

IN THE NEWS

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World News

For years, it was hoped that China would reform itself in response to international trade [1]. Instead, the newfound wealth has been applied to enhancing its military. For instance, the H-6 bomber has been operating at greater ranges and with increased frequency [2]. This comes as they Chinese are enhancing their militarization of space [3]. Additionally, there are new concerns over China's plans to use floating nuclear power plants for providing electricity to the militarized artificial islands [4]. Then on August 29, Japanese fighter planes intercepted a Chinese spy plane as it approached Japan's airspace [5]. Meanwhile, China is increasing the size of its Marine Corps from 10,000 in 2017 to 30,000 in 2020 [6].

On the advanced technology front, China continues research aimed at hypersonic weapons [7]. In contrast, there is speculation the US is progressing toward the SR-72, a hypersonic plane with estimated speeds exceeding Mach 6 [8]. Additionally, reports indicate the US is funding multiple hypersonic weapons, with speeds up to Mach 20 [9].

One risk with an interconnected world is a disease can spread globally in a very short time. For instance, the estimated deaths that resulted from the Spanish flu range from 20 million to 100 million [10]. To better prepare against potential pandemics (such as the Spanish flu); samples of new threats are provided to other countries that develop vaccines and medications. With that as a backdrop; for the past year China had a new type of bird flu called H7N9 [11]. Unfortunately, China has not honored requests for samples of the new virus [12]. One report indicates the virus has a 40-percent fatality rate [13]. At this time, it is unclear why China is withholding virus samples but there is a potential for a global pandemic.

1. Washington Free Beacon, Gertz on Threat From China: 'You Can't Build a National Security Policy Based on Hope', August 29, 2018. Pickrell, Ryan, Business Insider, Chinese bombers are extremely active, and the Pentagon thinks they're training for strikes against US targets, (Continued on page 2)

Security

The race to keep software secure through patch management continues. Facebook patched a vulnerability that allowed remote server execution [1]. Microsoft released Intel's microcode patches to address security vulnerabilities [2]. Separately, Microsoft released 15 patches to correct 60 vulnerabilities [3]. Adobe released patches to correct two critical flaws [4]. Cisco released a patch to correct VPN vulnerabilities

[5]. Apache issued an emergency patch to fix an Apache Struts web framework has a critical vulnerability [6].

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2. Tung, Liam, ZD Net, Windows 10 alert: All versions get new Intel patches for Spectre, Fore-shadow bugs, August

22, 2018.

3. Krebs on Security, Patch Tuesday, August 2018 Edition, August 15, 2018.
4. O'Donnell, Lindsey, Threat Post, Adobe Patches Critical Photoshop Flaws in Unscheduled Update, August 22, 2018.
5. Tung, Liam, ZD Net, Cisco patches router OS against new crypto attack

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Special points of interest:

- Nasdaq record high - breaks 8,000
- S&P 500 record high

Security

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on business VPNs, August 14, 2018.

6. Schwartz, Mathew J., Bank Info Security, *Apache Issues Emergency Struts Patch to Fix Critical Flaw*, August 23, 2018.

Force is never more operative than when it is known to exist but is not brandished—Alfred Thayer Mahan

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2. Perez, Chris, New York Post, *China's military 'likely training for strikes' on US targets: Pentagon*, August 16, 2018.
3. Tweed, David, Bloomberg, *U.S. Warns China May Add 'Nuclear Element' to South China Sea*, August 17, 2018.
4. Gady, Franz-Stefan, The Diplomat, *Japanese Fighters Intercept Chinese Spy Plane in Sea of Japan*, August 29, 2018.
5. Peck, Michael, The Diplomat, *China is Tripling the Size of Its Marine Corps*, August 29, 2018.
6. Baumgaertner, Emily, New York Times, *China Has Withheld Samples of a Dangerous Flu Virus*, August 27, 2018.

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7. Mizokami, Kyle, Popular Mechanics, *China Conducts New Hypersonic Weapon Test*, August 7, 2018.
8. Hutchison, Harold C., and Maven, Warrior, Business Insider, *This is how amazing (and deadly) the Mach 6 SR-72 'Son of Blackbird' could be*, August 20, 2018.
9. Mizokami, Kyle, Popular Mechanics, *The First U.S. Hypersonic Weapons: Arrow and Hacksaw*, August 21, 2018.
10. Saul, Toby, National Geographic, *Inside the Swift, Deadly History of the Spanish Flu Pandemic*, February 16, 2018.
11. Majid, Aisha, The Telegraph, *Disease X: China ignores UK request to share samples of flu virus with pandemic potential*, August 29, 2018.
12. Rettner, Rachael, Live Science, *China Won't Share Its Samples of a Deadly Flu Virus. Here's Why That's a Problem*, August 28, 2018.

Terrorism

The war against terrorism will continue to take time and resources. Case in point, by one estimate, the Islamic State (IS) may still have 30,000 fighters in Iraq and Syria [1].

In London, a terrorist used a car outside the Houses of Parliament to ram pedestrians [2]. In Afghanistan, at least 34 were killed due to a suicide bombing of a predominantly Shiite school in Kabul [3].

There is a report that the Islamic State (IS) leader in Afghanistan was killed in an airstrike [4]. In Chechnya, the IS launched an attack where five of its terrorists were killed [5]. In Kirkuk, Iraq, a suicide bomber attack killed at least two policemen [6]. In Amsterdam, an Afghan suspected terrorist attacked two American tourists [7].

One fear is that many refugees

from Islamic war torn countries may be terrorists freely walking amongst us. Case in point, in Germany a Yazidi refugee encountered her captor, reported the encounter to the police, then fled Germany back to Iraq [8].

1. Sly, Liz, Washington Post, Islamic State may still have 30,000 fighters in Iraq and Syria, even after setbacks, August 14, 2018.
2. CBS News, Car rams U.K. parliament gate, driver suspected of "terrorist offences", August 14, 2018.
3. Constable, Pamela, Washington Post, Bombing of student center in Kabul highlights threat to minority Shiite youth, August 16, 2018.
4. BBC News, Afghanistan Islamic State leader 'killed in air strike', August 26, 2018.
5. AP/Fox News, Islamic militants launch attacks in Chechnya, 5 killed, August 21, 2018.
6. Reuters, Suicide attack kills two policemen near Iraq's Kirkuk, August 30, 2018.
7. BBC News, Amsterdam stabbing: Afghan suspect 'had terrorist motive', September 1, 2018.
8. Deutsche Welle, Yazidi woman encounters 'Islamic State' captor in Germany, August 17, 2018.

It is even better to act quickly and err than to hesitate until the time of action is past—Carl von Clausewitz

Economy

The stock exchange indices remain strong. Case in point, on August 24, both the NASDAQ and Standard & Poor's 500 reached all-time highs [1]. Then on August 27, the S&P 500 and NASDAQ closed at record highs with the NASDAQ breaking through the 8,000 barrier [2]. Then again on August 28, the Nasdaq and S&P 500 reached new record highs [3]. On August 29, the second quarter GDP was revised upward to 4.2% rate growth resulting in new record highs for the Nasdaq and S&P 500 [4]. Finally, on August 30, the major stock indices fell but not before the Nasdaq set another record high [5]. Overall, for the week ending August 31, the Nasdaq Composite rose 2.26% [6].

During the three weeks covered in this newsletter, employment remained strong. For the week ending August 11, the number of first time

unemployment claims was 212,000 [7]. Then for the week ending August 18, the number of first time unemployment claims was 210,000 [8]. Finally, for the week ending August 25, the number of first time unemployment claims was 213,000 [9].

1. Browne, Ryan, CNBC, *Nasdaq and S&P 500 hit all-time highs as Netflix jumps, Dow rises more than 150 points*, August 24, 2018.
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5. Change, Sue, and DeCambre, Mark, Market Watch, *Stocks snap 4-day winning streak to close lower as trade-war jitters resurface*, August 30, 2018.
6. Owusu, Tony, The Street, *Markets Close Mixed For Day, Up For Week and Month*, August 31, 2018.
7. Nasdaq, U.S. *Weekly Jobless Claims Unexpectedly Dip To 212,000*, August 16, 2018.
8. Reuters/CNBC, *US jobless claims fall as labor market holds firm despite trade tensions*, August 23, 2018.
9. Department of Labor, *News Release*, August 30, 2018.

*To conquer the command
of the air means victory; to
be beaten in the air means
defeat and acceptance of
whatever terms the enemy
may be pleased to impose.–*

Giulio Douhet
