinese state-owned companies benefitted from intellectual property stolen as part of cyber-espionage [2].

After the US and China established a cyber agreement, the Director of National Intelligence James Clapper was skeptical it would curtail cyber-theft [3]. It appears his skepti-

cism may be well founded. For example, as hearings continue regarding the South China Sea territorial dispute, Chinese hack attacks directed against this effort have spiked [4].

1. Hu, Fox, Bloomberg, *China Seeks More Control Over Algorithmic Trades Blamed for Rout*, October 12, 2015.
2. Davis, Seth, SC Magazine, *U.S. authorities*

(Continued on page 2)

## Security

(Continued from page 1)

- identify Chinese companies that benefited from military cybertheft, October 9, 2015.
3. Shalal, Andrea, Reuters, *Top U.S. spy says skeptical about U.S.-China cyber agreement*, September 30, 2015.
4. Tweed, David, Bloomberg, *China's Cyber Spies Take to High Seas as Hack Attacks Spike*, October 15, 2015.

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*We made too many wrong mistakes—Yogi Berra*

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## World News

(Continued from page 1)

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3. Newsweek/Reuters, *Cuba Says It Didn't Send Soldiers to Syria to Bolster Assad*, October 17, 2015
4. BBC News, *Syria conflict: Army launches offensive on Homs enclave*, October 15, 2015.
5. Shahine, Alaa, Bloomberg, *Russian-Made Cluster Munition Used in Syria, Rights Group Says*, October 11, 2015.
6. Windrem, Robert, NBC News, *Japan Has Nuclear 'Bomb in the Basement,' and China Isn't Happy*, March 11, 2014.
7. Isachenkov, Vladimir, Washington Post/AP, *New Russian military might on full display in Syria*, October 24, 2015.
8. Corbin, Cristina, and McKelway, Doug, Fox News, *Top Cuban general, key forces in Syria to aid Assad, Russia, sources say*, October 15, 2015.
9. Pennington, Matthew, and Yamaguchi, Mari, AP, *US experts warn plutonium stocks could soar in East Asia*, October 7, 2015.
10. Clover, Charles, Financial Times, *China warns US against maritime challenge*, October 15, 2015.
11. Irish, John, Reuters, *France says Iran missile test 'worrying' violation of U.N. resolution*, October 15, 2015.

## Terrorism

One report indicates Iran is supplying financial and material support to the Taliban [1]. Meanwhile, in Syria, evidence mounts that the Islamic State (IS) is using outlawed blister agent chemical weapons [2]. Moreover, it appears the IS terrorists group continues to be well financed. Case in point, during 2014, they took in over \$1 billion [3]. What's more, the terrorist group makes \$50 million per month on oil sales [4].

The war in Syria continues to be a conflict involving many foreign powers. For instance, France continued to bomb IS targets in Syria [5]. Additionally, Iranian Revolutionary Guard commander, Hussein Hamedani, was reportedly killed in Syria [6].

On a more troubling note, the reach of the IS continues to expand. For instance, IS terrorists claimed responsibility for three bombs in the Bangladesh capital during a Shia religious holiday [7].

It appears that Russia is making some progress in attacking rebel positions within Syria.

Moreover, some of the attacks appear to be coordinated between the Syrian and Russian forces [8]. Russia also set up a battalion-sized ground force and conducted a naval bombardment [9].

Turkey is a member of the NATO alliance. However, it is not without terrorist problems. For instance, at least 86 people were killed when explosions rocked a peace rally in Ankara [10].

1. Seitz, Blake, Washington Free Beacon, *Gen. Campbell: Iran is Arming the Taliban*, October 6, 2015.
2. Chivers, C. J., New York Times, *What an ISIS Chemical Strike Did to One Syrian Family*, October 6, 2015.
3. Gertz, Bill, Washington Free Beacon, *Islamic State Raked in Over \$1 Billion in 2014*, October 21, 2015.
4. Howell, Kellan, The Washington, *Islamic State earns \$50 million per month on oil sales*, October 24, 2015
5. Payne, Ed, CNN, *France hits ISIS targets in Syria; Iranian military commander dies near Aleppo*, October 9, 2015.
6. Arouzi, Ali, NBC News, *Iranian Revolutionary Guard Commander Hussein Hamedani Killed in Syria*, October 9, 2015.
7. Barry, Ellen, New York Times, *ISIS Claims Responsibility for Attack in Bangladesh Targeting Shias*, October 24, 2015.
8. Walker, Brian, CNN, *Activists: Russia, Syria launch coordinated military attack on Assad opponents*, October 7, 2015.
9. Barnes, Julian E., et. al., Wall Street Journal, *Russia Builds Up Ground Forces in Syria Alongside Air strikes*, October 7, 2015.
10. AFP, *'Scores dead' in Ankara blasts*, October 10, 2015.

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*You cannot escape the  
responsibility of tomorrow  
by evading it today—  
Abraham Lincoln*

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## Economy

In the US, a monopoly such as OPEC would not be tolerated. However, for OPEC there is nothing to prevent their market manipulation. Case in point, by increasing production, OPEC wanted to hurt the American oil industry. After a year of increased production, it appears OPEC is winning the battle [1]. So once the US companies go out of business, OPEC will again be free to inflate prices and lower production. This is the same unfair trade practice (dumping) used by Japan and China.

Perhaps the best indicator of unfair trade practices is the trade imbalance. For example, the trade deficit for August grew to \$48.3 billion [2]. Of this, the deficit with China expanded 10.7 % to \$35 billion [3].

For the week ending October 3, the Labor Department reported the number of first time unemployment claims was 263,000 [4]. Then for October 10, the number reported was 255,000 [5]. Finally, for the week ending October 17, the number reported was 259,000 [6].

There was a time when a college degree was the ticket to employment success. However, in the new normal, it appears there are over 6 million people with Bachelor's degrees but no jobs available for them [7].

1. Smith, Grant, Bloomberg, *OPEC Is About to Crush the U.S. Oil Boom*, October 20, 2015.
2. Oyedele, Akin, Business Insider, *Trade deficit balloons to \$48.3 billion*, October 6, 2015.
3. Crutsinger, Martin, AP, *US trade deficit jumps 15.6 percent to \$48.3 billion in August as exports fall to 3-year low*, October 6, 2015.
4. Lange, Jason, Reuters, *Jobless claims fall to near a 42-year low*, October 8, 2015.
5. Morath, Eric, and Harrison, David, Wall Street Journal, *U.S. Jobless Claims Match Four-Decade Low*, October 15, 2015.
6. Morath, Eric, Wall Street Journal, *U.S. Jobless Claims Up By 3,000 Last Week*, October 22, 2015.

7. Meyer, Ali, Washington Free Beacon, *6 Million More Students With Bachelor's Degrees Than Jobs Available for Them*, October 14, 2015.

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Poverty must not be a bar  
to learning and learning  
must offer an escape from  
poverty—Lyndon B.  
Johnson

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