

## IN THE NEWS

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### World News

China continues to be the bull's eye for potential armed conflict. For instance, over 100 ships participated in a huge Chinese military exercise in the South China Sea [1]. Meanwhile, China is developing its own set of advanced technology and is taking steps to protect its technology investment. For instance, China announced plans to restrict the export of high performance drone and supercomputer devices [2].

Unlike the unilateral approach China is taking by claiming most of the South China Sea; Russia submitted paperwork to the UN claiming 1.2 million square kilometers of the Arctic Sea [3]. By one estimate, the oil and gas in the Russian claim may be worth \$30 trillion [4]. Meanwhile, NASA signed a \$490 million contract with Russia for transport to the International Space Station [5].

In the Middle East, the war in Yemen is continuing to expand. For instance, the United Arab Emirates sent a military brigade to help with the fighting [6]. What's more, one piece suggests Saudi Arabian fears of Iran are fueling its military expansion [7]. To make matters worse, the Yemen fighting is spilling across the border with at least one Saudi soldier killed [8]. To illustrate how vast the operation is, one report indicates North Korea is supplying missiles to the rebels [9]. As a consequence of the war, millions of people are on the verge of starvation [10].

1. Orendain, Simone, VOA, *China Stages Huge Military Drills in South China Sea*, July 30, 2015.
2. BBC News, *Drones and powerful chips face China export limit*, August 3, 2015.
3. Jayalakshmi K, International Business Times, *Russia submits claim over Arctic and North Pole to UN citing scientific proof*, August 8, 2015.

(Continued on page 2)

### Security

Once again, Chinese hackers are in the news. Their latest attacks were directed against US airlines with a breach at United Airlines [1]. What's more, it appears the Chinese breach went undetected for a year [2]. Concurrently, the same Chinese hackers are being investigated for attacks on Sabre Corp. and American Airlines. [3].

Software with Zero-day vulnerabilities are a risk

with any of the popular commercial products. For instance, a zero-day exploit with Apple's OS X allows bad actors to install malicious software without a system password [4].

Once again state sponsored cyber-attacks are targeting the US. For example, a year and a half long intrusion at the University of Connecticut was traced to China [5]. Another report suggests Russia may have breached an email server operated at

the Pentagon [6]. In another example, one piece suggests the HHS was hacked at least five times in the past three years [7].

1. Riley, Michael, and Robertson, Jordan, Bloomberg, *China-Tied Hackers That Hit U.S. Said to Breach United Airlines*, July 29, 2015.
2. Reed, Dan, Forbes, *Chinese Hackers Undetected Inside United For*

(Continued on page 2)

#### Inside this issue:

Terrorism	3
Economy	4
AI Threat	4

#### Special points of interest:

- NASA continues reliance on Russian space transport
- Record 93.77 million Americans no longer in the work force

## Security

(Continued from page 1)

- A Year. Is World's 2nd Biggest Airline Out of Control?*, July 30, 2015.
3. Morton, Sandy, Trinity News Daily, *String of Hacker Attacks Continues with Sabre Corp.*, August 8, 2015.
  4. Millman, Rene, SC Maga-

zine, *Zero-day exploit hits fully patched Macs*, August 4, 2015.

5. Robinson, Teri, SC Magazine, *UConn School of Engineering cyberintrusion originated in China*, August 3, 2015.
6. Brook, Tom Vanden, and Winter, Michael, USA Today, *Hackers pene-*

*trated Pentagon email*, August 6, 2015.

7. Blake, Andrew, The Washington Times, *HHS hacked five times in three years, House committee says*, August 7, 2015.

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*All compromise is based on give and take, but there can be no give and take on fundamentals. Any compromise on mere fundamentals is a surrender. For it is all give and no take.—Mahatma Gandhi*

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## World News

(Continued from page 1)

4. Ajiri, Denise Hassanzade, *Christian Science Monitor*, *Russia's Arctic claim: What's the message?*, August 6, 2015.
5. Business Insider/AFP, *NASA just signed a \$490 million contract with Russia for ISS travel*, August 6, 2015.
6. al-Batati, Saeed, and Fahim, Kareem, *New York Times*, *Foreign*

*Ground Troops Join Yemen Fight*, August 3, 2015.

7. Gardner, Frank. BBC, *Saudi Arabia flexing its muscles in Middle East*, August 8, 2015.
8. Reuters, *Saudi soldier killed in cross-border shelling from Yemen*, August 7, 2015.
9. Shim, Elizabeth, UPI, *Report: North Korea supplying missiles to Yemen rebels*, August 3, 2015.
10. Batha, Emma, Reuters,

*Millions in Yemen on brink of starvation, Oxfam warns*, July 28, 2015.

## Terrorism

During this reporting cycle, news emerged of the death of the Taliban leader, Mullah Omar [1]. However, one piece reported the Taliban leader died two years ago in a Pakistani hospital near Karachi [2]. In trying to determine who will be the next Taliban leader, there are signs of internal fighting [3]. In spite of the leadership transfer, the Taliban launched attacks in Kabul that killed at least 50 people [4].

Elsewhere, the Islamic State (IS) continues to be a major terrorist threat. For instance, one report indicates despite a year of allied bombing of IS, the group is virtually intact in Syria [5].

In Saudi Arabia, a suicide bomber killed at least 15 people at a mosque [6]. The

mosque was regularly used by Saudi security forces and the IS claimed responsibility for the attack [7].

1. Yousafzai, Sami, Newsweek, *Exclusive: Inside the Mysterious 'Death' of Taliban Leader Mullah Omar*, July 29, 2015.
2. Onyanga-Omara, Jane, and Lackey, Katharine, USA Today, *Afghan intel agency: Taliban leader died two years ago*, July 29, 2015.
3. Ahmad, Jibran, Reuters, *New Taliban leader facing tension as top official quits*, August 4, 2015.
4. Harooni, Mirwais, and Donati, Jessica, Reuters, *Attacks on army, police and U.S. special forces kill 50 in Kabul*, August 8, 2015.
5. Dunn, James, Daily Mail (UK), *ISIS is as strong as ever in Syria despite year-long US-led bombing campaign and it could take a DECADE to drive them out of strongholds, claims CIA*, July 31, 2015.
6. Fahmy, Omar, et. al., Reuters, *Suicide bomber kills 15 in Saudi security site mosque*, August 6, 2015.
7. Naylor, Hugh, Washington Post, *Deadly suicide blast strikes Saudi security forces at mosque near Yemen*, August 6, 2015.

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*The harder you work, the  
harder it is to surrender.—*

*Vince Lombardi*

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## Economy

According to the Commerce Department, the US economy grew at a 2.3% rate for the April through June quarter [1]. For the week ending July 25, the number of first time unemployment claims reported by the Labor Department was 267,000 [2]. Then for the week ending August 1, the number reported was 270,000 [3]. Also reported by the Labor Department, for July new jobs increased by 215,000 while an additional 144,000 left the workforce, thereby producing a 5.3% unemployment rate [4]. The resulting number of people no longer looking for jobs reached a record 93.77 million Americans [5].

In a further sign of industry fallout, the coal mining company, Alpha Natural, filed for bankruptcy protection [6]. Overall, the US coal industry is poised for additional setbacks. By one estimate, new EPA rules will shrink the in-

dustry by 48% [7]. In other bad news, Puerto Rico defaulted on a bond interest payment [8].

Once again, innovation is changing the cost of energy. For example, shale and fracking are driving the cost of oil down; thereby causing Saudi Arabia to borrow money [9].

1. Davidson, Paul, USA Today, *Economy bounces back: GDP grows 2.3% in second quarter*, July 30, 2015.
2. Reuters, *US weekly jobless claims total 267,000 vs 270,000 estimate*, July 30, 2015.
3. Mutikani, Lucia, Reuters, *Jobless claims edge up, but labor market still solid*, August 6, 2015.
4. Venkatesh, Manya, Reuters, *Coal miner Alpha Natural files for bankruptcy protection*, August 3, 2015.
5. BBC News, *Puerto Rico economy: Government defaults on bond payment*, August 4, 2015.
6. Evans-Pritchard, Ambrose, The Telegraph (UK), *Saudi Arabia may go broke before the US oil industry buckles*, August 5, 2015.
7. Meyer, Ali, Washington Free Beacon, *Record 93,770,000 Americans Not in Labor Force; Participation Rate Remains at 38-Year Low*, August 7, 2015.
8. Harrington, Elizabeth, Washington Free Beacon, *Report: Obama's Climate Plan Will Shrink Coal Industry By 48 Percent*, August 4, 2015.
9. Soergel, Andrew, US News, *Labor Market Plugs Along in July*, August 7, 2015.

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*Never surrender*

*opportunity for security.—*

*Branch Rickey*

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## AI Threat

On May 6, 2010, the stock market experienced what is referred to as a 'flash crash.' By the day's end, the market ended up 600 points lower [1]. Without a solid market, economic recovery and thereby the tax base for the Government is at risk. Today, significant trading takes place without human intervention. Powerful computers host artificial intelligence programs referred to as 'algorithms', sort for algorithmic. As investigations continue, the root cause for the flash crash

is pointing toward algos [2]. Moreover, immediately following the crash, algos were considered a target [3]. A significant problem is that regulations cannot mediate the actions of algos. Once the damage is done, it's done.

1. [1] Bowley, Graham, New York Times, *Lone \$4.1 Billion Sale Led to 'Flash Crash' in May*, October 1, 2010.
2. [2] Orol, Ronald D., Market Watch, SEC, CFTC blame algorithm for 'flash crash', October 1, 2010.
3. [3] Goldstein, Matthew, Reuters, *Stock plunge raises alarm on algo trading*, May 7, 2010 .