

## IN THE NEWS

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### World News

Readers may recall, following World War 1, the German Rhineland was set up as a demilitarized area. However on March 7, 1936, Hitler sent 22,000 troops into the Rhineland thereby violating the Treaty of Versailles and the Locarno Pact. The justification used was; the Rhineland was part of Germany. In response, the West took no action. Fast forward eighty years later (today), China's President Xi Jinping is warning Taiwan that independence from the communist giant will not be tolerated [1]. China is using the same nationalistic argument that Hitler used. A question here is, if China occupies Taiwan, what if any response will be offered by the West?

What's more, of the seven man-made islands Beijing built in the South China Sea; satellite imagery details Radar construction on at least four [2]. Moreover, appearing before congress, the commander of the U.S. Pacific Command warned, China is militarizing the recently created islands in the South China Sea [3]. This comes as a report indicates China sent fighter jets to the contested Woody Island [4]. In response to the Chinese militarization of artificial islands; the US Navy is sending a Carrier strike group to the contested area [5].

Although china's 2.3 million man force is supported by a \$216 billion budget; President Xi Jinping is calling for enhanced capabilities [6]. As an interesting aside, since China's economy is slowing; its military growth is expected to increase by only 7.5% [7]. This is a strong indicator of the relationship between economic growth and military expansion.

Elsewhere in Asia, North Korea is becoming a more significant problem. Case in point, North Korean leader Kim Jong Un ordered his military commanders to allow nuclear weapons ready to use for possible first strike scenarios [8]. Given the close proximity to South Korea,

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### Security

There appears to be more fallout from last year's OPM breach. The Chief Information Officer, Donna Seymour, resigned and thereby avoided testifying before the House panel investigating the massive breach [1].

The OPM is not the only government agency with cyber security issues. For instance, the IRS doubled their last estimate and reporting hackers got information on approximately

700,000 taxpayers [2].

China does not limit its cyber stealing to the US. Case in point, a Norwegian official has accused China of stealing its military secrets [3].

Hacker attacks continue in the news. For instance, 80,000 people with information in the University of California, Berkley's financial system were exposed during a successful cyber-attack last December [4].

Then a cyber-attack against the Ukraine power grid left 225,000 customers in the dark last December [5].

This comes as state sponsored cyber-attacks are targeting Japan's critical infrastructure [6].

In summary, we rely on computing products that are rich security vulnerabilities. Concurrently, we lack the resources and commitment to do the job right.

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#### Special points of interest:

- China threatens Taiwan
- January Trade Deficit increased to \$45.7 Billion  
- \$31.1 billion with China

## Security

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This leads to the conclusion, we can expect many years of unnecessary pain.

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2. Fox News, *IRS: Cyber hackers got info on roughly 700K taxpayers, double earlier estimate*, February

27, 2016.

3. Morbin, Tony, SC Magazine, *Norway officially accuses China of stealing military secrets*, February 26, 2016.
4. San Jose Mercury News, *Cyber attack at UC Berkeley affects 80,000*, February 26, 2016.
5. Ogirenko, Valentyn, Reuters, *U.S. Says Cyber Attack Caused Ukraine Power Outage*, February

25, 2016.

6. McLellan, Charles, ZDNet, *Japan's critical infrastructure under 'escalating' cyber attack, says report*, February 23, 2016.

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*The Senkaku islands are inherently Japanese territory. I want to show my strong determination to prevent this from changing.*

–Shinzo Abe

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the decision time to respond to North Korean aggression will be reduced.

1. Blanchard, Ben, and Lim, Benjamin Kang, Reuters, *China's Xi says won't allow Taiwan to be 'split' off again*, March 6, 2016.
2. Denyer, Simon, Washington Post, *Satellite images show China may be building powerful radar on disputed islands*, February 22, 2016.
3. Gertz, Bill, Washington Free Beacon, *Pacific Com-*

*mand: China Seeking to Control South China Sea*, February 24, 2016.

4. Lubold, Gordon, and Wong, Chun Han, Wall Street Journal, *China Flew Fighter Jets to Disputed South China Sea Island, U.S. Officials Say*, February 24, 2016.
5. Larter, David, Navy Times, *The U.S. just sent a carrier strike group to confront China*, March 4, 2016.
6. Tweed, David, Bloomberg, *Inside China's Plan for a Military That Can Counter U.S. Muscle*,

March 3, 2016.

7. Blanchard, Ben, and Martina, Michael, Reuters, *China's 2016 defence budget to slow in line with economy*, March 4, 2016.
8. Dorell, Oren, and Leger, Donna Leinwand, USA Today, *North Korean leader wants nukes ready to fly*, March 3, 2016.

## Terrorism

The war in Yemen is slowly spilling into southern Saudi Arabia [1]. Moreover, Yemeni terrorist attacked a Catholic run retirement home killing 4 nuns and 12 other people [2].

In Syria, rebel forces claimed to have set off a bomb at a Russian base killing several people [3]. Meanwhile, the Islamic States (IS) claimed responsibility for Baghdad market bombings that killed at least 73 people [4].

The Taliban continue to show their resolve in terrorist ways. For instance, two Pakistani staff were killed by a Taliban roadside bomb at a US consulate [5]. Furthermore, the Taliban have stated they will not participate in peace talks with the Afghanistan govern-

ment [6].

One of the big problems in fighting terrorism is combating the countries that offer support and safe harbor to these groups. Case in point, the Pakistani prime minister's adviser on foreign affairs stated the Afghanistan Taliban leadership is living in Pakistan [7].

1. Naylor, Hugh, Washington Post, *Yemeni rebels pose a rising threat in southern Saudi Arabia*, February 24, 2016.
2. Botelho, Greg, CNN, *4 nuns, 12 others killed in 'diabolical' attack on elderly home in Yemen*, March 6, 2016.
3. Rabinovich, Abraham, Washington Free Beacon, *Jihadi Factions in*
4. AP, *Iraq officials: Death toll from Islamic State's market bombings Sunday in Baghdad climbs to 73*, February 29, 2016.
5. Hashim, Asad, Reuters, *Taliban claim blast that killed two Pakistani staff of U.S. consulate*, March 2, 2016.
6. Reuters, *Taliban says will not take part in Afghan peace talks*, March 5, 2016.
7. Khan, M Ilyas, BBC News, *Why did Pakistan admit to hosting the Afghan Taliban?*, March 3, 2016.

*Syria Claim to Have Killed Several Russian Officers in Car Bomb Explosion*, February 25, 2016.

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*When the tyrant has disposed of foreign enemies by conquest or treaty, and there is nothing more to fear from them, then he is always stirring up some war or other, in order that the people may require a leader.—Plato*

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## Economy

According to the Labor Department, the number of first time unemployment claims for the week ending February 20 was 272,000 [1]. For the following week, the number of claims reported was 278,000 [2].

Meanwhile, American retail chains continue to downsize. For instance, Kohl's announced plans to close 18 stores by June [3]. Moreover, the high corporate tax rate is causing companies to move outside of the US. Case in point, Pfizer is trying to merge with Allergan, establish the new corporate operating in Ireland, and thereby realize a tax gain estimated at \$35 billion [4].

One of the unfair trade practices used by China to its advantage is devaluing the Yuan. To this end, China has fixed its currency to a 4 week low [5]. This comes as China has stated it will not use devalued currency to offset its weakening economy [6].

The number of financially

strapped American companies is approaching the 2009 record. According to Moody's, there are now 274 companies deep into junk status compared to the 291 record set back in 2009 [7]. This comes as the trade deficit for January increased 2.2% to \$45.7 Billion [8]. Meanwhile, the trade deficit with China once again increased; this time to \$31.1 billion [9].

1. Chandra, Sho, Bloomberg, *Jobless Claims Rise in U.S. Holiday Week From 3-Month Low*, February 25, 2016.
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3. Gustafson, Krystina, CNBC, *Store closings signal big change at Kohl's*, February 25, 2016.
4. Merle, Renae, Washington Post, *Giving up its U.S. citizenship could save Pfizer \$35 billion in taxes*, February 25, 2016.
5. AFP, *China fixes yuan at four-week low despite pledge*, February 29, 2016.
6. McDonald, Joe, AP, *China assures U.S. no devaluation, pushing reforms forward*, February 29, 2016.
7. Jarzemsky, Matt, Wall Street Journal, *Number of Troubled Companies Nears 2009 Peak*, March 3, 2016.
8. Mutikani, Lucia, Reuters, *U.S. trade deficit widens as exports hit 5-1/2-year low*, March 4, 2016.
9. Wiseman, Paul, AP, *U.S. trade gap widens to \$45.7B in January*, March 4, 2016.

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*Anyone can hold the helm  
when the sea is calm.—  
Publius Syrus*

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