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From: Chris Nelson <cnelson@samuelsinternational.com>

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To: rb112@columbia.edu



the Nelson Report

Feb. 26, 2018

CHINA "TRADE WAR"? TRUMP LOOKING TO 301'S, AVOIDING WTO...WANTS 25% TARIFFS! (Axios, Politico et al)
...TED ALDEN BREAKS THE CODE...it's all about US manufacturing
...NAFTA? WH/USTR stall to pressure manufactures' return?
...NAVARRO PROMOTION...CONFIRMED!
N. KOREA POLICY: TRUMP "OPEN" TO MOON/NK OFFER, JAPAN WANTS US-ROK MARITIME COOPERATION; AMB JOE YUN'S LAST DAY...FRIDAY
...strong voice against military action gone on 3/2; LR'S DEBATE
...Norks offer delegation to negotiate ParaOlympics team
GUNS: TRUMP SON OK WITH AGE BAN; A GOV CONFRONTS TRUMP ON SCHOOLS

SUMMARY: the next few weeks are shaping up to be highly consequential on China/trade and N. Korea policy. Sources increasingly agree that Trump is getting ready to hit Beijing hard on not just steel, but possibly "hundreds of products"...and that it will use a 301 process focus on all the stolen IPR in hopes of "avoiding the WTO", which the president "does not trust", rather than the long threatened 232's.

Scroll down for an Axios report that charts the on-going fight, with a decision perhaps leaning toward Chinese products the US can source in other countries:

--Timing: Two sources told me Trump has been impatient and wanted these 301 tariffs done yesterday, but the team still hasn't settled on which Chinese products to attack. The team hasn't presented its recommendations to Trump.

--The free traders - think Steven Mnuchin, Gary Cohn, Kevin Hassett, and Everett Eissenstat - only want tariffs on Chinese products that many other countries also produce (including uranium, consumer electronics and LED light bulbs.) They're trying to blunt any impact on American consumers.

--However, a former top government trade official told me: "This is how trade wars start. There is zero chance China does not retaliate against us in painful ways..."

Politico adds perspective on China, on Xi Jinping's stunning power grab, and a public "rehabilitation" of trade hard-liner Peter Navarro, which we have confirmed. Scroll down for detailed pieces on all three matters, but for

the Summary:

Xi sending his guy for talks: With Trump seemingly getting close to making his move on steel and aluminum, Lighthizer is expected to meet this week with Liu He, a senior economic adviser to Chinese President Xi Jinping. The discussions will focus on the potential actions on steel/aluminum as well as the China-focused probe into intellectual property theft and forced technology transfer. Reuters [reported](#) Friday that U.S. officials didn't expect any major breakthroughs.

XI COULD BRING CHINA BACK TO TIME OF ONE-MAN RULE: China's Communist Party is moving towards scrapping a constitutional rule that limits Chinese presidents and vice presidents to two terms, a move that could allow Xi to remain in power for the rest of his life. The Communist Party's Central Committee today begins three days of meetings - the kind of venue at which a big policy move like this could be announced, The Washington Post [notes](#).

Your Editor can *confirm* the following, directly...for sure it adds weight to the "25% tariff" option!

NAVARRO MAY REGAIN POLE POSITION ON TRADE: Peter Navarro, the White House trade adviser who was sidelined last year after repeatedly clashing with Trump's more moderate advisers, could soon be granted a title change that would give him more direct influence over the administration's trade agenda, POLITICO's Andrew Restuccia reports.

White House aides are strongly considering promoting Navarro, a trade hardliner and China hawk, to assistant to the president for trade policy. The new title would ensure he has a seat at the table at a pivotal moment for the administration on trade and give him access to the daily senior staff meeting.

Trump, who likes Navarro and regularly inquires why he isn't in key meetings, ordered the change, one administration official told Andrew. Another person familiar with the matter said things haven't been finalized, but Chief of Staff John Kelly has agreed to implement the change...

ALSO on the "watch list"...N. Korea policy. We sent out Sunday Readings with the big news from Pres. Moon, accomplishing his "Olympic goal" of a possible US-DPRK official meeting, for "talks" if not (yet?) "negotiations". ***Much*** Loyal Reader commentary ensued, for which scroll down. But major news ***today*** is confirmation that long-time senior St. Dept. Korea Hand Joe Yun is retiring...***this Friday!***

Joe has been even ***more*** outspoken against the so-called "Bloody Nose" option on the DPRK than the deposed nominee for Amb. to S. Korea Victor Cha, and joined Sec. St. Tillerson last Fall in urging "talks about talks" which the White House brutally shot down. That he put in for retirement just as he and Tillerson may be about to see that happening? "Speaks for itself", ruefully comments an ANON "inside the building" reaction to the announcement that Mar. 3 would be Yun's final day speaks volumes:

"He didn't say where he was going -- must finish the two-month retirement course for Foreign Service professionals first. But obviously terrible news for those opposed to military action. Sigh."

WHY THIS MAY BE A REALLY SERIOUS MATTER...scroll down for Loyal Reader ***Steve Herman's*** report for VOA today, then the results from our weekend "colloquies""

VOA just now...excerpt:

U.S. President Donald Trump is expressing a willingness to talk with North Korea, but

"only under the right conditions," while warning that if Pyongyang doesn't abandon its nuclear weapons and ballistic missile programs there could be a potentially tremendous "loss of lives, numbers that nobody's ever contemplated, never thought of."

OVER THE WEEKEND- TRUMP WARNS OF MILITARY ACTION IF SANCTIONS FAIL, [via The Hill](#): "President Trump signaled on Friday that military action could be in the works if new sanctions against North Korea don't curb the country's nuclear ambitions..."

"'We'll have to see,' Trump said. 'I don't think I'm going to exactly play that card. But we'll have to see. If the sanctions don't work we'll have to go to phase two. Phase two may be a very rough thing. May be very, very unfortunate for the world.'"

China says new U.S. sanctions threaten cooperation over North Korea, also [via Reuters](#). But it will deal "seriously" with any breaches of U.N. Security Council resolutions, the AP [adds](#)

HUMMM...A decision-making crunch on US military force could come sooner than anyone wants, given Trump's latest ambiguous threat, and the continued Administration position that N. Korean nukes, especially a working ICBM, "cannot be tolerated":

[The Atlantic](#)

3 Signs the Korean Olympics Truce Won't Last

It's been a relatively quiet February on the missile-testing front. March could be different.

URI FRIEDMAN

The closing ceremony of South Korea's Winter Olympics marks the end not just of dazzling twizzles, celebrity curlers, and shirtless Tongans, but also of an interlude in the international crisis over North Korea's nuclear-weapons program. In recent weeks we've witnessed North and South Koreans marching and competing together, American Vice President Mike Pence almost literally rubbing elbows with the sister of the North Korean leader Kim Jong Un, and tentative talk of a grand summit between Kim and South Korean President Moon Jae In. The spectacle of the Olympics has obscured several signs that the nuclear crisis will soon resume-and quite possibly accelerate.

Sanctions

While Pence signaled during the Olympics that the Trump administration is willing to meet directly with North Korean officials, he stressed that the United States will not ease economic sanctions until the North takes steps toward dismantling its nuclear arsenal. In fact, the administration is intent on increasing the pressure amid evidence that international sanctions are inflicting serious pain on the Kim government. On Friday, the U.S. Treasury Department sanctioned dozens of ships and shipping companies that it says are helping North Korea evade severe restrictions on trade in fuel and other essential products.

These sanctions are designed to compel North Korea to make concessions on its nuclear program. Yet in the near term, at least, they could make substantive negotiations less likely to take place. Pence, for example, was planning to hold a secret meeting with North Korea's official delegation as part of his visit to the opening ceremony, in Pyeongchang, but the North Koreans canceled at the last minute. Their reason? Anger about Pence's announcement of the latest round of sanctions.

Military Exercises

The United States and South Korea suspended joint military exercises during the Olympics, but they plan to reschedule the massive drills for after the Paralympics

conclude, in mid-March. While the Americans and South Koreans characterize these exercises as crucial to preparing for North Korean aggression, the North views the training as a rehearsal for invasion. A commentary in North Korea's state-run Korean Central News Agency this week pointedly argued that North-South dialogue can't progress so long as U.S.-South Korean drills persist.

Missile and Nuclear Tests

North Korea has a track record of conducting missile tests in the spring, and that might be particularly true this spring as it refines the technology to place a nuclear warhead on a missile that can reach the United States. The Center for Strategic and International Studies has found that U.S.-South Korean military exercises lead to more provocations by the Kim government when North Korea's relations with America are strained in the weeks preceding the drills. That's the case now despite the reconciliation between North and South Korea for the Olympics; the U.S. standoff with North Korea is primarily about nuclear weapons, while the overtures between North and South Korea have avoided nuclear issues.

In testimony before the Senate Intelligence Committee earlier this month, Director of National Intelligence Dan Coats said he expected North Korea to conduct more missile tests in the months ahead. He also suggested that additional tests of nuclear weapons could be in the offing, noting that North Korean officials have threatened to take the extremely provocative step of detonating a hydrogen bomb over the Pacific Ocean. (The North Koreans might be tempted to carry out such an atmospheric nuclear test, which hasn't occurred since the Chinese staged one in 1980, to dispel doubts about their capacity to threaten the U.S. with nuclear weapons.)

In December, three months after North Korea's last nuclear test, the Trump confidant Senator Lindsey Graham told me he thought there was a 70 percent chance of the Trump administration taking military action against North Korea if Kim Jong Un tested another nuclear bomb. Even if the probability is far lower than that, Graham's estimate speaks to how high the stakes are in every test that moves North Korea closer to a long-range nuclear capability that the Trump administration claims is unacceptable.

A nuclear-armed North Korea poses a "potentially ... existential" danger to the United States and could blackmail America into abandoning its alliance with South Korea, Coats told the Senate. "The decision time is becoming ever closer in terms of how we respond to this."

As for whether the U.S. can reverse North Korea's nuclear program through sanctions rather than military force, Coats didn't sound particularly optimistic. The North "has repeatedly stated that it does not intend to negotiate its nuclear weapons and missiles away," he noted.

SCROLL DOWN FOR LOYAL READER DISCUSSION ON THE N. KOREA POLICY CONUNDRUM...Your Editor will attend KEI's Tuesday lunch seminar on "The N. Korean Economy Under Sanctions", including the transparently silly White House effort to claim it never said nothin' to nobody about no "Bloody Nose", so gee whiz what's all the fuss about? They might want to ask Joe...

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CHINA TRADE, cont'd...if Axios is right, these should be "interesting"...

Reuters

U.S. to discuss trade disputes with China economic official next week

Steve Holland, Jeff Mason

WASHINGTON (Reuters) - Senior U.S. officials will discuss trade disputes next week with a top Chinese economic official when he visits Washington, a senior U.S. official said on Friday as President Donald Trump considers new tariffs on steel imports.

The talks will be led by Trump's trade envoy, Robert Lighthizer, who will meet with senior Chinese economic adviser Liu He, the official said. U.S. officials say they do not expect a major breakthrough in the discussions.

Trump has long sought a way to a more balanced trade relationship with China and threatened to impose a big "fine" against China to protect American intellectual property. The U.S. official said Trump had been discussing imposing a global tariff on imports of steel from China and other countries.

A source close to the White House said he had expressed interest in imposing a tariff on steel imports of at least 24 percent, but a White House spokesman said no final decision had been made.

The prospect of a global tariff sent steel shares rising after hours with United States Steel Corp and AK Steel Holding Corp up more than 3 percent.

The Commerce Department on Feb. 16 recommended that Trump impose stiff curbs on steel imports from China and other countries and offered the president several options, ranging from global and country-specific tariffs to broad import quotas.

A blanket tariff on steel would cover every steel and aluminum product entering the American market from China, the world's largest steel producer. "No final decisions have been made. As with every decision he makes, the security of the American people and the American economy will be the president's primary concerns while he considers his potential options," White House spokesman Raj Shah said

"President Trump is committed to achieving fair and reciprocal trade relationships that protect the American worker and grow our economy," he said. Liu, a Harvard-trained economist and trusted confidant of Chinese President Xi Jinping, has emerged as the front-runner to be the next governor of China's central bank, according to sources with knowledge of the situation. Liu is the top adviser to Xi on economic policy and is also expected to become vice premier overseeing the Chinese economy.

China has not officially confirmed the trip. Speaking at a daily news briefing in Beijing on Friday, Chinese Foreign Ministry spokesman Geng Shuang would only say when asked if Liu was going that the two countries have frequent exchanges of officials at various levels.

"If there is important news, China will issue it in a timely manner," Geng added. China has expressed concerns over excessive protectionism in the U.S. steel sector and urged restraint. It has also said it will oppose any "unfair and unreasonable" trade measures by countries such as the United States.

American steel companies have pressed the administration to impose trade measures to curb excess steel capacity and surging imports they say are undermining the U.S. industry.

Exports from China to the United States reached 1.18 million tonnes last year. China produces a total of 800 million tonnes of steel each year, equal to about half of global output.

In a meeting with a bipartisan group of U.S. senators and representatives at the White House earlier this month, Trump signaled he would take at least some action to restrict imports of both steel and aluminum.

Reporting by Steve Holland and Jeff Mason; Additional reporting by Ben Blanchard in BEIJING

RELATED: WHAT CHINA IS DOING WITH THE HELP OF BILLIONS...TRILLIONS (?)...IN STOLEN IPR

Wall St. Journal

China's Authoritarian State Has an Edge in Artificial Intelligence Development

A wealthy repressive state can press ahead with tech innovation unimpeded by privacy concerns

By Bob Davis

China made enormous economic strides in the past quarter-century by manufacturing everything from toys to tires inexpensively and exporting them overseas. To become a truly wealthy nation, it must move beyond its role as a low-cost manufacturer and become an economic innovator itself.

Can a repressive state, led by a central government specializing in five-year plans and surveillance of its own people, make such a leap? The odds against success look steep. Economic history includes few examples of authoritarian states becoming innovative business leaders. But China aims to make that jump in artificial intelligence-or high-level machine learning-with an unusual approach that can't be dismissed.

Beijing is bankrolling a big effort in AI, in part, to keep better track of homegrown individuals it considers criminals and dissidents, and to intimidate would-be opponents. That work involves fundamental research in image recognition, data collection and sorting that could have commercial spinoffs in the software used to run complex systems. A city with millions of self-driving cars, for instance, would need data analysis and the ability to recognize, say, that a ball bouncing across the street might be followed by a child chasing it.

"What gives China an edge is there is more of a sense of urgency," says Paul Triolo, a technology research manager at Eurasia Group.

Last summer, China's central government published a comprehensive plan for artificial intelligence development that aims to make the nation "the world's primary AI innovation center" by 2030.

In China such plans aren't simply blueprints, but indications of central government priorities, which work down to localities, state-owned firms and entrepreneurs. So far, local governments, looking to turn themselves into software centers, have pledged about \$7 billion in funding for AI development, estimates a congressional panel that focuses on China.

Mix that with genuine enthusiasm for the technology among Chinese scientists and companies-and world-class talent-and you have a formidable force, say U.S. researchers who have studied China's AI program.

"There's an enthusiasm for AI and culture of dynamism that we don't see as much in the U.S., at least outside of Silicon Valley," says Massachusetts Institute of Technology researcher Erik Brynjolfsson.

Among the most innovative-and threatening-of the Chinese research involves surveillance. The Wall Street Journal has detailed how Beijing has turned its western Xinjiang region into a warren of facial scanners to track millions of Uighur minorities. Police there use hand-held devices to search smartphones for encrypted chat apps. A new twist: mobile facial-recognition units mounted on eyeglasses that police use to search crowds for fugitives, among other uses.

Artificial intelligence works by the collection of vast amounts of data used to "train" computer software to recognize patterns and reach conclusions, precisely the kind of skills needed to track a small number of dissidents among a sea of Chinese faces. "A repressive state can be an engine of innovation," says Robert Atkinson, president of the Information Technology and Innovation Foundation, a tech policy center.

In the past, Chinese efforts to innovate have stumbled over the state's desire to centralize control, denying researchers and companies the freedom to follow their own ideas. China, for instance, has tried to jump-start its semiconductor industry with projects dating as far back as the Cultural Revolution, but still hasn't produced

a company that can compete with global leaders like Intel or Samsung. Beijing is trying once again in computer chips, putting together a massive government fund, but the U.S. government so far has blocked China's efforts to acquire advanced Western technology.

AI may be different, say U.S. technology researchers. China's AI effort is being joined by globally competitive internet powerhouses including Tencent Holdings Ltd. , which is focused on medical imaging, and Alibaba Group Holding Ltd. , which wants to help create smart cities that use sensors, cameras and computers to manage traffic. So far, the government is following their lead in technology development, AI researchers say, whatever the goals laid out in the government plan.

Chinese researchers may not have political freedom, they say, but they have the economic freedom to chart their own course. And the Chinese government doesn't throw up roadblocks to the technology on the grounds of privacy, as occurs in the West. "Freedom is very important," says Mr. Brynjolfsson. "But there is more freedom in China to do startups than most people realize."

Becoming an innovator in high technology and making a business success of those innovations in international markets is something that only a few countries have done, says Loren Graham, an emeritus MIT science historian. "All of them-so far-are open, democratic societies in which government companies do not dominate," he said.

He says China's push in AI represents a great economic experiment. "Can a country like China with lots of money combine repression, creativity and economic success based on that creativity? If the answer is yes, then we will have to rethink everything."

RELATED:

Lowy Institute

Echoes of Mao as Xi Jinping ends term limits

Has Xi Jinping just made himself president for life?

Richard McGregor | February 26

The announcement on Sunday that China will amend its state constitution to remove the two-term limit for the presidency has seemingly cleared the way for just that. Under the old constitutional provisions, Xi would have been required to step aside as president in early 2023, when his second five-year term would come to an end. Xi would not necessarily have had to cede power, however. There are no term limits for one of the other key positions he occupies, that of secretary of the communist party, the office in which true power resides in China.

In that respect, the position of president (head of state) is just being brought into line with that of the ruling party. As recently as the early 1990s, different figures held the office of president and party secretary. The announcement is enormously significant nonetheless.

Xi's current term as party secretary lasts until late 2022, and there are no formal impediments to him staying for longer - other than the evolving institutional norms which aligned the CCP job with that of president, and thus limited it to two terms. Hu Jintao, Xi's predecessor, for example, served two terms in both positions.

With Sunday's announcement, these nascent institutional norms have gone out the window. In their place, we are returning to the system that prevailed into the early 1990s, of informal, opaque bargaining, usually involving elders, to determine top positions.

In Xi's case, however, Chinese politics may be going back even further, to the Mao era of strongman rule. Xi, of course, is not Mao, and Mao's China is not today's China, but that in many respects makes his removal of any restraints on staying in office all

the more remarkable. However you read it, his centralisation of power does hark back to darker times in China.

The early propaganda takes coming out of China suggested that this change was needed for stability. In the words of a scholar quoted in the Global Times, the party-controlled populist tabloid, Beijing needs a strong stable leadership in the "crucial period" between 2020 and 2035, by which time China will be a modern, prosperous state.

Far from providing stability, however, Xi's decision to remove formal impediments to him staying in power may do the opposite. One of the CCP's great strengths in recent decades has been to build a system of orderly succession at the top, something that often eluded and defenestrated authoritarian regimes around the world. Jiang Zemin handed over power to Hu Jintao on a fixed timetable; Hu in turn did the same with Xi.

Late October, at the once-in-five-years party congress, Xi indicated the direction he was heading in by declining to appoint a clear successor who could be groomed to take over the position of party secretary in late 2022. The announcement of Sunday reinforces that decision.

The timing of the Sunday missive is telling as well. Coming at the beginning of a second term, it both cements for the moment Xi's overwhelming authority over the party and the government, and also sends a warning to his legion of enemies at the top of the party who have been hit by the anti-corruption campaign: he is not going anywhere.

It also dovetails with the broader theme of Xi's period in office - of the party erasing distinctions between it and the state. In this case, the terms for the state presidency have been bought into alignment with the party secretary's job. But does it signal that Xi is all-powerful? That can be argued both ways.

Xi's ability to push this decision through in the short-term is undoubtedly a display of his grip on all levers of power. But the very fact that he feels the need to do so could easily be a sign of something else - that he is possessed by an urgency to gather even more power than he already has to keep his enemies at bay.

One thing is certain. Many Chinese scholars and officials who have worked hard to advance political and legal reforms in China will be furious that Xi is throwing their efforts aside.

Editor's Note: if you've not already, get on Amazon and order Richard's book!

Asia's Reckoning: China, Japan, and the Fate of U.S. Power in the Pacific Century

ROBERT BLOHM comments from Beijing:

Dear Chris,

Today's announcement of flash constitutional change to no term limit (for Xi) marks a coup d'etat in the making, a hijacking of the Central Committee in-the-making over these next three days. The Chinese have this cryptic saying about Xi:

***"All three dreaded traits (in a politician):
Strength is light but task hard,
Virtue is thin but position honorable,
Wisdom is shallow while eyeing greatness."***

Some Chinese are mockingly circulating online a photo of China's last Beijing-based emperor (if only for three months in 1910) General Yuan Shikai in his full military regalia with Chairman Xi's face photoshopped thereon.

The Peoples Daily's verdict (translated):

The Western Elected System Faces a Historical Crisis that is Untenable.
The pioneering and proven practice of China's political system has made it unnecessary for us to follow the West's lead and abolish the so-called term limit. It is the biggest correction of the outmoded, rigidly elected Western system, the great progress of the political system with Chinese characteristics and the newest achievement of the political civilization of mankind, which is instructive and exemplary to all political systems throughout the world.

My take on Xi: he's an organization-man (poker-face) robot in my opinion with little original vision of his own. He knows just how to identify and blend the dominant views and represent them. A kind of genius at reading which way the wind is blowing and riding it. In other words, talking about "Xi thought" is a misnomer.

He was a personnel manager-by-ideology all his career. On-the-job PhD in Marxism. He's a real committeeman. He knows how to commandeer committees by successfully identifying the dominant forces and harnessing them. Last but not least, he's a product of luck: he was tactful enough never to find himself on the losing side in any major discussion. A "Great Helmsman" through the bureaucratic swamp.

Chairman Xi's going to use (VP to be) Wang Qishan and (econ guru and Politburo parachute just dispatched to Washington) Liu He to deal with the foreign element, smooth the interface, try to convince them that one-man dictatorship is the only way to get good things done and to depend on them to influence the Boss the right way. I think Wang's and Liu's colleagues view them as window-dressing decoys.

Financial Times

China moves to silence outcry over abolition of Xi's term limit

Yuan Yang | February 26

China's censors have gone into overdrive to silence displeasure over the Communist party's plans to scrap the presidential two-term limit, even blocking the phrase "I disagree" on social media.

China's system of online curbs - operated through government departments as well as internet companies' self-censorship - blocked dozens of new terms on social media to silence criticism of a proposal that many fear will allow President Xi Jinping to effectively become a dictator for life.

On Monday, phrases including "I disagree", "migration" and "boarding a plane" were blocked from posts by regular users of Weibo, China's top microblogging site, yielding the error: "Sorry, the content violates the relevant laws and regulations or Weibo's terms of service."

The phrase "boarding a plane" is a homophone for "ascending the throne" in Chinese. Other terms censored on Weibo include "life-long rule", "long live the emperor" and the title of George Orwell's dystopian novel Animal Farm.

"Censored terms are the best evidence for what people are talking a lot about," said Xiao Qiang, founder of censorship-watching organisation China Digital Times, which is based in California. "The banned keywords are precisely expressions that are ringing true, as public concerns rise over Xi Jinping's authoritarian tendencies putting China back politically at least 30 years," Mr Xiao added.

China's search engine giant Baidu, which pushes news notifications to smartphone users, was also affected. An employee of Baidu's news unit who wished to remain anonymous said it, along with at least 13 other internet news companies, had received edicts from authorities to prioritise articles supportive of the proposed constitutional change. Such articles had to be placed in the top slot of the landing page of the news apps.

Chinese netizens shared more oblique memes to sidestep censors, such as a cartoon featuring Winnie the Pooh - the rotund bear who has drawn comparisons with Mr Xi

- hugging a pot of honey with the caption: "Find the thing you love and stick with it."

Condom manufacturer Durex issued two statements on its official Weibo account asking readers to "clearly distinguish between what was real and fake" after netizens shared its old advert sporting the slogan: "Doing it twice is not enough".

Some Chinese netizens tried to vote with their feet. Web searches for "migration" rose four hours after the term limit proposals were announced. The Baidu Index score for the term, which measures the popularity of searches on the search engine, shot up from 30 to more than 4,200. Searches for the term on Baidu Index were blocked on Monday.

Other people drew historical parallels. Some referred to Yuan Shikai, a general who amended the constitution to make himself "emperor for life" during the early days of the Chinese republic. Others spoke of Zhang Xun, a contemporary of Yuan who tried to restore the Qing emperor. Both those names were banned from Weibo, as well as from Weibo searches and Baidu Index searches, as of Monday morning.

"Internet censorship will aim to manage the narrative that this is reform and not a fall back to one-man rule," said Michael Davis, senior fellow at the Centre for Comparative and Public Law at Hong Kong University. "Many Chinese people, with some collective memory of what one-man rule was like under Mao [Zedong], might justifiably be sceptical," he added.

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TRADE...CONT'D...NAFTA UPDATE AND SOME BIG PICTURE THINKING FROM LOYAL READER TED ALDEN, CFR:

Politico Morning Trade

PRESSURE'S ON LIGHTHIZER IN NAFTA ROUND 7: The outcome of talks unfolding in Mexico City this week could hinge on whether U.S. Trade Representative Robert Lighthizer will be willing to work with Canada's recent offers and others Mexico is expected to make. After the fall rounds ended in impasse and pessimism, with the Trump administration blaming its counterparts for refusing to engage, negotiators finally seemed to take a step forward in late January in the aftermath of the Montreal round, when Canada, in particular, began floating ideas for the first time to respond to U.S. priority issues like auto rules of origin and a five-year sunset provision.

If Lighthizer doesn't demonstrate the U.S. is willing to compromise, the goal of reaching a deal at all, let alone by the end of March, feels increasingly unachievable, public- and private-sector sources close to the talks told Megan Cassella.

"We still sit here wondering where the progress is going to be on the poison pills," one U.S. industry source said. "If there is none - even if you go and close another chapter like anti-corruption or small- and medium-size enterprises - is it just window dressing?"

Megan, who will be in Mexico City this week, has a full rundown on the Round 7 dynamic [here](#).

A bad omen for a spirit of compromise? President Donald Trump's planned meeting with Mexican President Enrique Peña Nieto in Washington was dropped after the two leaders clashed during a phone call last week over Trump sticking by his demand that Mexico will pay for a border wall. That [news](#), from The Washington Post over the weekend, doesn't seem like it would help to make Trump more likely to give Lighthizer a green light to give ground in Mexico City.

"The problem is that President Trump has painted himself, President Peña Nieto and the bilateral relationship into a corner," said Arturo Sarukhan, a former Mexican ambassador to the U.S., told the paper.

BRADY GOING TO MEXICO: House Ways and Means Chairman [Kevin Brady](#), who has a meeting with Trump this afternoon, is heading to Mexico City with a bipartisan

congressional delegation later this week. Rep. [Richard Neal](#), top Democrat on the Ways and Means Committee, is expected to join him, along with other members of the panel. Brady, a longtime advocate of free trade, will be one of the highest-ranking members of Congress to attend the NAFTA talks.

QUEBEC DRAWS LINE ON SUPPLY MANAGEMENT: Quebec Premier Philippe Couillard wrapped up his third visit to the U.S. since the NAFTA renegotiation started and reiterated that his province would stand in the way of any major changes to Canada's supply management program.

"Politically, particularly in Quebec, it has become so entrenched in a rural way of life, I see no possibility of - maybe some changes at the margin - but no substantial change is simply possible," Couillard said in an interview with your host over the weekend on the sidelines of the National Governors Association winter meeting. "People in the U.S.A. should know that the Canadian federation is quite decentralized, and in a subject like supply management, practically speaking, no deal is possible without Quebec's consent."

"If it doesn't pass the test with our farmers, our industry, it will not pass the test, period," he warned.

The U.S. dairy industry, which views supply management as anathema to free trade, is eager to use a NAFTA reboot as a way to take aim at the program, which restricts imports and puts annual limits on production as a way to support farmer incomes in the dairy, poultry and egg sectors. About 40 percent of Quebec's agriculture industry is under supply management. The U.S. has put forward an aggressive proposal aimed at a controversial milk ingredients pricing program that was seen to attack some fundamental supply management principles.

"Nothing will touch the core of the supply management program, I'm sure about that," Couillard said, adding that providing any additional market access to U.S. farmers will be "extremely difficult."

No lumber deal in sight: Couillard, on another issue important to his province, said there was little incentive for Quebec lumber producers to try to get the Canadian and U.S. governments back to the negotiating table on softwood lumber. U.S. lumber producers are already benefiting from combined anti-dumping and countervailing duties of 24 percent on imports from some Canadian companies. But the higher prices south of the border, which Couillard argued are squeezing American consumers more than anyone else, are having little impact on Canadian lumber mills.

"Since the tariffs came into place, as I predicted when I was talking to my counterparts a couple of years ago, not a single job has been lost in our sawmills, not a single one has closed. What we see is the price of lumber going up and up and up," he said.

"They are taking advantage of high prices now and no job losses have occurred. There's no pressure," he added. "Business is good. The same is with the U.S. [industry] coalition. Why should they settle? Business is good."

- Canada isn't optimistic as NAFTA talks go into the seventh round, the Washington Post [reports](#).

- A new study finds that bolstering NAFTA could add 63,000 jobs in Arizona, the Arizona Republic [reports](#).

- Michigan Gov. Rick Snyder says a breakdown in NAFTA talks could hinder new tax cuts, POLITICO [reports](#).

- The chief of the Royal Bank of Canada says some commercial clients are anxious about NAFTA, Bloomberg [reports](#).

- WTO Director-General Roberto Azevedo warns of increased risks of "trade wars," Deutsche Welle [reports](#).

U.S., AUSTRALIA AGREE ON DIGITAL TRADE PUSH: Thirteen months after Trump withdrew from the TPP, the U.S. and Australia have agreed to "intensify cooperation" on a groundbreaking part of the pact - digital trade. Lighthizer and Australian Minister for Trade, Tourism and Investment Steven Ciobo met Friday and issued a statement pledging to "support the growth of digital trade between our countries, ensure an open, free and secure internet, and advocate the liberalization and facilitation of global digital trade."

The two trade officials, in another promise reminiscent of TPP, said they would seek to ensure "workers and small and medium-sized enterprises can succeed in the digital economy." Australia and the remaining 11 TPP members are scheduled to sign a revised deal without the U.S. in two weeks' time.

Building off Buenos Aires: Lighthizer and Ciobo said they seek to build on the momentum from the 11th WTO Ministerial Conference in December, where 70 WTO members accounting for more than 75 percent of global trade - Australia and the U.S. included - agreed to work toward future negotiations on e-commerce.

"This initiative provides an opportunity to create ambitious, commercially meaningful international trade rules that address key trade barriers and will keep pace with technological change," the duo said in the statement.

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RELATED: GOOD JOBS FOR GOOD FOLKS DEPT...

Ways and Means Democrats Hire New Trade Counsel

WASHINGTON, DC - Today, Julia Friedman joins the Ways and Means Committee Democrats' trade staff as a counsel. Previously, Julia served as Director for Innovation and Intellectual Property at the Office of the United States Trade Representative (USTR), where she played a central role in drafting the United States' NAFTA IP proposal and in the ongoing renegotiation. Prior to her role in the Office of Innovation and Intellectual Property, Julia worked in USTR's Office of Intergovernmental Affairs and Public Engagement. Julia earned her Bachelor of Arts degree from the University of Michigan's Gerald R. Ford School of Public Policy and earned her Juris Doctorate from Wayne State University Law School.

Politico

Promotion would give Navarro deeper influence over trade policy

By ANDREW RESTUCCIA 02/25/2018 01:54 PM EST

White House trade adviser Peter Navarro, who was sidelined last year after repeatedly clashing with President Donald Trump's more moderate advisers, could soon be granted a title change that would give him more direct influence over the administration's trade agenda, according to three people familiar with the issue.

White House chief of staff John Kelly in September folded Navarro's Office of Trade and Manufacturing Policy into the National Economic Council, mandating that Navarro report to NEC Director Gary Cohn. The move kept Navarro out of some high-level meetings of principles on trade, and forced him to work under Cohn, with whom he has loudly disagreed in closed-door trade discussions at the White House in recent months.

Now, White House aides are strongly considering promoting Navarro to assistant to the president for trade policy, according to the people. The new title would ensure that he has a seat at the table at a pivotal moment for trade, and it would grant him access to the daily senior staff meeting.

One administration official said Trump, who likes Navarro and regularly inquires why

he isn't in key meetings, ordered the change. Another person familiar with the issue said the move hasn't yet been finalized, but that Kelly has agreed to implement it. Navarro did not respond to requests for comment, and a White House spokeswoman declined to comment. Inside U.S. Trade, a trade publication, first reported the news of Navarro's title change.

The pending change comes as the administration is preparing to impose new tariffs on steel and aluminum imports after a pair of Commerce Department reports found that the imports threaten U.S. national security. Among the recommendations in the Commerce reports: a 24 percent tariff on all steel imports and a blanket 7.7 percent tariff on aluminum imports.

The White House is expected to announce its decision soon, and Trump himself is said to favor the steep tariffs recommended by the Commerce Department. But administration officials said no final decisions have been made.

Navarro is perhaps the most vocal trade hawk in the Trump administration. A fierce critic of China, he has encouraged the president to carry out his campaign promises and take aggressive action on trade. "The change in [Navarro's] stature is a sign that the promises the president made on trade and manufacturing are more likely to be implemented," said Mike Wessel, who knows Navarro and is a longtime commissioner on the U.S.-China Economic and Security Review Commission, a watchdog panel set up by Congress in 2000.

Trade has been one of the most divisive policy issues within the administration. For months, senior Trump aides and Cabinet secretaries have been meeting behind closed doors to reach a consensus on everything from China's alleged intellectual property theft to tariffs on solar panels.

The departure of White House staff secretary Rob Porter, who was the administration's lead trade policy coordinator, amid domestic abuse allegations has further complicated the trade debate. Porter organized weekly trade meetings at the White House, and his absence has given advisers more opportunities to make their case directly to the president.

Administration officials remain deeply divided over exactly what Trump should decide on the aluminum and steel tariffs. Cohn, national security adviser H.R. McMaster and Secretary of State Rex Tillerson have all expressed concerns about steep tariffs, according to an administration official.

Defense Secretary James Mattis has also raised red flags about some of the Commerce Department's recommendations. "DOD continues to be concerned about the negative impact on our key allies regarding the recommended options within the report," Mattis said in a memo released Thursday night.

WHAT THIS MEANS? We believe Loyal Reader and valued Trade Guru Ted Alden, Council on Foreign Relations, has broken the code:

Politico

The Real Game Trump Is Playing on NAFTA

He isn't negotiating. He's stalling for time.

By EDWARD ALDEN

As the United States, Canada and Mexico head into the seventh round of the renegotiation of the North American Free Trade Agreement, there is a question increasingly looming over the talks: Why hasn't Donald Trump pulled the plug already?

The president has made no secret of his loathing for NAFTA, calling it during the campaign "the worst trade deal in history." He came very close to ending it nearly a year ago, in April 2017, but was reportedly talked down at the last minute by personal calls from Canadian Prime Minister Justin Trudeau and Mexican President

Enrique Peña Nieto. Throughout the year, as the negotiations dragged past their original end-of-2017 deadline with no progress in sight, Trump continued to threaten withdrawal. As recently as the last round in Montreal in January, Canadian officials were telling reporters in advance that they were certain Trump was on the verge of pulling the U.S. out of NAFTA.

And yet, even with the president's top trade negotiator acknowledging last month after the Montreal round that the talks are "progressing very slowly," Trump now looks increasingly unlikely to leave the table. He [told](#) the *Wall Street Journal* that he was "leaving it a little bit flexible," and acknowledged that it would be hard to conclude a new NAFTA prior to the July 1 Mexican general election. "There's no rush," he added. That could mean the talks will now drag on until 2019, since the new Mexican president would not even take office until December.

Is Trump getting cold feet, then, on NAFTA? That is certainly possible - pressure from pro-trade Republican members of Congress and from Republican governors from export-dependent states has been growing. Pulling out of NAFTA would generate a backlash within his own party, and would probably upset financial markets as well.

But there is another explanation. Whether by design or by luck, Trump is already winning the NAFTA renegotiation. It turns out the uncertainty over NAFTA's fate is Trump's friend. It is part of what appears to be a systematic - U.S. trading partners might say predatory - strategy to shift investment dollars to the United States. I have had conversations with business leaders in recent weeks in which they all quietly acknowledge the same thing: Until they know what the new rules will be under NAFTA, they are likely to hedge their bets by locating new investments in the United States rather than in Canada or Mexico, just in case the rules change and they are frozen out of the largest North American market.

The most explicit move was the decision by Fiat Chrysler last month to move production of some Ram heavy duty pick-up trucks from Saltillo, Mexico, to Warren, Michigan, creating about 2,500 new jobs in the U.S. If NAFTA disappears, or the rules for automobile content are changed significantly as the Trump administration wants, a Mexican-made Ram truck could have faced a 25 percent import duty in the United States. Moving production to Michigan takes that risk off the table. Trump has taken credit for other decisions, like Toyota's announcement of a new \$1.6 billion car plant in Huntsville, Alabama, although that decision appears to have been in the works before Trump's election.

Trade uncertainty might not be enough on its own to shift investment flows significantly. But the administration and congressional Republicans have been piling on the sweeteners. The Republican tax bill Trump signed into law in December cut the headline U.S. corporate tax rate from 35 percent to 21 percent, moving the United States overnight from having the highest marginal corporate tax rate among the advanced economies to one of the lower rates. The tax bill included numerous other incentives, including immediate expensing of capital investments, which will make the United States a far more attractive location for new or expanded manufacturing plants.

The administration has also been pursuing an aggressive deregulation agenda, moving to roll back or eliminate regulations that are costly for many businesses, including elements of the Clean Power Plan, new overtime pay rules, workplace safety rules and fuel economy standards.

Perhaps most striking has been the Trump administration's dollar policy. With occasional deviations, the United States has favored a strong dollar since at least the early years of the Reagan administration, with officials believing a strong currency was important for international financial stability and served as a bulwark against inflation. But at Davos last month, Treasury Secretary Steve Mnuchin explicitly abandoned that policy. "Obviously a weaker dollar is good for us as it relates to trade and opportunities," he said in a press conference aimed at pitching the United States as an attractive investment location.

The statement was indeed obvious - all other things being equal, a weaker dollar makes the United States a more competitive place to do business for globally traded goods, and should increase investment and boost exports. And the markets seem to

be listening. In the year since Trump took office, the dollar has fallen more than 10 percent against the other major currencies despite interest rate increases from the Federal Reserve, which normally drive the dollar up.

All of these add up to an aggressively pro-investment set of policies. The message to business is clear: There are dangers and risks to investing outside the United States and enormous incentives to get with the administration's program.

Trump has, in fact, been quite explicit about his intentions all along. In his major campaign speech on U.S. trade policy in June 2016, in the once-thriving and now depopulated steel town of Monessen, Pennsylvania, he said that new trade policies were only one facet of his larger goal, to "make America the best place in the world to start a business, hire workers, and open a factory."

Politically as well, uncertainty is the president's friend. If he pulls the plug on NAFTA, he angers Republican allies and roils the markets. But if he does a deal, then he will have to pivot from being NAFTA's biggest critic to being a cheerleader for the new agreement in Congress, which Democrats are all but certain to denounce as inadequate. A long negotiation in which he can continue to claim he is fighting for a better deal looks by far the best bet.

So what's not to like? First, the strategy risks retaliation as Canada, Mexico and other U.S. trading partners catch on. Already, the United States is facing a flurry of complaints over its increasingly aggressive use of antidumping and countervailing duty laws to impose new tariffs on imports. The United States turned away from these "beggar thy neighbor" policies for a reason in the 1930s - while they might generate short-run gains, in the longer run U.S. leaders realized the country was better served by policies that enriched both the United States *and* its trading partners.

Secondly, the administration's own protectionist impulses could undermine the strategy. The Commerce Department earlier this month recommended significant new, across-the-board tariffs on steel and aluminum imports, resurrecting an obscure 1962 law to claim that imports are damaging the U.S. industrial base and threatening national security. But steel is still the material of choice for automakers, and aluminum is increasingly popular. New trade restrictions that drive up domestic costs for manufacturers could more than offset the inducements the Trump administration has offered; other big losers would be construction equipment makers like Caterpillar, shipbuilders and the oil industry.

Finally, the administration will need to find an off-ramp. The NAFTA renegotiation cannot go on indefinitely; at some point the president will either have to bite the bullet and pay the political and economic cost of withdrawal, or accept some compromise deal that will be all but impossible to sell on the campaign trail if he seeks re-election. Neither option will be appealing for Trump.

But for the moment, the president has got a good game going. Expect him to keep playing it as long as he can.

Edward Alden is a senior fellow at the Council on Foreign Relations, and author of the new book [Failure to Adjust: How Americans Got Left Behind in the Global Economy](#).

Related: AXIOS ANALYSIS ON THE 24% TARIFF...

Bloomberg [scooped on Friday](#) that Trump wants the Commerce Department to seek the harshest maximum tariffs on global steel imports: 24 percent. I'm told that's accurate, but with one small tweak: Sources tell me the president has told confidants he actually wants a *25* percent global tariff on steel because it's a round number and sounds better.

The big picture: Also, an official with knowledge of the trade discussions told me the White House is preparing to impose tariffs on a "shit ton" - meaning, potentially hundreds - of Chinese products. They'll avoid going through the World Trade Organization - which Trump doesn't trust - and instead use *Section 301* of the Trade Act of 1974 to unilaterally retaliate against China for stealing Americans' intellectual property.

--Timing: Two sources told me Trump has been impatient and wanted these 301 tariffs done yesterday, but the team still hasn't settled on which Chinese products to attack. The team hasn't presented its recommendations to Trump.

--The free traders - think Steven Mnuchin, Gary Cohn, Kevin Hassett, and Everett Eissenstat - only want tariffs on Chinese products that many other countries also produce (including uranium, consumer electronics and LED light bulbs.) They're trying to blunt any impact on American consumers.

--However, a former top government trade official told me: "This is how trade wars start. There is zero chance China does not retaliate against us in painful ways..."

What's next: The much bigger fight inside the Trump administration concerns whether they'll put massive tariffs on steel and aluminum imports, as Wilbur Ross' Commerce Department "found that the quantities and circumstances of steel and aluminum imports 'threaten to impair the national security'." That was part of what's called a Section 232 investigation.

--Sources with knowledge of the discussions tell me James Mattis, Gary Cohn, Rex Tillerson, and Kevin Hassett all think Wilbur Ross did a terrible job on Commerce's 232 investigation and strongly disagree with his recommendations. (This is the continuation of an ideological battle that's played out throughout the Trump administration between the free-traders and the protectionists.)

--One official told me Ross' report doesn't properly account for the negative impact of these tariffs on downstream jobs - for example, auto suppliers and other U.S. businesses that import steel and aluminum to make their products.

--Mattis' Defense Department pushed back officially against Ross' recommendations: "DoD continues to be concerned about negative impact on our key allies regarding the recommended options within the reports."

--The same report conceded that "imports of foreign steel and aluminum based on unfair trading practices impair the national security." But the phrase "unfair trading practices" - and Mattis' subsequent singling out of China - is a clear indication that the Defense Department doesn't support broad tariffs.

The pushback: When I shared these harsh criticisms with the White House and agencies, only Rex Tillerson's team would go on the record to deny our reporting:

--From Tillerson's team, a State Department official said: "Secretary Tillerson has not expressed this sentiment and wouldn't speak negatively about another cabinet member." From the White House, Raj Shah said: "We are not responding to rumors and will not get ahead of the President. The process is ongoing, the President is reviewing the report and nothing is confirmed until he's made a decision... The President's team at the White House is leading a process that will ensure the President has all the information necessary for him to make a decision in the best interests of the American people."

From the Pentagon, spokesman Adrian Rankine-Galloway emailed: "The Department of Defense provides its best military advice to the President. Ultimately, it is the President who decides how his policies will be implemented."

Finally, a Commerce Department official pushed back against the assertion that Ross didn't properly analyze the impact on the overall economy.

"DOC modeling has not shown any substantial impact on the overall economy as a result of the proposed steel tariffs," the official said. "This is consistent with the finding of the International Trade Commission that the Section 201 (in 2002) had negligible effects on the overall economy... While these were different products than those covered in the 232, they are all steel, and the ITC is an empirical source."

RELATED: the White House staffing situation and clearances...this is joined at the hip to Russiagate, especially the "presidential powers" point, should Trump decide he can get away with firings and pardons (or has to, to save himself):

Kelly and Kushner stuck at an impasse after Trump's punt on clearance

The chief of staff is unlikely to grant the president's son-in-law a permanent clearance, but isn't likely to quit over the issue, either.

By ELIANA JOHNSON

President Donald Trump's decision to punt the issue of whether Jared Kushner can keep his access to sensitive government secrets without a full security clearance to his chief of staff, John Kelly, has put him in a tricky position, stuck between the rules on one side and the president's family on the other.

Trump's ad hoc decision not to intervene in the clearance process on behalf of his son-in-law and senior adviser in effect left Kelly and Kushner in limbo, prolonging an uncomfortable situation that White House aides say is unlikely to be resolved anytime soon.

Kelly does not plan to recommend to the president that he grant Kushner a waiver, but he is unlikely to resign if Trump ultimately decides to do so, according to a person familiar with his thinking.

There have been times in the past year when the president, still a relative newcomer to politics, has not fully understood the scope of his powers. During the course of discussions over whether to pardon former Arizona Sheriff Joe Arpaio, for example, he was not aware that he could pardon somebody during the course of a criminal proceeding, according to one White House aide.

But Trump has a better understanding of the wide-ranging extent of his power over the clearance process, aides say, which is virtually absolute. Through his executive power, he could solve Kushner's clearance headache with the stroke of a pen.

The president is hesitant to intervene in the process due to the potential blowback he would suffer in the news media if he were to give Kushner a pass, according to one White House aide, and on Friday, he officially passed the baton to Kelly.

"That'll be up to Gen. Kelly. Gen. Kelly respects Jared a lot and Gen. Kelly will make that call," Trump said at a news conference last week. "I won't make that call. I will let the general ... make that call."

The issues surrounding Kushner's security clearance ratcheted up when Kelly learned in the fall that the White House security officer was unlikely to green light a permanent security clearance for Kushner any time soon as a result of information received from the FBI.

Since then, Kelly had grappled with how to handle the dozens of White House aides not operating on permanent clearances precisely because Kushner was among them, as *The Washington Post* first reported, even telling his closest confidants at one point that he planned to dismiss all of them - including Kushner, according to one of those confidants, who is also a senior administration official.

The chief of staff, who previously served as secretary of Homeland Security, was warmly welcomed by Kushner and Ivanka Trump last July after the ouster of Reince Priebus, but one of Kelly's most obvious challenges when he arrived in the White House last summer was to crack down on the freelancing that dozens of White House aides were doing, including Kushner.

Secretary of State Rex Tillerson has complained more than once about the perceived encroachment on his turf by Kushner, who is responsible for Israeli-Palestinian issues but also deals, at times, with the U.S. relationship with Mexico and China, as

well as by U.S. Ambassador to the United Nations Nikki Haley and National Security Adviser H.R. McMaster. "We can't have four secretaries of state," Tillerson has said.

It's a complaint and a criticism Kelly has repeated in the same terms - one that landed wrong with Kushner, who, when discussing a controversial matter with the chief of staff, responded tartly, "No, but we need a secretary of state who is supportive of the president."

Though the White House has repeatedly declined to discuss the security clearance status of any of its employees, Kelly took the rare step last week of issuing a statement voicing his confidence in Kushner.

Days earlier, he sent a memo overhauling the clearance process asking the FBI to hand deliver its background investigations on White House aides to the office of the White House counsel, and to verbally brief the White House counsel on any major red flags that emerged during the course of the investigation.

"As I told Jared days ago, I have full confidence in his ability to continue performing his duties in his foreign policy portfolio including overseeing our Israeli-Palestinian peace effort and serving as an integral part of our relationship with Mexico," Kelly said in the statement.

While some in the White House noted that Kelly seemed to have circumscribed Kushner's duties - Kelly, for example, made no mention of Kushner's role as head of the Office of American Innovation, established last year to modernize the federal government - others were skeptical that statement or the new guidelines would have any material impact.

"If it starts preventing him from doing what he wants to do, he'll figure out a workaround," a senior administration official said of Kushner's security clearance troubles. "All of this stuff is basically just cosmetic talk."

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MANAGING N. KOREA...first, VOA's full report on Trump today, valued colleague Steve Herman was part of our weekend colloquies...

VOA Excerpt:

U.S. President Donald Trump is expressing a willingness to talk with North Korea, but "only under the right conditions," while warning that if Pyongyang doesn't abandon its nuclear weapons and ballistic missile programs there could be a potentially tremendous "loss of lives, numbers that nobody's ever contemplated, never thought of."

Trump, speaking Monday to U.S. state governors at the White House, noted North Korea's offer in recent days, relayed through South Korea's President Moon Jae-in that "they want to talk" to the United States.

"We'll see what happens," said the president, declaring that something has to be done to eliminate the threat to the United States and its allies from North Korea's weapons of mass destruction.

At Monday's White House briefing Press Secretary Sarah Huckabee Sanders said "denuclearization must be the result of any dialogue with North Korea."
Talk about talks

"Both Trump and (North Korean General and intelligence chief) Kim Yong-Chul have now indicated a willingness to talk. But there is not yet agreement on what the two sides are willing to talk about," notes Scott Snyder, senior fellow for Korea studies at the Council on Foreign Relations...

Picking up from the Summary...this is in two parts, based on two separate Loyal Reader Taskings from Your Editor over the weekend:

Morning Defense

'WE WILL SEE,' WHITE HOUSE SAYS OF NORTH KOREA TALKS: "We will see" if North Korea's message that is willing to hold talks leads to denuclearization, the White House said in a statement Sunday. "The maximum pressure campaign must continue until North Korea denuclearizes," the White House said. "In the meantime, the United States and the world must continue to make clear that North Korea's nuclear and missile programs are a dead end."

North Korea is willing to talk with the U.S., South Korea's Moon Jae-in says, [via](#) The New York Times. And the U.S. should lower the threshold for talks with North Korea, South Korea's President Moon Jae-in says, [via](#) The Associated Press.

Reuters

U.S., North Korea should lower threshold for talks, says South

Christine Kim

SEOUL (Reuters) - South Korean President Moon Jae-in said on Monday the United States and North Korea should both give ground so they can sit down to talks to try to resolve a nuclear standoff, a day after Pyongyang expressed willingness for dialogue.

South Korea has engaged in a flurry of talks with North Korean officials since January, hoping to improve relations with the South's just concluded Winter Olympics as a catalyst for rapprochement.

North Korea is developing nuclear-tipped missiles capable of reaching the U.S. mainland and U.S. President Donald Trump and North Korean leader Kim Jong Un exchanged increasingly bellicose taunts before a sudden puncturing of tensions coinciding with the Games, with the North sending athletes and delegates.

"Recently, North Korea has shown it is open to actively engaging the United States in talks and the United States is talking about the importance of dialogue," Moon said during a meeting in Seoul with Chinese Vice Premier Liu Yandong.

"There is a need for the United States to lower the threshold for talks with North Korea and North Korea should show it is willing to denuclearize. It's important the United States and North Korea sit down together quickly," he said, according to a statement from his office.

In August, Trump threatened to go beyond sanctions by bringing "fire and fury like the world has never seen", although his administration has repeatedly said it prefers a diplomatic solution. North Korea has vowed never to give up its nuclear program, which it pursues in defiance of U.N. Security Council resolutions, calling it "powerful treasured sword for defending peace" against U.S. aggression.

The United States, which stations 28,500 troops in South Korea, says any talks with North Korea must lead to an end to its nuclear program. Washington on Friday announced its largest package of sanctions yet. North Korea condemned the move, accusing the United States of trying to undermine the improvement in inter-Korean relations.

A high-level delegation from North Korea has been visiting Seoul and meeting South Korean officials, including Moon, after attending the Olympics' closing ceremony in Pyeongchang on Sunday. The delegation told Moon during a meeting in Pyeongchang that North Korea was open to talks with Washington. The North Koreans attended a dinner hosted by Unification Minister Cho Myong-gyon, where participants agreed to keep working to boost inter-Korean ties, the ministry said.

Ministry spokesman Baik Tae-hyun said he hoped constructive talks between North Korea and the United States could begin when "an appropriate opportunity" arises.

PROTESTS GO ON

The North Korean delegation, led by former military intelligence chief Kim Yong Chol, met Chung Eui-yong, security adviser for the presidential Blue House, and other South Korean government officials for lunch on Monday.

Kim Yong Chol was accused by the South of being behind the sinking of a South Korean warship in 2010 that killed 46 sailors and has been the subject of protests since his visit was announced. North Korea has denied the allegations.

"Both sides agreed to work together for permanent peace on the Korean peninsula, sustainable relations between North and South Korea and balanced cooperation with the international society," the South's presidential office said in a statement.

Kim Yong Chol and his delegation will leave on Tuesday, just as North and South Korean officials gather on the North's side of the Panmunjom truce village to discuss Pyongyang's attendance at the Pyeongchang Winter Paralympics.

Impoverished North Korea and the rich, democratic South are technically still at war because their 1950-53 conflict ended in a truce, not a peace treaty. The North regards regular military drills between the South and its main ally, the United States, as preparations for war.

Hundreds of right-wing protesters gathered in central Seoul on Monday to criticize Moon and his administration for hosting the North Koreans, Kim Yong Chol in particular. His visit has enraged families of the sailors who were killed in the torpedo attack. The South Korean government said it had approved the delegation as it pursues peace on the peninsula.

A total of 299 North Koreans who were in South Korea for the Winter Games, including a cheering squad, returned to the North on Monday.

- **INHOFE LEADS GOP DELEGATION TO SOUTH KOREA AND JAPAN:** Oklahoma Sen. [Jim Inhofe](#), the second-most senior Republican on the Senate Armed Services Committee, led a Republican delegation to South Korea and Japan over last week's congressional recess.

Inhofe - joined by Republican Sens. [Joni Ernst](#) of Iowa and [Dan Sullivan](#) of Alaska, as well as Republican Rep. [Trent Kelly](#) of Mississippi - visited the DMZ and met with South Korea's Defense Minister Song Young-moo and Gen. Vincent Brooks, commander of U.S. Forces-Korea. In Japan, the lawmakers met with U.S. Forces Japan and 7th Fleet leadership.

The lawmakers discussed countering North Korea, missile defense and China's growing influence in the region, according to [a statement](#) from Inhofe's office.

YOUR EDITOR TASKED THE DPRK POLICY DISCUSSION GROUP:

OK...so where are we now? Comments needed. Here's Abe Denmark's this morning...#3 is something we've all worried about since Moon was elected. So #2 is the key, right? SO long as Moon doesn't undercut sanctions, he can push us on "talks", right?

ABE DENMARK

Three implications here. First, this is a test of statements by the [@VP](#) that the U.S. is willing to talk to North Korea. [bbc.com/news/world-asi...](#)

Second, this is a test of the ability of the U.S. and ROK to engage Pyongyang while maintaining pressure. The fact that this announcement came just after more sanctions were announced suggests that things are holding together so far.

Third, this statement from Seoul carries with it some ominous signs. Clearly, Seoul is positioning itself as a go-between for Washington and Pyongyang. Not great for the Alliance. But Seoul publicly pressuring Washington like this suggests a significant break between the two.

JIM PRZYSTUP, NDU

Sanctions are starting to bite; agree with Abe that the timing of the North's offer is not coincidental. Earlier in the month senior Blue House aides explained that Moon wanted to use South-North dialogue to encourage the North to talk to the US. Not sure that Moon's intervention has had any significant impact on the North's decision to talk. The "bridging" concept is not new to Korean diplomacy and Trump must make clear to Moon that the U.S. does not need a bridge to Pyongyang, will continue to take the lead on denuclearization, and that the alliance/exercises are not up for discussion in South-North dialogue, which should be focused on creating "an environment" for further progress. This should start with implementation of the 1991 Agreement on Reconciliation, Non-Aggression and Exchange.

JIM SCHOFF, Carnegie

This seems like a no-brainer to me. We should welcome the opportunity to talk to see what kind of negotiation might be possible and keep the alliance united. A key request for us should be inclusion on the NK side of a person close to Kim Jong Un. It's no use just talking to the Foreign Ministry folks. In return we have NSC involved. I don't expect these talks to go very far, but at least we can get NK's demands for denuclearization on the record. Moon seems willing to continue with April military exercises as we pursue talks, which important. We can tone them down a bit but we should not postpone further just for these exploratory talks. If Moon can back this approach then I don't see a problem. Best, Jim

MIKE McDEVITT, C N A:

Chris-

We have to at least go ahead and meet to see if it is worth going forward. BUT, we have to avoid the pitfall's of the past...primarily becoming so invested in the process we give the NORK's leverage, e.g., if you don't do such and such we will walk away. It will take a firm back bone to be able to say "be my guest" because there is a strong possibility that the ROK will whine that we are messing up their engagement and ruin a potential Korean summit and so on.

So the key point we must drive home to Seoul is " don't be surprised if we don't responds to demands from Pyongyang to show good faith by doing something to lessen the pressure." The classic example I am thinking about is Chris Hill's decision to give-in on lifting Banco-Delta Asia sanctions. In short resist the "catnip" of keeping the negotiations going in order to gain, in the end, vague NORK "commitments."

Mike

DAVE MAXWELL:

The real question is what kind of talking and coordination is occurring between the Blue House and the White House behind the scenes. If they are coordinating as closely as I heard they were to get the sanctions waiver for Kim Ho Jong and Kim Yong Chol to travel to South Korea for the Olympics why can't they coordinate these actions behind the scenes as well?

Surely the ROK and US are not conducting diplomacy through media messaging. We should not be judging ROK/US diplomacy by media reports and spokes-peoples' statements to the press. Surely the ROK is not trying to pressure the US in public through public statements. I think we have to believe our diplomats are working

these alliance issues hard behind the scenes.

BOB MANNING, Atlantic Council

I wouldn't over-analyze. Not sure why it's a problem if the ROK want to play intermediary role. Not sure why it is a "test" to talk while we are maintaining pressure. Isn't that the point of pressure - to inflict enough pain (and we're starting to - otherwise NK wouldn't be doing this stuff) to get them to reconsider their goals and open diplomacy designed to lead to denuclearization?

Seoul is pressuring because for one thing, the Trumpkins have been so unpredictable they have even confused themselves. They have been all over the map and incoherent on preconditions/no preconditions, give up nukes and then we can talk, etc. And if they actually have strategy for diplomacy, it is a well-kept secret. I don't see any. They are like the dog chasing the car. Now what?

BRUCE KLINGNER, Heritage, semi-tongue-in cheek:

How about this? The US agrees to a meeting, then cancels two hours before it because of something objectionable that the regime said. Then the media will criticize Pyongyang for a "missed opportunity." ;-)

Scroll down for a bit of a Loyal Reader argument on whether S. Korea is being bullied by Nork nukes, but first...

THE ALLIANCE FACTOR...keeping in mind the Loyal Reader comments...

**Japan wants U.S. and South Korea to help surveil
Pyongyang-linked sanctions evaders in East China Sea**

KYODO/Japan is asking the United States and South Korea to help watch for ship-to-ship transfers of fuel and other goods in the East China Sea that violate U.N. sanctions against North Korea, government sources said.

Japan is the only country watching over ship-to-ship transfers extensively involving North Korean vessels in the waters, the sources said Sunday. The Maritime Self-Defense Force and the Japan Coast Guard are engaged in the mission but want other countries to participate as well.

"If Japan, the United States and South Korea will lead efforts to crack down on ship-to-ship transfers, it will be easier to seek cooperation" from the entire global community, a senior Foreign Ministry official said in Tokyo. But the South Korean government may be reluctant to work with the Self-Defense Forces, whose existence remains controversial in light of its experience with the Japanese military occupation from 1910 to 1945.

South Korea's monitoring activities have been limited to waters near its shores, and the United States relies heavily on ally Japan when it comes to patrolling ship-to-ship transfers in the East China Sea, the sources said. "It's hard to say if we'll be able to gain support as South Korean President Moon Jae-in is placing emphasis on seeking dialogue with North Korea," a high-level Japanese government official said of its outreach to Seoul.

From late January, the Japanese government has exposed three suspicious transfers in the waters involving North Korean and other tankers. The activities have been banned by a U.N. Security Council resolution adopted last September to condemn North Korea's nuclear weapons and ballistic missile tests.

As a way to share the monitoring burden, Tokyo is considering designating three sections in the East China Sea for the three countries to monitor. There is also a plan to decide a time period in which each country should engage in the mission, instead

of assigning a certain section, the sources said.

FOOTNOTE:

N.K. unveils list of its delegates for talks with South on Paralympics

Yonhap News Agency | February 26

SEOUL, Feb. 26 (Yonhap) -- North Korea on Monday unveiled a list of its three-member delegation for South and North Korea's talks on the North's participation in next month's Paralympics, Seoul officials said. Hwang Chung-song, an official at the North's state agency in charge of inter-Korean affairs, will be the chief delegate for working-level talks scheduled for Tuesday, according to Seoul's unification ministry.

The delegation also includes Jong Hyon, a vice chairman of the central committee of the Korean Federation for the Protection of the Disabled (KFPD) and Yun Chol, an official at North Korea's body for disabled athletes. The two Koreas will meet at 10:00 a.m. Tuesday at the northern part of the demilitarized zone to discuss details about the North's participation in the March 9-18 Paralympics.

At last month's inter-Korean talks, the North agreed to send a 150-member delegation, including athletes, an art troupe and cheerleaders, to the Paralympics. Seoul will send a three-member delegation led by Lee Joo-tae, a director-general in charge of inter-Korean exchanges at the ministry, to the upcoming talks, the ministry said.

South Korea and North Korea are expected to discuss details, such as which events the North's athletes will compete in. Details about the North's participation will be decided by the International Paralympic Committee. They will also exchange views about a travel route for the North's delegation and Seoul's provision of accommodations and logistical support.

The two Koreas have engaged in a flurry of sports diplomacy since North Korean leader Kim Jong-un expressed a willingness to send a delegation to the Feb. 9-25 PyeongChang Winter Olympics in his New Year's message. The North dispatched nearly 500 people, including athletes, musicians and cheerleaders to the Olympics.

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THE "BLOODY NOSE" ARGUMENT...and the role of bullying...let's begin with remarks last week by the always colorful John Bolton, once again rumored in line to replace Gen. McMaster as National Security Advisor, the good general to be sent off to Korea to command USFK/UN...a likely "signal" for sure, given McMaster's repeated association with harder-line remarks about Nork Nukes...

The Hill

John Bolton: North Korea nuclear weapons program top US national security threat

BY ALEXANDRA OLIVEIRA - 02/23/18 02:04 PM EST

Former U.S. Ambassador to the United Nations John Bolton said Friday that North Korea's quickly expanding nuclear weapons program is the top national security threat to the United States.

"I think [the national security threat is] escalating every day the North continues with its nuclear weapons program," Bolton told The Hill at the Conservative Political

Action Conference (CPAC) held just outside Washington, D.C.

Bolton spoke at CPAC on Friday, during which he shared his growing concerns over North Korea's nuclear weapons program. "Once they get the capability to hit targets in the United States with nuclear weapons, it is entirely possible the next thing North Korea does is say withdraw all American troops from South Korea or we will use these weapons," he said.

YOUR EDITOR will confess to kind of starting a fight with some of the Discussion Group over the weekend, since we decided to take Bolton's tough talk literally, and in that spirit, we think his concluding remark is **nonsense**. Specifically, that it's "entirely possible" that a Kim **threat** to use his nukes can break the US-ROK alliance.

Naïve soul that we are, Your Editor doesn't believe that a threat which, **if** carried out, would be suicidal, has **weight**. Especially since the DPRK has **had** usable short-range nukes for many **years** now, so if Seoul and/or Washington are to be bluffed out of the alliance by a "threatened" use, how come the alliance isn't long gone? Here's our impertinent phrasing:

*"Entirely possible?" OK OK, we all agree the "coercion **threat**" is the most likely "use" of his nukes, but why should that work on either Seoul or Tokyo? What's the difference between Kim, Putin and Xi in terms of **actual** (explosive) use being nuclear **suicide**? Bolton as a Cold Warrior should know all about "containment".*

*I know this gets us into the sticky "Norks as Pakistan" debate, but isn't what Bolton **really** saying is we have to bring down Kim **now**, **before** he gets an ICBM? Sure, a lot of us **have** that thought, and not just in the middle of the night. But if that's the real message here, why not say so? Oh, right...we're not going for Regime Change. All the sanctions are aimed at is "changing regime behavior". Right.*

*An idea: get everyone in S. Korea to carry a gun. **That'll** keep Kim away! Sigh...*

Well, several LR's we **totally** respect respectfully **disagreed** with Your Editor. We'll quote a couple, and you can decide for yourself:

NICK EBERSTADT, AEI:

OK Chris, let's get our Two Minute Hate on Bolton, then get back to being analysts...

The difference between a nuclear DPRK and other regimes, including Pakistan, has to do with the nature of the regime in question. DPRK is a radically revisionist regime.

The same cannot be said of Russia or China or even Pakistan--in fact of any other current nuke states, no matter how distasteful the Kremlin's/Beijing's/Pakistan's current international policies may be.

Of course Pyongyang will use its nuke capabilities to try to push the US out of the peninsula.

Of course it will use these to further its aim of unconditional reunification.

What do we think they are going to do with a credible nuclear capability: offer the South cheap electricity under their own "atoms for peace" program?

FWIW I have shared my own scenarios with our esteemed colleagues for how DPRK might leverage nuclear capabilities in pursuit of unconditional reunification. I have also made the case for using economic pressure to try to cripple the DPRK military economy.

If economic pressure doesn't prevent the DPRK from completing its plan to mass produce nukes and missiles, Pyongyang will be using these to press for an end to the

US alliance and for unconditional reunification on its own terms.

And until North Korea is ruled by a better class of dictator, I'm afraid this is the prospect we are facing...

Best to all, Nick

UNDAUNTED, YOUR EDITOR TRIED AGAIN:

GRANTED TO ALL POINTS, including the recreational value of Bolton Bashing! But to repeat my **QUESTION**, please...why would Seoul or Tokyo **be** blackmailed by weapons the Norks **CANNOT use** w/o committing suicide?

ANSWER, I **suppose**, is because Trump has so undermined faith in America and the validity of the alliance. But even there...**really?** Anyhow, isn't THAT what we need to talk about, not silly Bolton remarks?

SEVERAL PRIVATE COMMENTS LIST ALL THE WAYS MOON HAS ALREADY BEEN COERCED. AGAIN, NO ARGUMENTS FROM ME!! BUT THAT'S NOT NUKES, AND THAT'S WHAT I WAS/AM TRYING TO GET PEOPLE TO SERIOUSLY ENGAGE ON, DAMMIT!!

ANON:

Chris, yes, "really" the blackmail is working. The nuclear problem is severely exacerbating the underlying problems, including the divisions within South Korea and between South Korea and United States, and creating new ones.

Moreover, North Korea with nuclear weapons will, over the mid to long-term, almost certainly be considerably emboldened. North Korea will eventually raise tensions far more, they will continue and increase sneak attacks, cyber attacks, illicit activities, proliferation, etc.

They have sacrificed too much and run too many risks to build up their nuclear and missile programs to be satisfied with not getting a huge return on them. You are really underestimating the North Koreans...

HUMMM...OK...we promise to re-think. But in talking it over for tonight's Report, we emerge with a sense that it may have been the North Koreans who were desperate for summit, not Moon, and that the whole Olympic play was weakness not strength, even if well-orchestrated. Now still more sanctions are coming and the situation looks only to be getting worse for Pyongyang.

And so far...Moon is actually playing **hardball** on nuclear, exercises and sanctions. So it may be him, not Norks, who pull plug on summit. But even if it goes ahead, the message from South unlikely to be cozy no matter what Moon says in public.

THE YANG OF THAT YIN...and bearing in mind the possible resumption of DPRK testing in March, per the Summary....

The Washington Post

The White House's 'bloody nose' strategy on North Korea sounds Trumpian. So why do his aides hate it?

By David Nakamura and Greg Jaffe February 26 at 12:15 PM

No phrase is more closely associated with the Trump administration's North Korea strategy than "bloody nose."

The two words, captured in news articles and cited by people close to the administration, have quickly become shorthand for all manner of preemptive strikes designed to demonstrate American resolve and prevent Pyongyang from developing nuclear weapons that can hit the United States.

There's just one problem: Trump administration officials have insisted repeatedly - in classified briefings to Congress and in public testimony - that they've never said it, don't like it and would never support it.

"The phrase has never, ever been uttered by anyone in the White House," said a senior administration official involved in Asia policy. Sen. James E. Risch (R-Idaho) echoed those sentiments last week at an international security conference in Munich: "There is no bloody nose policy. Nobody knows where it came from."

And yet the White House can't shake it. The evocative phrase echoes the punchy, macho language President Trump has employed to threaten to "totally destroy" North Korea and taunt its leader Kim Jong Un as "Little Rocket Man" on Twitter.

The president has made clear from his first days in office that neutralizing the North Korea threat is his top national security priority. More recently the idea of a "bloody nose strike" has sparked worries in Washington and Seoul that a war may be imminent - even as the North Koreans on Sunday indicated that they were open to talks with the Trump administration. Foreign diplomats and Beltway analysts are comparing notes from meetings with senior Trump officials to figure out how serious the White House is about an attack.

On Friday, Trump probably added to their fears. "If the sanctions don't work, we'll have to go to phase 2," the president said ominously at a news conference with Australia's prime minister. "Phase 2 may be a very rough thing. It may be very, very unfortunate for the world."

In a sign of the White House's conflicting opinions on North Korea, White House aides privately express frustration that the bloody nose phrase has caught on so widely and so quickly. Such talk "should have petered out," the administration official said. The White House, he cautioned, does "not want to give the impression of a gathering snowball toward [military] conflict."

Theories abound to explain the phrase's staying power. Some foreign policy experts insist that the White House denials are simply disingenuous. "They are playing semantics here," said Thomas Wright, a foreign relations analyst at the Brookings Institution. Even as the Trump administration denies a pinprick strike designed to bloody North Korea's nose, Wright said, it still seems to view preventive military strikes on the country's nuclear program - and the catastrophic response from Pyongyang that might ensue - as a legitimate option.

Others said that the Trump administration's strategy, which it describes as "maximum pressure and engagement," is so murky that it is barely distinguishable from those of previous presidents. "The administration is trying to pretend that it's different," said Jeffrey Lewis, an arms control expert at the Middlebury Institute of International Studies. "If you take them at their word ... [all] you are left with is this bellicose language stuff."

"Bloody nose" seems to better capture what's going on in Trump's head than the actual words of senior administration officials. The phrase is on its way to joining the pantheon of other memorable foreign policy idioms that have set expectations for military action and - for better or worse - come to define presidential policies.

The Obama administration was never able to part company with "leading from behind," which a senior White House official used to describe the president's approach to Libya and then became a catchall for critics who disliked the president's cautious approach to using military force.

During George W. Bush's presidency, "shock and awe" served as an unfortunate shorthand to describe plans for a quick victory in Baghdad. Instead, Bush and the Iraqis were stuck with the bog of an insurgency.

The nearest analogy to "bloody nose" may be to the Kennedy administration's secret plans to destroy China's nuclear program in the early 1960s. In classified documents, senior Pentagon and White House officials talked about "strangling the baby in the cradle." Ultimately, they decided that the risks of a big war with China were too high.

Senior Trump administration officials were so bothered by the "bloody nose" phrase earlier this year that they set out to trace its origins. The first usage seems to have been in the headline of a Dec. 20 article in the Daily Telegraph.

The idea, according to one former U.S. official cited in the Telegraph article, was to "punch the North Koreans in the nose" to get Kim's attention. Around the same time foreign policy experts in Washington were growing increasingly alarmed at the prospect of a preventive U.S. strike.

In a scathing two-page memo to colleagues, John J. Hamre, a former top Pentagon official and president of the Center for Strategic and International Studies, reported that a senior Trump administration official told him, "We are running out of time on North Korea."

Hamre, who had worked on the North Korea problem during the Clinton administration, insisted that such talk was reckless. "We are talking like frightened little rabbits, afraid of the lone wolf in the forest," he wrote. "Everyone in Washington should just calm down."

Six days later, H.R. McMaster, the president's national security adviser, warned publicly that new sanctions imposed on the North "might be our last best chance to avoid military conflict."

Confusion about the Trump administration's precise policy and exactly what constitutes a "bloody nose strike" added to the uncertainty. In Washington, the phrase initially referred to a discrete and targeted attack designed to send a message that the United States was serious, rather than destroy North Korea's nuclear weapons program.

By contrast, a much larger "preventive strike" would seek to set back or cripple the program. Either option could provoke a war, anger Beijing or shred the United States' relationships with its closest allies in Seoul and Tokyo, who have made it clear that they view the risk of a North Korean counterattack as too great.

"If they are going to use force, then they really need to explain what they are going to do and why they think it will work," Wright said. "It's really weird that they are not discussing it."

The lack of public discussion could be a sign that the administration's talk of military action is a bluff. Those who think the administration is seriously considering a "bloody nose" or preventive strike point to the dropping in January of Victor Cha, a former George W. Bush administration official, as the presumptive nominee to be U.S. ambassador to South Korea.

Cha had reportedly expressed private opposition to White House officials over the idea of a strike. Writing in The Washington Post after his nomination was derailed, Cha disparaged the idea that the United States could demonstrate its seriousness by giving "the mercurial Kim a bloody nose." "There is a point at which hope must give in to logic," Cha wrote. "If we believe that Kim is undeterrable without such a strike, how can we also believe that a strike will deter him from responding in kind?"

Unable to shake the "bloody nose" label, a frustrated McMaster has jokingly told aides to get to work on a "stubbed toe" strategy to complement existing plans.

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RUSSIAGATE...NBC First Read has been keeping score:

***** Collusion or not, Russia investigation is already the biggest political scandal in decades: After tallying the guilty pleas and indictments by special counsel Robert**

Mueller, as well as digesting the dueling Republican and Democratic memos from the House Intelligence Committee, here is what we know - so far - about the Russia probe:

- 19 individuals have been charged with crimes, including President Trump's former campaign chairman (Paul Manafort), as well as 13 Russians.
- Five have pleaded guilty, including Trump's former national security adviser (Michael Flynn), a former top Trump campaign and transition official (Rick Gates) and a former campaign adviser (George Papadopoulos).
- Both Republicans (the Nunes memo) and Democrats (the Schiff memo) have confirmed that the FBI's Russia probe originated with Papadopoulos' claim to Australia's top diplomat [that Russia had dirt on Hillary Clinton](#).
- The Schiff memo [reveals that](#), by mid-September 2016, the FBI had opened "sub-inquiries" into MULTIPLE individuals connected with the Trump campaign - beyond former adviser Carter Page.

Whether or not Mueller ever finds a smoking gun that Trump and his campaign colluded with Russia, this is already the biggest political scandal in decades. And we are just a year-plus into Trump's presidency and nine months into Mueller's probe. "Clearly the worst presidential scandal since at least Iran-Contra, but probably since Watergate," said [political scientist Jonathan Bernstein](#).

And this does NOT include other moving parts of the Russia inquiry, including that June 2016 Trump Tower [meeting with a Kremlin-connected lawyer](#), Donald Trump Jr.'s [direct messages with WikiLeaks](#), Trump [constantly invoking the WikiLeaks revelations](#) during the final month of the 2016 race, and Jared Kushner's [inability to obtain a permanent security clearance](#).

As the [New York Times' Peter Baker wrote](#) over the weekend, nothing produced by Mueller's probe has indicated wrongdoing by President Trump or illegal collaboration with Russians or Russian intermediaries. But Gates' guilty plea on Friday is getting closer to the president.

"The presumption in Mr. Trump's circle is that Mr. Gates may not have any incriminating information about the president but could be a dangerous witness against Mr. Manafort, who in turn could threaten Mr. Trump," Baker reported.

*** Trump's (slight) bump in the polls is over: Over the weekend, CNN and USA Today released new polls showing Trump's job rating below 40 percent - [35 percent in CNN](#), [38 percent in USA Today/Suffolk](#). And with those polls, Trump's average in the [FiveThirtyEight tracker](#) is below 40 percent for the first time in nearly a month.

Political pollster Charles Franklin [makes an important point](#): Trump's numbers in live-caller/cell phone polls (like CNN's, Suffolk's and NBC/WSJ's) have been worse than in robo/no-cell polls like Rasmussen. And with Gallup's live-caller moving from a daily to weekly tracking, Franklin adds, that means that polling averages aren't represented as much by liver-caller polls. Instead, they're represented more by robo polls like Rasmussen.

[Klobuchar: Tech companies should face fines if they don't get rid of "bots"](#)
": Also on ["Meet" yesterday](#), Sen. Amy Klobuchar, D-Minn., said "she believes tech giants like Facebook and Twitter should face fines if they fail to get rid of 'bots' after they are discovered by the government. 'I think that would be a great idea,' she said when asked on Sunday's 'Meet The Press.' 'But then you need a Congress to act and there are too many people who are afraid of doing something about this because we know these sites are popular.'"

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GUN POLITICS...

The Hill

Washington governor confronts Trump at White House

BY JORDAN FABIAN

Washington Gov. Jay Inslee (D) confronted President Trump on Monday over his proposal to arm educators in order to prevent future school shootings. Inslee stood and objected to the controversial idea during a meeting with the nation's governors at the White House, telling Trump that law enforcement agencies and instructors are both alarmed by the idea of teachers "packing heat" around young children.

"So I just suggest we need a little less tweeting here, a little more listening," said Inslee, who has been rumored as a possible Democratic challenger to Trump in 2020. "Let's just take that off the table and move forward."

The president stood with his arms folded but did not directly respond to the Washington governor's comment. He did call on Texas Gov. Greg Abbott (R) to explain how teachers and coaches are trained to carry firearms in his state. The surprising confrontation came during an hourlong appearance by Trump, during which he spoke about issues ranging from immigration and North Korea to trade and the economy.

But the central focus of the meeting was the nation's gun laws, which have come under increasing scrutiny following this month's deadly school shooting in Parkland, Fla.

The president has come under pressure from Democrats, and some Republicans, to approve stricter laws cracking down on the type of rifle that was used in the shooting, which left 17 dead. But many Republicans and the National Rifle Association have resisted new restrictions on guns, arguing that stronger mental health programs and turning schools into "hard targets" could prevent future massacres.

Trump said he ate lunch last weekend with top NRA executives Wayne LaPierre and Chris Cox, even as he said he is willing to take on the powerful gun-rights group. "If they're not with you, we have to fight them once in a while, that's OK," the president said. "But sometimes we're going to have to be very tough and we're going to have to fight them."

Trump has floated a wide-range of proposals, from bolstering the gun background check system and raising the age limit to buy certain high-powered rifles to giving guns to trained teachers and staff. Trump expressed doubt the NRA would oppose his response. "Don't worry about the NRA," the president told the governors. "They're on our side. Half of you are so afraid of the NRA - there's nothing to be afraid of."

Trump, however, has placed the greatest emphasis on arming teachers, a proposal that has run into opposition from Democrats and many Republicans, including Florida Gov. Rick Scott (R).

The president dismissed criticism of the idea, saying that educators would have to have a "natural talent" for handling firearms, "like hitting a baseball or hitting a golf ball." "The headline was Trump wants all teachers to have guns. Trump wants teachers to have guns. I don't want teachers to have guns. I want highly trained people," he said.

Trump also said law enforcement officers must act to stop shooters given the chance, saying that sheriff's deputies outside the Florida high school "weren't exactly Medal of Honor winners." "I really believe I'd run in there even if I didn't have a weapon and I think most of the people in this room would have done that, too," Trump said.

Trump did single out one area where he said he would take on the NRA: bump stocks. "I'm writing that out myself. I don't care if Congress doesn't," Trump said.

Bump stocks are attachments that allow certain semi-automatic rifles, like the type used in the Florida shooting, to fire much more rapidly. The device was used in last year's massacre at a Las Vegas outdoor concert, which left 58 people dead.

Over the past week, Trump has sought to demonstrate he is ready to take action to prevent future incidents of mass gun violence. He held an emotional listening session with children and parents affected by school shootings last week at the White House, which was shown on national television.

The Hill

Eric Trump: 'I don't think it's a big deal if you raise the age to 21' for guns

BY REBECCA SAVRANSKY

Eric Trump on Monday offered support for raising the federal age limit for purchasing assault weapons to 21. "I'm a big Second Amendment person. I don't think it's a big deal if you raise the age to 21," he said during an interview on "Fox & Friends."

The president's son also said that he thinks everybody would welcome more comprehensive background checks. "At least personally, I don't want to see a whack job get any kind of dangerous object of any kind," he said. "I don't want them buying a chainsaw. I don't want them buying a hammer. I probably don't want them buying a car because they can be just as deadly. I surely don't want them buying an assault rifle."

Support for raising the age limit for purchasing an assault weapon among Republicans has been growing since the mass shooting at a Florida high school earlier this month. it's one of several changes to law that President Trump is now advocating. Raising the age limit is opposed, however, by the National Rifle Association, which argues people aged 18 to 20 should not have their constitutional right to buy a gun infringed upon.

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THAT'S IT FOR TONIGHT...

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