

IN THE NEWS

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World News

While the world is focusing on fighting terrorist, the major players continue to test the US resolve. In particular, Russia has taken several aggressive steps that make a miscalculation more likely. On the strategic front, Russian submarine activity has returned to cold war levels [1]. In the Baltic Sea, Russian aircraft simulated attacks against a US destroyer [2]. As the Secretary of State pointed out, the US could have shot down the Russian planes [3]. However, as another piece points out, since we are not at war with Russia, we allow their aggressive actions [4]. To further complicate matters, a Russian Su-27 fighter flew with 50 feet of a U.S. RC-135 reconnaissance aircraft [5]. Russia would not take such actions if it feared a US response. This also means that any first strike will be devastating to the US military. When a bad actor knows they will get the first punch in for free; their goal could be to hit as many targets simultaneously culminating in a Pearl Harbor type of attack.

In the South China Sea, China's transport ministry held a completion ceremony for a 180-foot high tower now operating on Subi Reef [6]. Like Russia, China continues aggressive military actions. Case in point, one piece indicates China is launching daily cyber-attacks against US missile defense nets [7]. Meanwhile, a consequence of China's run away environmental impact is polluting the groundwater. By one sampling, 80% of underground wells were found to be polluted [8].

Elsewhere in Asia, the threat from North Korea continues. For example, there are signs they are trying to make plutonium [9]. Additionally, reports indicate a North Korean medium range ballistic missile test failed [10].

1. Sciutto, Jim, CNN, *Top Navy official: Russian sub activity expands to Cold War level*, April 16, 2016.
2. AP/Seattle Times, *Russia rejects criticism of fly-by near US Navy destroy-*

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Security

It appears the MedStar outage was due to ransomware [1]. In these types of attacks, malicious software encrypts valuable information. In return for a ransom payment, the bad actors will provide the decryption key. There are indications that a new strain of ransomware, that does not require human intervention [2]. As we have pointed out before, the poor design of products has left us with a mess for

which there is no easy fix. The up-front cost for including security to program design would have been small when compared to current costs. Now, much of the security work is in patch management, detection, and recovery. So for those of us that can clearly see the larger problems and know the resolution; we find ourselves powerless. As a consequence, there will be evermore losses due to cyber-vulnerabilities.

As a further indication of threats against the US and our ability to respond, consider the next two references. One report indicates the commander of the U.S. Cyber Command warned congress that China and Russia are capable of launching crippling attacks on the US power grid [3]. Another report indicates the FBI hired professional hackers to break into a locked iPhone [4]. To sum-

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Special points of interest:

- \$47.1 billion February U.S. Trade deficit

Security

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marize, we have significant threats directed against the US while we lack the organic expertise to adequately respond.

1. Olenick, Doug, SC Magazine, *MedStar hit with samsam ransomware*: Source, April 6, 2016.
2. CBS/AP, *New type of ransomware could infect computer without even clicking*, April 11, 2016.
3. Gertz, Bill, Washington Times, *Inside the Ring: Cybercom Sounds Alarm on Infrastructure Attacks*, April 7, 2016.
4. Osborne, Charlie, ZD Net, *FBI hired professional hackers in San Bernardino iPhone cracking case*, April 13, 2016.

*The first sign of corruption
in a society that is still
alive is that the end
justifies the means.—
Georges Bernanos*

World News

(Continued from page 1)

- er, April; 14, 2016. Myers,
3. Karimi, Faith, and Melvin, Don, CNN, *Kerry: Navy destroyer could have 'shot down' Russian fighter jets*, April 15, 2016.
4. Meghann, Navy Times, *This is why the Navy didn't shoot down Russian jets*, April 13, 2016.
5. Gertz, Bill, Washington Free Beacon, *Russian Jet Threatened U.S. Recon Aircraft*, April 16, 2016.
6. Blanchard, Ben, Reuters/Business Insider, *China: Oh that thing? It's just a lighthouse we built in the South China Sea*, April 6, 2016.
7. Gertz, Bill, Washington Free Beacon, *Admiral: China Launching Cyber Attacks on Missile Defense Nets 'Every Day'*, April 15, 2016.
8. Buckley, Chris, and Piao, Vanessa, New York Times, *Over 80 Percent of Water Is Polluted in Tested China Wells*, April 11, 2016.
9. Pennington, Matthew, AP, *US Researchers See More Signs NKorea Is Producing Plutonium*, April 15, 2016.
10. Spitzer, Kirk, USA Today, *North Korea missile launch fails, U.S. says*, April 15, 2016.

Terrorism

In Afghanistan, the Taliban announced the start of their spring offensive [1]. This is evidenced by fresh attack against the northern city of Kunduz, which briefly fell to the Taliban last year [2]. What's more, the Taliban claim its recent rocket attacks on Kabul were directed against Secretary of State Kerry during his visit [3]. Nevertheless, the Secretary urges the Taliban to enter into peace talks [4].

However, the Taliban is not the only terrorist group making news. The Islamic State (IS) is expanding its reach into the Southern Philippines [5]. Meanwhile, fighting in Syria against IS, is causing an exodus of civilians [6]. In the Southern Yemeni port of Aden, at least 4 people were killed during an IS suicide attack [7]. Within the US, 20 year old Adnan Abdihamid Farah pleaded guilty to the charge, conspiracy to provide material support to the IS [8].

1. Mackenzie, James, Reuters,

Taliban announce start of spring offensive in Afghanistan, April 12, 2016.

2. Rahim, Najim, and Mashal, Mujib, New York Times, *Taliban Attack Kunduz City, Alarming Afghans*, April 15, 2016.
3. Li, David K., New York Post, *Taliban targeted Kerry in Kabul rocket attacks*, April 10, 2016.
4. Connelly, Eileen AJ, New York Post, *John Kerry urges Taliban to reenter peace talks during visit*, April 10, 2016.
5. Liljas, Per, Time, *ISIS Is Making Inroads in the Southern Philippines and the Implications for Asia Are Alarming*, April 14, 2016.
6. Nissenbaum, Dion, Wall Street Journal, *Syrian Rebel Offensive Against Islamic State Sparks Exodus*, April 15, 2016.
7. Mukhashef, Mohammed, Reuters, *At least four killed*

in Islamic State attack in Yemeni port of Aden, April 12, 2016.

8. CBS/AP, *U.S. man changes plea to guilty in ISIS case*, April 14, 2016.

*Our country is now taking
so steady a course as to
show by what road it will
pass to destruction, to wit:
by consolidation of power
first, and then corruption,
its necessary consequence.—*

Thomas Jefferson

Economy

It appears that China's latest unfair trade practices are having the desired effect. The U.S. exports to China fell to the lowest level since June 2011 [1]. Overall, the U.S. trade deficit for February increased 2.6% to \$47.06 billion [2]. Of this amount, the deficit with China was \$28.1 billion [3]. What's more, China will replace 3.5 million workers with robots by 2020 [4]. So if China will use robots to lower labor costs; why can't America?

For the week ending April 2, the number of first time unemployment claims reported by the Labor department was 267,000 [5]. Then for the following week ending April 9, the number was 253,000 [6].

We continue to miss the consequence of increased debt. For instance, the US will soon owe more than the entire economy produces [7].

In the latest export of US industry; Ford announced plans to build a \$1.6 billion

plant in Mexico that will employ 2,800 workers [8]. So how does US industry moves to Mexico help US workers and our growing national debt?

1. Jamrisko, Michelle Bloomberg, U.S. *Trade Deficit Rises to a Six-Month High of \$47.1 Billion*, April 5, 2016.
2. Leubsdorf, Ben, Wall Street Journal, *U.S. Trade Gap Widened 2.6% in February*, April 5, 2016.
3. Mutikani, Lucia, Reuters, *U.S. trade deficit widens, but rising exports offer hope*, April 5, 2016.
4. Johnson, Steven, Financial Times, *China's robot army set to surge*, April 2016.
5. Morath, Eric, Wall street Journal, *U.S. Jobless Claims Fell Last Week, Showing Layoffs Remain Low*, April 7, 2016.
6. Chandra, Sho, Bloomberg, *Jobless Claims in U.S. Decline to Match Lowest*

Since 1973, April 14, 2016.

7. Meyer, Ali, Washington Free Beacon, *Auditor: Government Will Owe More Money Than Entire Economy Produces*, April 7, 2016,
8. Krisher, Tom, Washington Times, *Ford to build small-car factory in Mexico, adding 2,800 jobs*, April 5, 2016.

Corruption, embezzlement, fraud, these are all characteristics which exist everywhere. It is regrettably the way human nature functions, whether we like it or not. What successful economies do is keep it to a minimum. No one has ever eliminated any of that stuff.—Alan Greenspan
