

# IN THE NEWS

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## World News

China continues to intimidate its neighbors into relinquishing claims to the South China Sea. Case in point, China has sent ships to Thitu, part of the Spratly chain, to hamper Philippine construction on the island [1]. What's more, there are fears that China may be planning to conquer islands much further out [2]. Meanwhile, Taiwanese President Tsai Ing-wen warned the military threat from China's is growing [3]. For instance, one retired Japanese general predicts China will invade Taiwan by 2025 [4]. One piece predicts China will expand its navy by developing four nuclear powered aircraft carriers [5]. In response to Chinese military expansion, Australia is preparing to purchase 12 attack submarines from France at a cost of \$35 Billion [6]. Unfortunately, the first submarine will not be delivered until 2030 which may be too late to deter Chinese hegemony [7]. Regional responses to China's expanding Air Force include the Philippines, Indonesia, Singapore, and Thailand adding ground based radar systems [8].

China's successful probe on the moon demonstrates advanced technology and a commitment to space exploration [9]. To be sure, it appears that China also continues to advance its space military capabilities [10]. One report indicates China will have a laser system deployed capable of destroying or damaging low orbit satellites [11]. This comes as China is preparing to build a solar power station in orbit [12]. With such a capability, could China not use the station to power orbiting lasers? The evolving threats led to President Trump's directive to create a military space force [13].

1. Wong, Catherine, South China Morning Post, *Beijing sends fleet of ships to disputed South China Sea island 'to stop Philippines building facilities'*, February 9, 2019.
2. Stavridis, James, Blomberg, *China's Military Seeks New Islands to Conquer*, February 21, 2019.
3. Rodrigo, Chris Mills, The Hill, *Taiwan's president says military threat from China is growing 'every day'*, February 20, 2018.

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## Security

Security is only as strong as its weakest link. For instance, \$190 million in cryptocurrency accounts is locked after the password used by the company owner was lost (the owner passed away) [1]. The article indicates the entire strength of the cryptocurrency exchange was based on a password. As a consequence, QuadrigaCX, one of Canada's largest cryptocurrency exchanges filed for creditor protection [2]. There are some reports that describe

cryptographic block chains represent a financially growing technology [3]. However, cryptocurrencies have been hacked to the tune of \$2 billion since the start of 2017 [4].

One piece indicates that hackers are good at exploiting new technology [5]. It is therefore interesting that the United Kingdom claims it can mitigate risk associated with the made in China Huawei 5G networks [6]. A question here would be how? Especially when hack-

ers continue to enrich themselves by exploiting security vulnerabilities that exist today. Finally, we should not lose track of China extorting its position for political gain. Case in point, we remain dependent on Chinese Rare Earths; even though China once embargoed shipments going to Japan [7]. We still see China limiting mining to domestic needs thereby placing others at a disadvantage [8].

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### Special points of interest:

- Cryptocurrency Exchange used weak security

## Security

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1. Rogers, James, Fox News, *\$190 million gone forever? Crypto boss dies with passwords needed to unlock customer accounts*, February 4, 2019.
2. Brend, Yvette, CBC News, *Sudden death of cryptocurrency leader sends Quadriga into tailspin, panicking clients*, February 4, 2019.
3. Grygo, Eugene, Financial Technologies Forum, *\$462B Market for Financial Blockchains by 2030: Report*, February 13, 2019.
4. Orcutt, Mike, MIT Technology Review, *Once hailed as unhackable, blockchains are now getting hacked*, February 19, 2019.
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6. Singh, Kanishka, Reuters, *UK reportedly concludes it can mitigate risks associated with the use of Huawei equipment in 5G networks*, February 18, 2019.
7. Kirkpatrick, Keith, CACM, *Electronics Need Rare Earths*, March 2019.
8. Reuters, *China's cut to rare earth output unnerves global manufacturers*, October 25, 2018.

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*Ignorance, the root and stem of all evil—Plato*

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4. Burke, Matthew M., and Ichihashi, Aya, Stars and Stripes, *Retired Japanese general predicts China will invade Taiwan by 2025, Okinawa by 2045*, February 18, 2019.
5. Chan, Minnie, and Rui, Guo, South China Morning Post, *China will build 4 nuclear aircraft carriers in drive to catch US Navy, experts say*, February 6, 2019.
6. Zamora, Fabien, and Plowright, Adam, AFP, *Submarine deal shows France-Australia ties in 'new phase'*, February 22, 2019.
7. Blenkin, Max, AFP, *Australia signs massive sub deal with French firm*, February 11, 2019.
8. Abas, Marhalim, Aviation Week & Space Technology, *South China Sea Countries Boost Air Surveillance*, February 25, 2019.
9. Wehner, Mike, BGR News, *NASA captures best look yet at China's lunar lander hanging out on the Moon*, February 18, 2019.
10. Erwin, Sandra, Space News, *Defense intelligence report: China in steady pursuit of space capabilities to outmatch U.S.*, January 16, 2019.
11. Gertz, Bill, Washington Free Beacon, *DIA: China to Deploy ASAT Laser by 2020*, February 15, 2019.
12. Bloomberg/Fortune, *China Aiming to Establish a Power Station in Space by 2025*, February 118, 2019.
13. Gertz, Bill, Washington Free Beacon, *Growing ASAT Threat Behind New Space Force*, February 21, 2019.

## Terrorism

Heavy fighting is forcing the Islamic State (IS) to lose its last remaining enclave in Syria [1]. This leaves an uncertain future for the brides of IS fighters. One piece describes a woman that was proud to be a IS bride [2]. In a different example, one bride wants to return to the US [3].

It seems that Iran is on the receiving end of terrorist attacks. Case in point, an al-Qaida-linked group's suicide bomber targeted Iran's revolutionary guard, killing at least 27 [4]. One report indicates the suicide bomber was from Pakistan [5].

Pakistan and India have a history of conflict over the Kashmir [6]. The tension has again risen following a car bombing in the Indian-controlled Kashmir that left at least 41 people dead [7]. An Islamic terrorist group, Jaish-e-Mohammad (JeM), claimed

responsibility for the attack [8]. As a consequence, India and Pakistan are preparing for possible conflict [9].

1. Wedeman, Ben, et. al., CNN, *US-backed forces face fierce resistance from ISIS in 'final battle'*, February 10, 2019.
2. Said, Rodi, Reuters, *No regrets for woman who stuck by Islamic State through defeats*, February 23, 2019.
3. Hjelmgaard, Kim, USA Today, *ISIS bride Hoda Muthana's family files lawsuit against Trump*, February 22, 2019.
4. Vahdat, Amir, and Gambrell, Jon, AP, *Suicide bomber targeting Iran's Revolutionary Guard kills 27*, February 13, 2019.
5. Dehghanpisheh, Babak, Reuters, *Suicide bomber who killed 27 members of Iran's Guards was Pakistani: Guards commander*, February 19, 2019.
6. BBC News, *Kashmir: Why India and Pakistan fight over it*, February 15, 2019
7. Hussain, Aijaz, AP, *Death toll in Kashmir's deadliest car bombing climbs to 41*, February 15, 2019.
8. BBC News, *Pulwama attack: Who is militant group Jaish-e-Mohammad?*, February 15, 2019.
9. BBC News, *Pulwama attack: Pakistan warns India against military action*, February 19, 2019.

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*He will win who knows  
when to fight and when  
not to fight.—Sun Tzu*

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## Economy

For the week ending February 2, the number of first time unemployment claims was 234,000 [1]. Then for the week ending February 9, the number of first time unemployment claims was 239,000 [2]. Finally, for the week ending February 16, the number of claims was 216,000 [3].

In a further sign the economy is still strong, there were 7.3 million job openings at the conclusion for December, a series high [4]. Additionally, the Dow Jones Industrial Average once again passed the 26,000 mark, indicating stock prices continue to rise [5].

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Watch, *Initial jobless claims fall 19,000 to 234,000, return near post-recession lows*, February 7, 2019.

2. Department of Labor, *Unemployment Insurance Weekly Claims*, February 14, 2019.
3. Department of Labor, *Unemployment Insurance Weekly Claims*, February 21, 2019.
4. Department of Labor, *Job Openings and Labor Turnover Summary*, February 12, 2019.
5. Kelleher, Kevin, *Fortune*, *The Dow Posts a Nine-*

*Week Winning Streak. How Much Longer Can It Last?*, February 22, 2019

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*To rule a country of a thousand chariots, there must be reverent attention to business, and sincerity; economy in expenditure, and love for men; and the employment of the people at the proper seasons.—*

*Confucius*

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