

IN THE NEWS

VOLUME 8 ISSUE 14

JULY 12, 2015

World News

In the disputed Spratly archipelago, images indicate China is nearing completion of a 3 KM runway [1]. Additionally, the communist giant added a new semi-submersible ship to its inventory that can serve as a floating dock or ship repair vessel [2]. Moreover, China is not limited to making artificial islands but also platforms. For instance, Japan warned China that the ongoing construction on platforms could become a security issue [3].

Meanwhile, the size of the US military continues to shrink. For instance, the Army plans to cut 40,000 troops and another 17,000 civilian employees over the next two years [4]. At the same time, Russia is developing two new subs; one to attack aircraft carriers, the other to protect ballistic missile subs [5]. As the US Army downsizes, the world is becoming more dangerous. For instance, one piece suggests the outlook for nuclear arms control looks bleak [6]. Meanwhile, some are pointing out the growing nuclear threat from Russia [7]. Moreover, with Russia adding to its nuclear warhead stockpile, some are worried of a new arms race [8]. Another report indicates all the nuclear armed countries are developing new weapons [9]. Consider, Iran and the West continue negotiating a nuclear trade agreement [10]. However, Iran continues to purchase illegal nuclear weapons technology [11].

1. Yates, Dean, Reuters, Images show Chinese airstrip on man-made Spratly island nearly finished, July 2, 2015.
2. Rajagopalan, Megha, Reuters, *This semisubmersible cargo ship strengthens Beijing's hand in the South China Sea*, July 10, 2015.
3. The Sydney Morning Herald, Japan warns China making new platform in East China Sea, July 12, 2015.

(Continued on page 2)

Security

University hacks are again in the news. It appears that on June 19, Harvard University has suffered a security breach [1].

China continues to expand its economic position by every more unfair trade practices. In the latest example, under a new Chinese law, foreign tech firms may be required to build in back doors and hand over encryption keys [2]. In other news, the scope of the

OPM security breach believed to be the work of China, expanded to include more than 21 million potential victims [3].

One little tracked risk is when the security protection programs and companies get exploited. Case in point, Italy's Hacking Team was breached and 400 gigabytes of company internal documents were released [4].

Whenever we learn of a

"technical glitch" that shuts down segments of the economy, we ponder the cause. For instance, at 11:32 a.m. on July 8, the New York Stock Exchange shut down stopping all trading [5]. This follows a "computer glitch" that grounded United Airlines departures in the U.S. by over one hour [6]. In the case of the stock exchange outage; the NYSE blamed a software upgrade for the outage [7].

(Continued on page 2)

Inside this issue:

Terrorism	3
Economy	4

Special points of interest:

- NYSE shuts down due to technical glitch
- OPM breach impacted 21 million
- Sixth bank shuttered

Security

(Continued from page 1)

1. Goldberg, Adam, SC Magazine, *Harvard University announces network intrusion, possible data exposure*, July 2, 2015.
2. Abel, Robert, SC Magazine, *Tech firms fear vague language in Chinese security law could be used to force backdoors*, July 1, 2015.
3. Gillum, Jack, and Lederman, Josh, AP, *More than 21 million affected by government data breach*, July 9, 2015.
4. Auchard, Eric, and Menn, Joseph, Reuters, *Surveillance software maker Hacking Team gets taste of its own medicine*, July 6, 2015.
5. Moore, Thad, Washington Post, *NYSE trading has been halted*, July 8, 2015.
6. Masunaga, Samantha, and Mai-Duc, Christine, Los Angeles Times, *United flying again after glitch, but passengers hit with delays*, July 8, 2015.
7. Krantz, Matt, USA Today, *NYSE blames software upgrade for outage*, July 9, 2015.

*If you do not change
direction, you may end up
where you are heading—
Lao Tzu*

World News

(Continued from page 1)

4. Chalfant, Morgan, Washington Free Beacon, *Army Plans to Cut 40K Troops, Lay Off 17K Civilian Employees Over Next Two Years*, July 7, 2015.
5. Caravelli, Jack, Washington Free Beacon, *Russia Navy Developing 'Carrier Killer' Subs*, July 10, 2015.
6. Hennigan, W.J. and Vartabedian, Ralph, Los Angeles Times, *Future of nuclear arms control looks bleak, experts say*, July 9, 2015.
7. Gertz, Bill, Washington Free Beacon, *Inside the Ring: Russian Nuclear Threat Grows*, July 7, 2015, July 9, 2015.
8. Tirone, Jonathan, Bloomberg, *Vienna Forum Hears Warnings of a New U.S.-Russia Nuclear Arms Race*, June 24, 2015.
9. Bora, Kukil, International Business Times, *Nuclear Weapons-Possessing Countries Developing New Warheads Despite Disarmament Trend: Report*, June 15, 2015.
10. Toosi, Nahal, Politico, *John Kerry: 'We will not rush' on Iran deal*, July 9, 2015.
11. Weinthal, Benjamin, and Ottolenghi, Emanuele, Jerusalem Post, *In Iran we trust? Illegal purchases of nuclear weapons technology continued to June '15*, July 12, 2015.

Terrorism

One risk of terrorists entering the country can be examined through the prism of current criminal illegal aliens. For instance, during 2014, of the 315,943 ICE removals nationwide of illegal aliens, 85% percent had previously been convicted of a criminal offense [1]. In contrast, when countries such as Israel want to keep people out, they build a fence [2]. So if hundreds of thousands of illegal aliens here have past criminal convictions, how many terrorists have gained entry?

The threat from the Islamic State (IS) continues to grow. For instance, IS has seized substantial territory from the Taliban in Afghanistan [3]. Additionally, the IS continues attacking Egyptian targets. For instance, over 100 were killed

during coordinated IS attacks in Egypt's North Sinai [4]. Moreover, IS claimed responsibility for an attack on an Italian consulate in Cairo that killed at least one person [5].

1. Government Security News, *Sixty convicted criminal aliens arrested in Georgia during weeklong surge*, June 27, 2015.
2. Shalizi, Hamid, Reuters, *In Turf War with Afghan Taliban, Islamic State Loyalists Gain Ground*, June 29, 2015.
3. Washington Post/AP, *Israel to build fence along part of border with Jordan*, June 29, 2015.
4. Mohamed, Yusri, and Hassa, Ahmed, Reuters, *Islamic State attack in Egypt's North Sinai kills more than 100*, July 1,

2015.

5. BBC News, *Islamic State 'behind blast' at Italian consulate in Cairo*, July 11, 2015.

The causes of the China Incident were the exclusion and insult of Japan throughout China, the exclusion of Japanese goods, the persecution of Japanese residents in China, and the illegal violation of Japanese rights—Hideki Tojo

Greece announced its banks would be closed for one week [1]. This decision caused stock markets around the world to fall [2]. Meanwhile, Greek banks were down to just a few days of cash [3]. Greek financial institutions are not the only ones worried about closing. Case in point, regulators closed the sixth bank this year; the Premier Bank in Colorado [4].

The labor force participation rate for June fell from 62.9 percent to 62.6 percent, the lowest since October, 1977 [5]. This reduction to the numerator helped move the unemployment rate from 5.5% down to 5.3% [6]. For the week ending June 27, the number of reported first time unemployment claims was 281,000 [7]. Then for the following week, the number increased to 297,000 [8].

China teaches us a valuable lesson regarding automation. For instance, the communist giant is now the largest consumer of manufacturing robots in the world and is expanding this consumption [9]. A question here, if the Chinese labor market is so expensive that China now relies on

robots, why can't this manufacturing be done in the US? Meanwhile, the US trade deficit for May increased to \$41.9 billion [10]. Of particular interest, the deficit with China jumped 15 percent to \$30.5 billion [11].

In general, the tech industry continues to struggle. For instance, Microsoft announced plans to cut another 7,800 jobs [12].

1. MSNBC, *Greece Crisis: Banks Shut For Week, Restrictions Imposed on ATMs*, June 29, 2015.
2. Jolly, David, and Bradsher, Keith, New York Times, *Greece's Debt Crisis Sends Stocks Falling Around Globe*, June 29, 2015.
3. Taylor, Paul, and Maltezou, Renee, Reuters, *Greece faces last chance to stay in euro as cash runs out*, July 7, 2015.
4. Denver Post, *Premier Bank seized, United Fidelity buys Colorado assets*, July 10, 2015.
5. Cox, Jeff, CNBC, *US created 223,000 jobs in June vs. 230,000 expected; unemployment rate at 5.3%*, July 2, 2015.
6. Morath, Eric, and Davidson, Kate, Wall Street Journal, *Jobs Report: U.S. Payrolls Climb by 223,000*, July 2, 2015.
7. Morath, Eric, and Davidson, Kate, Wall Street Journal, *U.S. Jobless Claims Rise to 281,000*, July 2, 2015.
8. ABC News, *Applications for US Jobless Benefits Rose Again Last Week*, July 9, 2015.
9. Aeppel, Timothy, and Magnier, Mark, Wall Street Journal, *China's Hunger for Robots Marks Significant Shift*, July 5, 2015.
10. Crutsinger, Martin, AP/ABC News, *US Trade Deficit Widens in May as Exports Struggle*, July 7, 2015.
11. New York Times/AP, *Trade Deficit Grows as Strong Dollar Hurts Exports*, July 7, 2015.
12. Bass, Dina, and Ewing, Adam, Bloomberg, *Microsoft to Cut Jobs, Take \$7.6 Billion Writedown on Nokia*, July 8, 2015.

A long habit of not
thinking a thing wrong
gives it a superficial
appearance of being right—
Thomas Paine
