

IN THE NEWS

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World News

In past newsletters we have referenced China's unfair trade practices. These practices have enriched China at our expense. Thus, the big news regarding China is the pending trade dispute. This comes as the February trade deficit with China was \$29.3 billion [1]. The U.S. announced tariffs and China followed with their own increases [2]. The financial investors fear this will lead to a disruptive trade war [3]. What's more, China has indicated it will fight to keep its dominant trade position [4, 5]. As a result, the Dow suffered steep declines [6].

Elsewhere, the President signed the U.S. - Taiwan Travel bill [7]. Expectedly, this infuriated China and its efforts to isolate Taiwan [8]. The extent of their anger is best seen in a state owned newspaper that called on China to prepare for military action [9]. This comes after China conducted a 40 ship military exercise that included its first aircraft carrier [10]. Additionally, China continues to militarize contested islands in the South China Sea. For instance, Woody Island has undergone a significant infrastructure upgrade since 2012 [11]. There are many warning signs of Chin's military rise. For example, during congressional testimony, Air Force Gen. John Hyten, commander of the Omaha-based Strategic Command warned the U.S. lacks an adequate defense against China and Russia hypersonic weapons [12]. The Chinese military expansion is forcing others to enhance their military. Case in point, for the first time since World War II, Japan activated a force (1,500) of marines [13].

Meanwhile, China is committed to becoming the world leader in Artificial Intelligence (AI) [14]. It's not a question of if AI driven autonomous weapons will be developed but rather when. Once an enemy includes them in their weapons inventory, there will be little choice but to respond in kind. Nevertheless, some researchers believe protesting can effect change and are boycotting a South Korean university that will open an AI weapons lab [15].

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Security

In past newsletters, we discussed state sponsored Chinese cyber-attacks directed against U.S. companies. Now these attacks are described as unfair trade practices and are being used in part, for tariffs on imported goods from China [1].

Hackers and other bad actors continue to attack retail stores. The Lord & Taylor and Saks department stores suffered a security breach; where hackers

claim to have stolen personal information on 5 million customers [2].

Cyberattacks have taken the Energy Services Group (ESG) offline [3]. Other attacks continued to include a third company's gas pipeline data system [4]. Separately, a cyberattack against a third party system used Delta Air Lines may have exposed credit card information [5]. Finally, a cyberattack against Atlanta left the city parallelized for

over a week [6].

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Special points of interest:

- China Trade War?

Security

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World News

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11. Macias, Amanda, CNBC, *China has been quietly perfecting a key military outpost in the disputed waters of the South China Sea. Here's a look at how it developed*, March 30, 2018.
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13. Knight, Will, MIT Technology Review, *China wants to shape the global future of artificial intelligence*, March 16, 2018.
14. Kubo, Nobuhiro and Kelly, Tim, Reuters, *Japan activates first marines since WW2 to bolster defenses against China*, April 7, 2018.
15. McLean, Asha, ZDNet, *Researchers boycott Korean university over 'killer robot' AI weapons lab*, April 5, 2018.

*If you must break the law,
do it to seize power: in all
other cases observe it.—
Julius Caesar*

Terrorism

The domestic bombing acts in Texas (see last newsletter) continued. The Austin bomber's fourth bomb used a tripwire to injure two bicyclists [1]. Then a fifth bomb exploded at a FedEx facility in San Antonio [2]. This was followed with a sixth bomb, discovered unexploded, at the FedEx facility [3]. We learned the identity of the Austin bomber was a 24 year old named Mark Anthony Conditt who blew himself up using one of his bombs [4].

Texas is not the only U.S. city under assault. For instance, a legal permanent resident since 1993, originally from India, died while trying to breach Travis Air Force Base security with an explosives laden vehicle [5]. Additionally, packages containing black powder bomb components were received at several government facilities in the DC metro area [6].

Overseas, France was victim to another terrorist attack. An Islamic State (IS) inspired

terrorists killed at least three people in a gun/hostage attack [7]. In Muenster, Germany, a man drove a vehicle into a crowd of people, killing 2; before killing himself [8].

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2. Onyanga-Omara, Jane, and Bacon, John, USA Today, Package explodes at Texas FedEx facility, likely linked to Austin serial bomber, March 20, 2018.
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4. Steinbuch, Yaron, NY Post, Austin bomber used 'exotic' batteries in explosives, March 21, 2018.
5. Levine, Mike, and Martinez, Luis, ABC News, Driver behind deadly vehicle crash at Travis Air Force Base identified, March 23, 2018.
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*Whenever you find yourself
on the side of the majority,
it is time to pause and
reflect.—Mark Twain*

Economy

The U.S. trade deficit for February rose to \$57.6 billion, the highest since October 2008 [1]. This come as the unemployment rate for March remained at 4.1 % [2].

For the week ending March 17, the number of first time unemployment claims was 225,000 [3]. Then, for the week ending March 24, the number fell to a 45 year low of 215,000 [4]. This is the lowest number since January 1973 [5]. Finally, for the week ending March 31, the number of claims was 242,000 [6].

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2. WTOK/AP, *U.S. unemployment rate stays level*, April 5, 2018
3. NASDAQ, *Stocks Fall Sharply Amid Concerns About Trade War - U.S. Commentary*, March 22, 2018.
4. NASDAQ, *U.S. Weekly Jobless Claims Unexpectedly Dip To 45-Year Low*, March 29, 2018.
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6. NASDAQ, *U.S. Weekly Jobless Claims Climb More Than Expected*, April 5, 2018.

*The E.U., China, and
Japan all talk free trade,
and they all practice
protectionism.—Wilbur
Ross*
