

# POLITICO

VOL. 11 • NO. 111 | TUESDAY, JANUARY 9, 2018 | POLITICO.COM

## White House considering Puzder for administration job

The former corporate chief of Carl's Jr. withdrew his nomination for labor secretary in February amid allegations of domestic abuse.

PAGE 10



## Too late for Bannon?

Former strategist finds his regrets aren't good enough for Trump.

PAGE 8

## How HHS nominee's drug company 'gamed' patent system

Alex Azar's record at Eli Lilly is likely to dominate his confirmation hearing Tuesday.

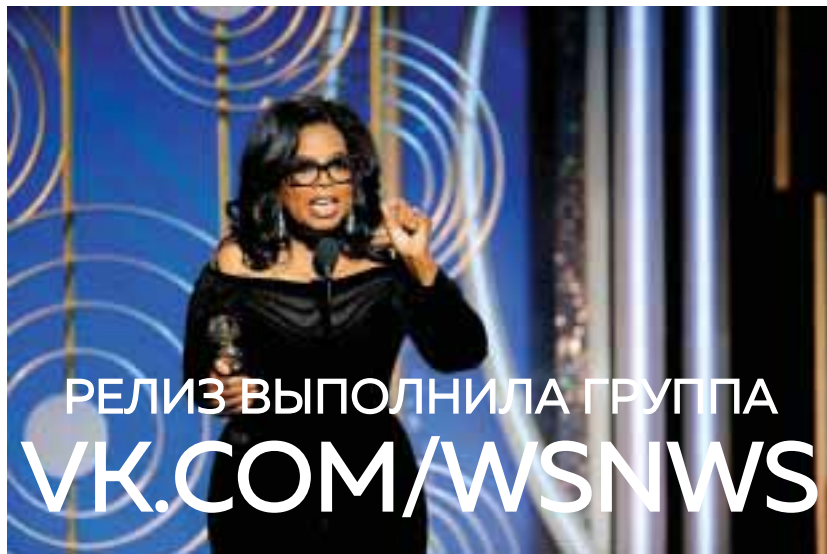
PAGE 15



## Matt Wuerker

The cartoonist's daily take on the world of politics.

PAGE 18



PAUL DRINKWATER/NBCUNIVERSAL VIA GETTY IMAGES

Oprah Winfrey's speech at the Golden Globe Awards on Sunday brought to a boil long-simmering speculation that the billionaire media tycoon would be a formidable presidential candidate.

## 2020: Year of the anti-Trump billionaire?

Oprah joins a crowded field of prospective moguls who are already making moves to run for president

BY GABRIEL DEBENEDETTI

NEW YORK — A liberal billionaire whose face is plastered on televisions across the country took a significant step toward a potential presidential run on Monday.

And Oprah Winfrey joined the 2020 discussion, too.

Just hours after the entertainment mogul stormed into the 2020 sweepstakes with a speech that had the distinct ring of a presidential campaign warm-up, hedge fund manager-turned-activist Tom Steyer showed up in Washington to announce plans to plow \$30 million into flipping the House, while amping up his push to impeach Donald Trump.

The two of them occupy an increasingly crowded space. Eyeing the historically unpopular real estate executive sitting in the Oval Office, at least eight magnates who could fund their own campaigns have entertained — or been the focus of live speculation



CHIP SOMDEVILLA/GETTY IMAGES

Billionaire Tom Steyer will spend \$30 million to try to help Democrats win the House in

about — 2020 bids.

The members of the group, which includes Starbucks executive Howard Schultz and investor Mark Cuban, have little in com-

mon other than money, antipathy toward Trump and coyness about potential bids. Some may run as Democrats, others as independents, and still others as Republicans.

"As I've said repeatedly, I am willing to do whatever it takes to save our country," Steyer told reporters on Monday in Washington, offering a similar type of savior-from-Trump rationale for his moves that other billionaires are openly or privately entertaining, even as he denied that his latest announcement was about 2020.

As the midterm election nears, some of the business barons have begun looking at the possibility more seriously, according to a wide range of potential polls, advisers and friends who detailed their considerations to POLITICO.

While they would not need to **BILLIONAIRES** on page 10

## Republicans target FBI's media contacts

Lawmakers try to expose alleged anti-Trump narratives coming from law enforcement

BY KYLE CHENEY

Broadening their political counterattack in defense of the White House, President Donald Trump's allies in Congress are placing new scrutiny on contacts between top Justice Department officials and reporters covering the Trump-Russia investigation.

In recent weeks, GOP congressional investigators have publicly and privately questioned senior Justice Department and FBI leaders about interactions with reporters covering the Trump campaign's

connections to Russia. The goal, according to a half-dozen lawmakers and aides, is to expose any concerted effort by law enforcement officials to spin an anti-Trump narrative in the media.

"There are a number of other inappropriate communications that have transpired between the FBI/DOJ and media outlets that have not been disclosed," said Rep. Mark Meadows (R-N.C.), a top House conservative and member of the Oversight Committee.

FBI on page 11

## Dems are slow-walking budget deal, GOP says

BY RACHAEL BADE, SEUNG MIN KIM AND JOHN BRESNAHAN

Congressional Republicans and White House officials are increasingly skeptical that they'll reach a long-term budget agreement with Democrats in the next 10 days, accusing progressives of slow-walking a spending deal until they get what they want on immigration.

Party leaders from both sides of the aisle have been quietly working

to raise stiff spending caps to avert a government shutdown and give long-term stability to federal agencies. Government funding runs dry after Jan. 19.

But Republicans claim Democrats won't back a yearlong spending plan until Congress devises a plan to shield hundreds of thousands of young undocumented immigrants from deportation.

BUDGET on page 13

## Trump, Corker mend fences after 'Liddle Bob' tweets

BY ANDREW RESTUCCIA

In October, President Donald Trump labeled Tennessee Republican Sen. Bob Corker an "incompetent" critic of his tax reform plan who "couldn't get elected dog catcher in Tennessee." And Corker, in turn, accused the president of "debas[ing]" the country and vowed not to vote for him again.

Yet the retiring senator — "Lid-

dle Bob Corker," as the president once called him — nevertheless joined Trump on an Air Force One flight to Nashville on Monday for a speech at the American Farm Bureau Federation's annual convention.

For those who know the president, his apparent change of heart wasn't a surprise. White House

CORKER on page 12

РЕЛИЗ ВЫПОЛНИЛА  
ГРУППА VK.COM/WSNWS

**Your  
insurer  
doesn't  
pay full  
price for  
medicines.**

**So why  
do you?**



Patients share the costs.  
**They should share the savings.**

### NBC: Tweet on future Oprah presidency 'not meant to be a political statement'

NBC said Monday that a tweet touting Oprah Winfrey as "OUR future president" during the 75th Golden Globe Awards was "not meant to be a political statement" after it drew backlash online.

"Yesterday [Sunday] a tweet about the Golden Globes and Oprah Winfrey was sent by a third party agency for NBC Entertainment in real time during the broadcast," NBC tweeted. "It is in reference to a joke made during the monologue and not meant to be a political statement. We have since removed the tweet."

Winfrey, the iconic former daytime TV host, set off a wave of speculation about a potential 2020 presidential run after she gave a rousing speech at Sunday's Golden Globe Awards that struck themes of social justice.

During the event, NBC sent a tweet with a picture of Winfrey and the words, "Nothing but respect for OUR future president. #GoldenGlobes"

The tweet may have been intended to reference a meme that emerged after a woman cleaned President Donald Trump's Hollywood star after it was vandalized last year. "Stopped to clean @realDonaldTrump Hollywood Star. Nothing but respect for MY President," Makenna Greenwald tweeted in June.

NBC's post Sunday night drew immediate criticism online.

President Donald Trump's oldest son, Donald Trump Jr., cited the missive as an example of media bias against his father.

"In case anyone had any doubts about where the media stands this should take care of it. The bias against @realDonaldTrump is now so obvious they have simply given up hiding it," Trump Jr. tweeted Monday. "Can you trust anything they say at this point?"

"This tweet puts every reporter at NBC in a bad spot. Foolish thing for them to do," tweeted former White House press secretary Ari Fleischer, who served under Republican President George W. Bush. "But at least now they are open about their bias."

Winfrey, according to a report by CNN Monday, is actively mulling a 2020 run.

— Cristiano Lima

### Two injured in fire at Trump Tower in New York

Two people were hurt Monday morning after a fire broke out at Trump Tower, the Manhattan skyscraper where President Donald Trump keeps an apartment, according to The Associated Press.

The AP reported that a civilian was treated for serious injuries and a firefighter was treated for minor injuries. It took firefighters about an hour to put out the fire.

Trump was in Washington, not New York, at the time of the fire, having spent the bulk of last weekend at Camp David. The Daily News reported that the fire was quickly handled by firefighters, who continued to



RICHARD DREW/AO

## FDNY quells Trump Tower blaze

New York City Fire Department vehicles sit on Fifth Avenue outside Trump Tower in New York on Monday. FDNY says the fire started around 7 a.m. in the heating and air conditioning system located on the roof of the building. According to news reports, three people, including one firefighter, suffered minor injuries.

examine the scene to ensure the fire did not spread.

Eric Trump, one of the president's sons who helps run the family's business empire, wrote on Twitter that "there was a small electrical fire in a cooling tower on the roof of Trump Tower."

In addition to Trump's personal triplex apartment, the president's campaign and transition offices were also housed in Trump Tower, as is the office he used as the head of the Trump Organization.

— Louis Nelson

### Trump fixes 'enormously consensual' presidency tweet

For a few minutes Sunday night, President Trump claimed his has been an "enormously consensual" presidency.

The claim was a typo, part of a string of tweets excerpting a New York Post column praising Trump's administration. The original post was soon replaced with one that contained the intended word, "consequential," but that didn't stop the president's tweet from becoming the subject of online ridicule.

"His is turning out to be an enormously consensual presidency. So much so that there has never been a day that I wished Hillary Clinton were President. Not one. Indeed, as Trump's accomplishments accumulate, the mere thought of Clinton in the W.H., doubling down on Obama's failed policies, washes away any doubts that America made the right choice," Trump originally wrote, citing a weekend column by the Post's Michael Goodwin.

The tweet stood out in part because multiple women have accused the president of harassment or abuse. Trump was also caught on tape bragging about sexually assaulting women without consequence.

The president has denied the accusations against him.

— Louis Nelson

### Schiff: 'We have a seriously flawed human being in the Oval Office'

The ranking Democrat on the House Intelligence Committee said Sunday that virtually every member of Congress has concerns about President Trump's mental state, even if they won't say so publicly.

"I don't think there is anyone in Congress, frankly, of either party who does not concur at least privately with those observations and concerns," Rep. Adam Schiff of California said on CNN's "State of the Union." "Certainly, very few are willing to express them publicly in Congress, and I think that's to the detriment of our institution."

"The big question for us, though," he added, "is, you know, plainly, we have a seriously flawed human being in the Oval Office."

Schiff also said the FBI's reported investigation of the Clinton Foundation was politically motivated.

"If they are investigating Hillary Clinton, it doesn't take a genius, let alone a stable genius, to see why," Schiff said, mocking Trump's assessment of his own mental state.

"It's not because there is some new evidence that has come to light," Schiff said. "It's because they're being badgered by the White House to do it. You simply cannot explain it, I think, any other way."

— Ian Kullgren

### Good news for Trump — Twitter won't block world leaders' tweets

Without mentioning President Trump by name, Twitter on Friday said it won't block or remove tweets from "world leaders." The social media

company posted a blog following pressure it's received to remove incendiary tweets from Trump.

"Blocking a world leader from Twitter or removing their controversial Tweets, would hide important information people should be able to see and debate," the company wrote in the post. "It would also not silence that leader, but it would certainly hamper necessary discussion around their words and actions."

Twitter didn't define which world leaders' tweets would be protected, though elsewhere in the statement, the company referred to "elected" world leaders.

"We review Tweets by leaders within the political context that defines them, and enforce our rules accordingly," the company wrote. "No one person's account drives Twitter's growth, or influences these decisions. We work hard to remain unbiased with the public interest in mind."

Public outcry over some of Trump's tweets, like one about the size of his nuclear button being larger than that of North Korean leader Kim Jong Un, has put pressure on the social media company to block the tweets and more specifically define what kind of tweet violates its terms of service. Twitter's rules prohibit violence, including threats and targeted abusive behavior in tweets.

— Ashley God

### White House adviser Stephen Miller unloads on CNN

White House senior policy adviser Stephen Miller unloaded on CNN host Jake Tapper on Sunday — trashing Michael Wolff as a "garbage author of a garbage book," calling Steve Bannon an "angry and vindictive person" and accusing CNN of "sticking knives" into President Donald Trump's allies.

The explosive 12-minute interview on "State of the Union" turned into a shouting match between Tapper and Miller, who accused the network of running "24 hours of negative anti-Trump hysterical coverage" and perpetuating falsehoods from Wolff's explosive new book, "Fire and Fury."

Trump himself was apparently watching, tweeting after the interview: "Jake Tapper of Fake News CNN just got destroyed in his interview with Stephen Miller of the Trump Administration. Watch the hatred and unfairness of this CNN flunky!"

Miller's comments came as Trump's surrogates took to the airwaves Sunday to discredit the book, released Friday — and Wolff himself — for questioning the president's mental stability and fitness for the job.

Miller attacked Bannon, the former White House chief strategist, who, according to Wolff's book, called Trump's eldest son "treasonous" and "unpatriotic" for seeking dirt on Hillary Clinton from Russians during the campaign.

But Miller sidestepped questions on whether Trump personally met with Russians after the meeting with Donald Trump Jr. at Trump Tower in 2016, saying he has "no knowledge of anything to do with that meeting" but calling the book a "pile of trash."

In the book, Bannon is quoted as saying there is "zero chance" Trump did not meet with Russian "jumos" at Trump Tower.

"It's tragic and unfortunate that Steve would make these grotesque comments so out of touch with reality and, obviously, so vindictive ... the whole White House staff is deeply disappointed in his comments," Miller said. "With respect to the Trump Tower meeting, he wasn't even there when it went down, so he is not really a remotely credible source on any of it."

"It reads like an angry, vindictive person spouting off to a highly discreditable author," Miller went on. "The author is a garbage author of a garbage book."

Miller heaped praise on the president, describing him as a "political genius" who "tapped into something magical that's happening in the heart of this country." And he pushed back against descriptions that question Trump's literacy, saying Trump would effortlessly dictate new material on the way to campaign rallies.

The interview turned ugly when Tapper insinuated that Miller was trying to stroke Trump's ego, and Miller, in turn, accused Tapper of being condescending and CNN of running "24 hours of negative anti-Trump, hysterical coverage," including "some spectacular embarrassing false reporting."

Eventually, Tapper cut off Miller.

"I think I've wasted enough of my viewers' time," Tapper said before cutting to a commercial break. "Thank you, Stephen."

"Welcome back to 'State of the Union' — and planet Earth," Tapper said when he returned.

— Ian Kullgren

# Trump to terminate protected status for Salvadorans

Step could complicate talks on Dreamers

BY TED HESSON, SEUNG MIN KIM AND HEATHER CAYGLE

The Trump administration announced Monday that it will end temporary immigration status that was first granted to Salvadorans after a series of earthquakes nearly two decades ago.

The Department of Homeland Security confirmed a story that POLITICO reported early Monday that DHS will terminate, by Sept. 9, 2019, Temporary Protected Status for immigrants from El Salvador.

The decision could complicate already-tense negotiations on Capitol Hill over a possible solution for so-called Dreamers, undocumented immigrants brought to the United States as children, as a bipartisan group of senators working on a possible Deferred Action for Childhood Arrivals deal weighs a possible legislative fix for former TPS recipients.

The senators have discussed potentially curbing the diversity visa lottery — which President Donald Trump has repeatedly vowed to abolish — in exchange for extending TPS protections, according to two people familiar with the ongoing talks.

In an interview in late December, Sen. Jeff Flake (R-Ariz.) said negotiators discussed potential “trade-offs” between the two programs.

“You get rid of diversity visas, and in its place, kind of an exchange for that — because most Democrats don’t want to get rid of diversity visas — that we would do something with TPS, more lenient treatment of some populations under that,” Flake said at the time.

The administration previously ended TPS designations for several other countries, but the decision concerning Salvadorans — by far the largest group to benefit from the status — could force lawmakers to



CHRIS KLEPONIS-POOL/GETTY IMAGES

President Donald Trump’s decision on protected Salvadorans infuriated some lawmakers. The administration will give the immigrants until Sept. 9, 2019, to leave the U.S. or apply for a different type of protection.

grapple with the program, which allows foreigners to remain in the United States if their home country experiences a natural disaster, armed conflict or other extraordinary event while they’re here. The designation is meant to be temporary, but the status had been renewed repeatedly under Republican and Democratic administrations.

Roughly 263,000 people from El Salvador are covered by the program, which allowed the immigrants to stay and work in the United States legally. Salvadorans represent approximately 60 percent of TPS recipients, according to data from U.S. Citizenship and Immigration Services.

A senior administration official

said Homeland Security Secretary Kirstjen Nielsen “undertook an extensive outreach campaign” to U.S. and Salvadoran officials to understand the conditions on the ground. Nielsen concluded the problems that led to the country’s original designation for the program — which followed a series of earthquakes in 2001 — no longer exist, according to the official.

The administration official said that El Salvador had repaired schools, hospitals and roads damaged by the earthquakes and that the country’s economy “has been steadily improving.”

Still, economic data indicate the country could suffer from the loss of money sent home by TPS enrollees.

Remittances from abroad constitute roughly one-fifth of El Salvador’s gross domestic product, according to data from the World Bank.

The delay will give TPS-enrolled Salvadorans a window to apply for a different type of protection for undocumented immigrants, or to make arrangements to depart the country, according to DHS. But opponents of the move argue it will expose a large group of people to deportation.

Sen. Robert Menendez (D-N.J.)

said the move demonstrates that the administration is “driven by nativist impulses” and could force law-abiding immigrants into the shadows. “Likewise, tens of thousands of American children will also be terribly harmed by this decision as it seeks to strip them from their parents,” Menendez said.

A report last year by the Center for Migration Studies estimated that Salvadoran TPS recipients had roughly 193,000 U.S.-born children. For children with parents who lack a legal means to remain in the U.S., the termination could mean living without a parent or expatriation.

The Trump administration’s decision infuriated not just congressional Democrats, but some Republicans who had repeatedly stressed that the protected immigrants could not safely return to their home country.

“These innocent people fled their home country after a disastrous earthquake, and while living conditions may have slightly improved, El Salvador now faces a significant problem with drug trafficking, gangs and crime,” said Rep. Mario Diaz-Balart (R-Fla.). “It would be devastating to send them home after they have created a humble living for themselves and their families.”

The Trump administration has already announced that it would terminate TPS for immigrants from other countries, such as Nicaragua, Haiti and Sudan.

The designation for Honduras was automatically renewed for six months in November when then-acting Secretary Elaine Duke declined to make a decision before a statutory deadline. DHS will reconsider the enrollment of Honduras in early May.

## Aide confirms Romney was successfully treated last summer for prostate cancer

BY LOUIS NELSON

Former presidential nominee Mitt Romney underwent surgery last summer to treat prostate cancer, an aide confirmed Monday afternoon.

Romney’s cancer treatment was first reported by CNN and NBC News.

“Last year, Gov. Mitt Romney was diagnosed with slow-growing prostate cancer. The cancer was removed surgically and found not to have spread beyond the prostate,” the Romney aide said.

The 70-year-old former governor of Massachusetts, who was the 2012 Republican presidential nominee, has been the subject of recent speculation regarding the Senate seat soon to be vacated by retiring Sen. Orrin Hatch (R-Utah). Romney, a prominent Mormon, led the organizing committee for the 2002 Winter Olympics in Salt Lake City. He reportedly is interested in running for the seat, which he likely would win in the deep-red state of



AFF/GETTY IMAGES FILES PHOTO 2016

An aide said Mitt Romney had been diagnosed with a slow-growing prostate cancer, which was removed surgically and “found not to have spread.”

Utah, where he is very popular.

The possibility of Romney in the Senate has ruffled President Donald Trump, of whom Romney has often been publicly critical. In

a move that would have blocked Romney from running for the Senate, Trump urged Hatch, publicly and privately, to seek reelection in 2018.

## POLITICO

**Robert L. Allbritton**  
PUBLISHER & EXECUTIVE CHAIRMAN

**Patrick Steel**  
CHIEF EXECUTIVE OFFICER

**John Harris**  
EDITOR-IN-CHIEF

**Poppy MacDonald**  
CHIEF OPERATIONS OFFICER

**Carrie Budoff Brown**  
EDITOR

### CONGRESSIONAL STAFF

**MIKE ZAPLER** DEPUTY MANAGING EDITOR  
**BEN WEYL** DEPUTY CONGRESSIONAL EDITOR  
**JOHN BRESNAHAN** CONGRESSIONAL BUREAU CHIEF

**RACHAEL BADE, HEATHER CAYGLE, KYLE CHENEY,**  
**BURGESS EVERETT, SEUNG MIN KIM, NOLAN D.**  
**MCCASKILL, ELANA SCHOR** REPORTERS

### NEWSPAPER STAFF

**BILL KUCHMAN** ASSISTANT MANAGING EDITOR  
**MICHELLE BLOOM** SENIOR DESIGNER  
**M. SCOTT MAHASKEY** DIRECTOR OF PHOTOGRAPHY  
**JOHN SHINKLE** STAFF PHOTOGRAPHER

**SUSHANT SAGAR** COPY DESK CHIEF  
**KEVIN BARNARD, ANDY GOODWIN,**  
**ROBIN TURNER** COPY EDITORS  
**MATT WUERKER** EDITORIAL CARTOONIST

For corrections or questions regarding the newspaper, email [mzapler@politico.com](mailto:mzapler@politico.com) or [bweyl@politico.com](mailto:bweyl@politico.com).

**CPA** POLITICO serves the United States Senate and House of Representatives, the White House and offices of the executive branch, Cabinet departments and federal agencies, the Supreme Court, lobbyists and special interest groups, the media, airline and rail passengers, paid subscribers and select nonpaid recipients. Reproduction of this publication in whole or in part is prohibited except with the written permission of the publisher. POLITICO is nonideological and nonpartisan.

POLITICO is published Tuesday through Thursday when Congress is in session, and on Wednesday when Congress is in recess for one week or less, by POLITICO LLC. Subscriptions are \$200 per year or \$350 for two years for domestic subscribers, and \$600 per year overseas. POLITICO is printed at Evergreen Printing and Publishing Co. Inc., Bellmawr, N.J. POSTMASTER: Send change of address to POLITICO, P.O. Box 36, Congress, NY 10920-0036. © POLITICO LLC, 2018.

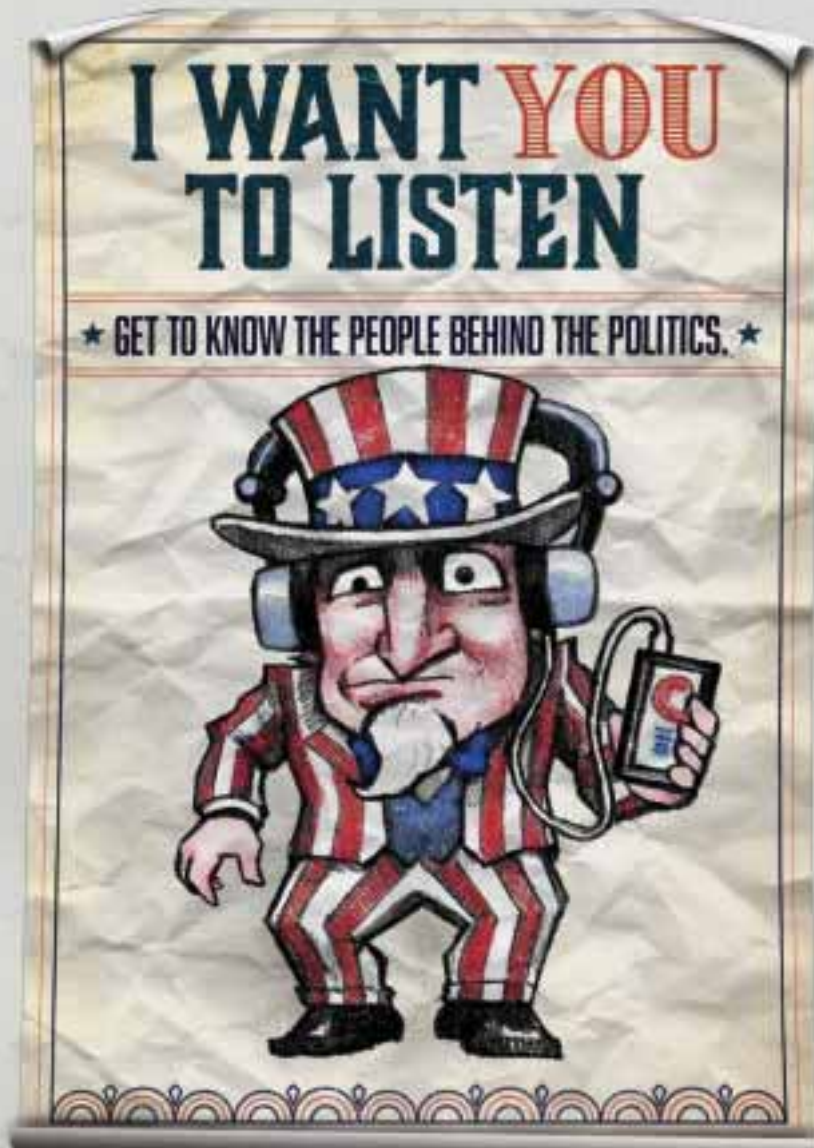
### JANUARY'S PUBLISHING SCHEDULE

S	M	T	W	T	F	S
		1	2	3	4	5 6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

**POLITICO.com**

PHONE (703) 647-7999 • FAX (703) 647-9998  
1000 WILSON BLVD., 8TH FLOOR  
ARLINGTON, VA 22209

**POLITICO** PODCASTS



**OFF**  **MESSAGE**

What's really driving politics with **Isaac Dove**



# The impending GOP disaster in Trump's backyard

In N.Y., GOP hurting for top candidates

BY JIMMY VIELKIND

ALBANY, N.Y. — Two candidates for New York governor against incumbent Andrew Cuomo have dropped out in the past week. No candidate against Sen. Kirsten Gillibrand has gotten beyond the whisper phase. There's still no challenger to the state attorney general or comptroller.

In President Donald Trump's home state, the New York Republican Party is on the verge of disaster. It has so far come up dry in its efforts to put together a top-tier 2018 statewide ticket — a budding failure with implications that could ripple beyond state borders.

If the current situation holds, some of Trump's most aggressive Democratic Party critics could get a free pass to reelection. And Cuomo and Gillibrand, who have been positioning themselves for potential 2020 presidential campaigns, could see résumé-enhancing victories — runaway wins that will become part of their pitch to Democratic donors and presidential primary voters.

Within New York itself, down-ballot GOP candidates — including a handful of vulnerable congressional incumbents — could find themselves ravaged by national political forces beyond their control in the 2018 midterm elections, without any top-of-the-ticket protection from Republican statewide candidates.

Jim Kelly, the field director for two Republican candidates for U.S. Senate, posted this message on his Facebook page last Thursday: “Wanted: GOP candidates to run for gov, comptroller, attorney general, U.S. Senate.”

That plaintive cry came hours before the party lost another of its options to face Cuomo, when Dutchess County Executive Marc Molinaro said he would not be a gubernatorial candidate. Harry Wilson, a business adviser, walked away on New Year's Day.

“There is a panic at this time,” Kelly told POLITICO last Friday. “When Wilson dropped out, that vacuumed everyone else out.”

Kelly's not the only one pushing the panic button. Party officials and seasoned operatives who spoke to POLITICO in recent days have used words like “crisis” and “desperate” to describe the state of affairs, as the two potential gubernatorial candidates deemed the strongest have opted out and potential candidates for two other key statewide positions races are nonexistent.

Party chairs met Monday at the Fort Orange Club, just up the hill from the state Capitol, to hear the three remaining gubernatorial prospects: Assembly Minority Leader Brian Kolb, Senate Deputy Majority Leader John DeFrancisco and Joel Giambra, a lobbyist and former Erie County executive.

They also met with Chele Chia-vacci Farley, a private equity executive and party fundraiser from Manhattan who had been talking to party leaders about challenging Gillibrand. Joe Holland, a housing commissioner and co-chair of former Gov. George Pataki's



HANS PENNING/AP

In the president's home state, the GOP hasn't been able to put together a top-tier 2018 statewide ticket, including a strong challenger to Gov. Andrew Cuomo. “There is a panic at this time,” said field director Jim Kelly.

campaign, was another prospective candidate interviewed about a Senate run.

Any challenge to Cuomo is going to be a daunting task. Cuomo is expected to report around \$30 million in his campaign account next week and has the support of key labor and business groups lined up — an accouterment of incumbency. With just 10 months before Election Day and no well-known or well-funded favorite, Republican leaders know they have a steep road ahead.

“I think everything's got to be on the table. I'm going to be in a room with all of my colleagues from around the state and listen

to their perspective on what 2017 meant to them, but also as we look at what we have to do this year,” Erie County Republican Chairman Nick Langworthy said. “We're a little behind in our recruitment, but there's nothing we can't catch up on relatively quickly.”

But you can't buy back time, said Susan Del Percio, a Republican strategist who advised the party's leaders in the state Senate and briefly worked for Cuomo.

“The truth of the matter is, it's very late,” she said. “Anyone who is interested, unless they're extremely well-funded, needed to start running a year ago to raise

money, get their name out there and raise awareness. And in this current environment, having President Trump in charge will scare away a lot of people — just look at the county executive races in Westchester and Nassau counties.” (Republicans lost both of those races last year.)

Wilson, who ran a close race for comptroller in 2010, had told party leaders that he would put \$10 million of his own money into the race. He had already begun cutting attack ads and touring the state, and party insiders indicated he was such a strong Plan A that Plan B was left on the vine.

In the attorney general's race, GOP leaders have floated no names as challengers to Attorney General Eric Schneiderman, who on his own or in concert with others has sued the Trump administration over its travel ban, the end of the DACA program and the rollback of various environmental regulations. There are also no known challengers to Comptroller Tom DiNapoli, an amiable politician who is a favorite of the state's unions.

State Republican Chairman Ed Cox has done his best to shrug off the blank ticket.

“This is an ABC election like '94 — anyone but Cuomo,” he said, a reference to the upset victory of Pataki, then a rank-and-file state legislator who toppled the current governor's father, Mario Cuomo. “It's always a referendum, particularly when you have a governor who is running for a third term, in this case for a fourth Democratic term, as it was in 1994.”

Cox said conditions are even better for the GOP this time around because of the looming corruption trials of former Cuomo associates and the belief that the two Democrats who will appear on the top of the ballot are seeking higher office.

“[Cuomo is] just using the people of New York state as a stepping-stone to the presidency. Ouch, that does not work. ... Sen. Gillibrand is clearly interested in running for president also, so there will be national money.”

In 1994, Republicans had the benefit of a sitting U.S. senator, Al D'Amato, to help raise money as well as a stronger hold on the majority in the state Senate. Cox and other operatives, though, feel their case against Cuomo is strong: Economic development deals that have borne questionable fruit, looming corruption trials and service problems roiling New York City's subways.

Who to make the argument, though?

Kolb, an upstate legislator, has formally declared his candidacy, but the Syracuse-based DeFrancisco is still weighing his future.

Giambra, who last held elective office in 2007, formally declared his candidacy after Wilson bowed out. He is moderate on social issues — he has no plans to roll back Cuomo's gun-control law, supports same-sex marriage and abortion rights up to the third trimester, and endorsed Hillary Clinton in 2016. He's contributed to Democratic politicians but says doing so will let him speak to the “obscene” nature of politics as usual in New York.

It may make him more electable in a general election, but he will be a difficult sell for GOP stalwarts. Still, Giambra said he hopes to avoid a primary and that the path to the nomination will become clear for him in the coming weeks. If not, the 61-year-old will focus on the real estate business he's built in his native Buffalo.

“I'm at the point now where I'm not looking for career politics,” he said. “I already had that. I'm looking for an opportunity to change the dialogue, to change the discussion, to talk as an insider — openly — and tell you where the problems are, where the warts are and see if we can fix them. I don't have anything to lose.”

# W.H. prepares for trade crackdown, including tariffs

President may take steps against China

BY ANDREW RESTUCCIA  
AND DOUG PALMER

President Donald Trump's administration is preparing to unveil an aggressive trade crackdown in the coming weeks that is likely to include new tariffs aimed at countering China's and other economic competitors' alleged unfair trade practices, according to three administration officials.

Trump is tentatively scheduled to meet with Cabinet secretaries and senior advisers as soon as this week to begin finalizing decisions on a slew of pending trade fights involving everything from imports of steel and solar panels to Chinese policies regarding intellectual property, according to one of the administration officials.

Senior aides are also laying plans to use Trump's State of the Union address at the end of the month to flesh out the president's trade vision and potentially preview a more aggressive posture toward China, according to the official.

Aides stressed that the specifics are still in flux, but multiple officials told POLITICO that internal conversations have moved beyond the basic question of whether Trump should take tough trade steps and are now focused on what precise measures the president should impose.

By turning to trade, Trump is returning to a key campaign pledge that many advisers worry he did not deliver on in his first year in office. And with limited prospects for passing legislation, trade is one of a handful of major policy areas on which the president can act without having to rely on Congress.

Aides said the upcoming closed-door trade meetings with the president will help shed more light on his thinking. Trump's senior advisers have been fighting behind the scenes for months over the direction of his trade agenda, but officials on both sides of the debate said it remained unclear exactly how aggressive the president was prepared to be.

One official said the president is "undecided and could come out any number of ways." Still, it is "very likely" that the president will greenlight tariffs of some kind in the coming weeks, the official added, a move that could prompt severe blowback from targeted countries.

Trump has repeatedly expressed frustration to his aides that his administration hasn't taken more aggressive trade steps, and he has encouraged his advisers to present him with options that include harsh tariffs on Chinese imports, according to officials.

The president outlined his thinking on trade during meetings with Republican congressional leaders at Camp David over the weekend. Some Republican lawmakers cautioned against going too far on trade, raising concerns about pulling out of the North American Free Trade Agreement, according to people familiar with the Camp David meetings. GOP senators have made similar arguments during recent meetings with the president at the White House.

A White House spokeswoman did not respond to a request for



ANDREW HARNIK/AP

President Donald Trump is expected to begin finalizing decisions on a slew of potential trade fights after meeting with Cabinet secretaries and senior advisers. Trump has encouraged advisers to present him with options that include harsh tariffs on Chinese imports, officials say.

comment.

Amid widespread concern that the president's impulsive decision-making could spark a trade war, Trump's advisers have been organizing weekly meetings since last spring to weigh their options — including where to set any tariffs and import quotas and how much to single out China — in the various outstanding trade cases in the hopes of presenting the president with well-researched policy proposals.

With an overhaul of the tax code complete, the Tuesday meetings, led by White House staff secretary Rob Porter, have been heating up in recent weeks, with key staffers being tasked with drafting memos and conducting economic analyses of key policy options, according to people who participate in the huddles.

The meetings regularly include key Cabinet secretaries and senior administration officials, including Commerce Secretary Wilbur Ross, Agriculture Secretary Sonny Perdue, Labor Secretary Alexander Acosta, Treasury Secretary Steven Mnuchin, U.S. Trade Representative Robert Lighthizer, trade adviser Peter Navarro, Council of Economic Advisers chairman Kevin Hassett and National Economic Council director Gary Cohn.

Cohn, according to two administration officials, wants to stay in the White House at least long enough to help shepherd the trade decisions to the finish line.

Trump's advisers are deeply divided on trade, with Cohn and others calling for a more moderate, targeted approach, and others, like Navarro, advocating sweeping actions. In the past, the meetings have sometimes turned into shouting matches, but aides said they have been less tense over the past

couple of months.

Trump spent much of the presidential campaign promising to take a tough stance on trade, but some of the president's hard-line allies have privately worried that he hasn't done enough, even though he pulled the U.S. out of the Trans-Pacific Partnership and is renegotiating both NAFTA and a free trade agreement with South Korea. The president's former chief strategist and now nemesis Steve Bannon and other China hawks have called on him to impose stiff tariffs on the Asian superpower.

After a year of bluster on trade, a series of deadlines will force Trump to decide just how aggressively he is willing to use U.S. trade remedy laws, given the likelihood of retaliation from China, the European Union and other trade partners.

The pending trade actions are controversial, with the potential to cause serious friction with U.S. trading partners and raise questions about Trump's commitment to the rules-based multilateral trading system. But the options are also legal under U.S. trade law, and the amount of blowback will depend on how restrictive any measure imposed by Trump is and how many countries are hit.

The first major trade action of 2018 is expected very soon, according to aides. Trump faces statutory deadlines to act by late January and early February in two cases involving solar products and washing machines under Section 201 of the 1974 Trade Expansion Act. The solar decision isn't expected this week but could come next week, aides said.

In the solar and washing machine cases, the U.S. International Trade Commission has already determined that increased imports are "a substantial cause of serious injury to the domestic industry." That gives

Trump the legal basis to impose temporary import restrictions to help the affected companies recover.

All four ITC commissioners recommended four years of relief — which could include tariffs or import quotas — in the solar case brought by Suniva and SolarWorld, but they disagreed on how restrictive it should be.

The commissioners unanimously recommended three years of relief in the washing machine case brought by Whirlpool and later joined by General Electric. All four commissioners also recommended setting a 50 percent tariff on imports of more than 1.2 million units. Two commissioners proposed additional lower tariffs on imports within the 1.2-million-unit quota, while two others said they were not needed.

Trump does not have to follow those recommendations and could set tariffs or quotas at whatever level he chooses, within legal limits. He also could decide to exclude some countries from whatever restrictions he imposes if he wants to specifically target China for punishment.

Trump is also facing upcoming decisions in two cases regarding whether current volumes of steel and aluminum imports harm national security by threatening the future of both domestic industries. Ross, the commerce secretary, must formally transmit his recommendations to Trump by Jan. 15 in the steel case and Jan. 22 in the aluminum case.

Once Trump receives the reports, he has 90 days to decide what, if any, action to take. If the Commerce Department finds a national security threat, Trump has a great deal of discretion over what kind of restrictions to impose.

He could slap a duty or quota re-

strictions on all steel and aluminum imports from all sources, or he could fashion a more tailored set of remedies to help domestic producers while minimizing the pain felt by other sectors of the economy and trading partners.

Broad restrictions would almost certainly be met with retaliation and could potentially be challenged at the World Trade Organization. It could also trigger copycat actions, with other countries closing their markets to American goods in the name of national security.

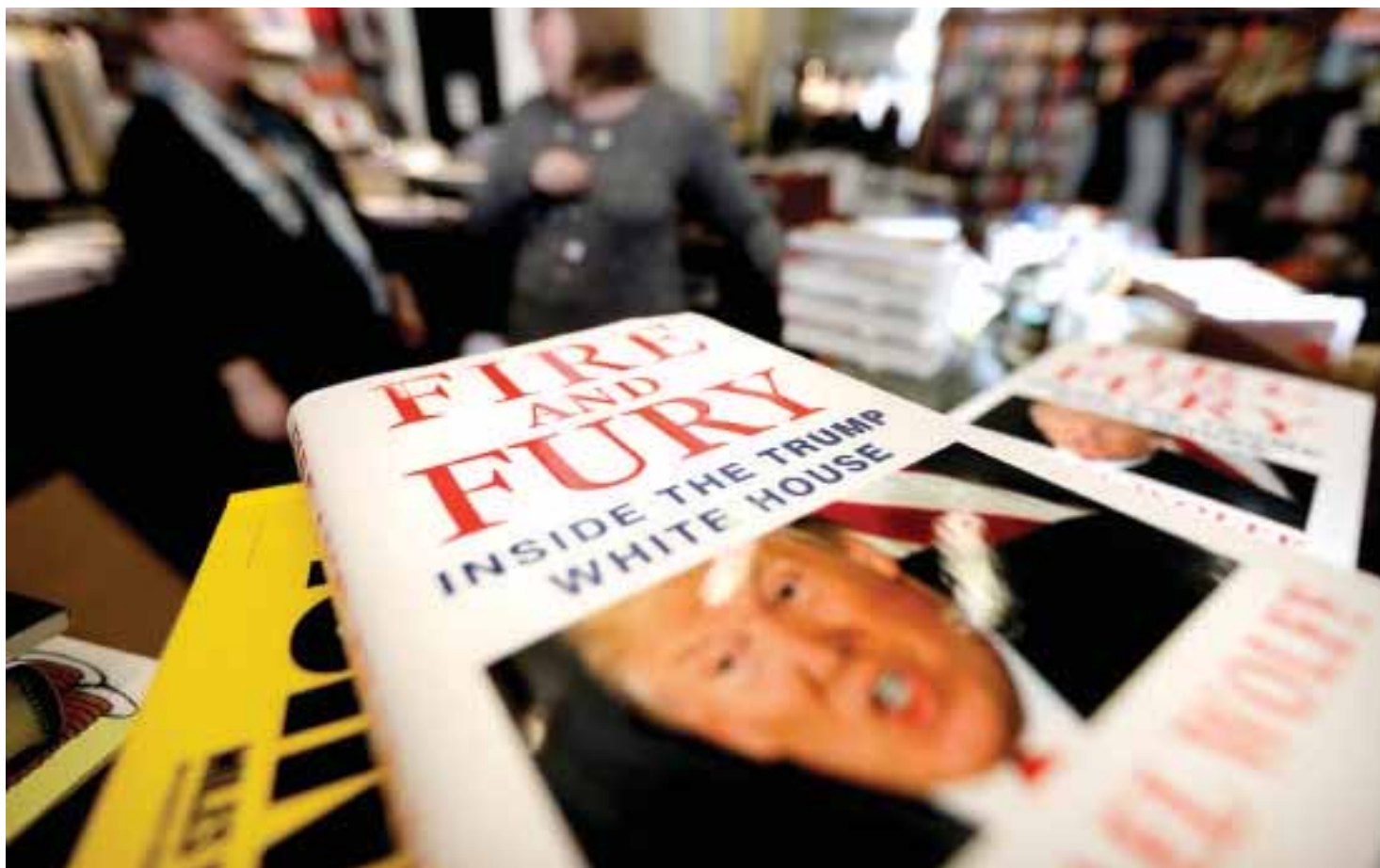
In a separate case, Trump has until August to make up his mind in an investigation examining Chinese policies regarding intellectual property, but he is expected to make a decision early this year.

Lighthizer, the U.S. trade representative, is widely expected to find that Chinese practices have forced American companies to turn over valuable technology and reduced the value of their intellectual property. However, there is some uncertainty about how soon he will propose specific actions against China.

The extent of any action taken by Trump could be determined by the amount of "damages" Lighthizer uncovers in his investigation. The higher the damages, the greater the amount of retaliation Trump could impose in terms of tariff hikes on Chinese goods or restricting Chinese companies from doing business in certain sectors of the U.S. economy.

Lighthizer has also not ruled out bringing action against China at the World Trade Organization if his investigation uncovers what the United States believes to be violations of WTO rules.

Rachael Bade contributed to this report.



CHARLES REX ARBOGAST/AP

Allies of Steve Bannon say the president's former strategist stalled in speaking out, in part because he didn't remember making the comments attributed to him in "Fire and Fury." "It would have been great if that apology had been at the beginning of the week," said Matt Schlapp, chairman of the American Conservative Union. "Waiting to the end was a big setback."

## Bannon finds his regrets don't help with Trump

Some wonder whether his populist wing of GOP can maintain influence in midterms

BY ANNIE KARNI

Steve Bannon, like his onetime brother-in-arms President Donald Trump, is known as someone whose instinct is to double down, not kiss up.

That made his belated attempt on Sunday to de-escalate mounting tension with the commander in chief — who has been publicly and privately raging about his former chief strategist for the past week — notable to many of his allies, one of whom called it a “huge step for Steve, one of the most stubborn people on Earth.”

But inside the White House, Bannon's 297-word statement of contrition about comments he made in Michael Wolff's newly released book, “Fire and Fury: Inside the Trump White House,” was seen as too little, too late for an operative unaware of the self-inflicted damage his hubris could cause.

It did nothing to quell Trump's rage toward his former chief strategist or the anger of Bannon's former West Wing colleagues, according to multiple administration officials, who said the vibe in the president's circle was that people were unmoved by the statement. Asked whether there is anything Bannon can do at this point to get back in the president's good graces, one White House official said curtly, “Unlikely.” That posture has left Bannon

supporters wondering whether the three-shirt-wearing bomb-thrower can switch out the layers for a hair shirt long enough to stop Trump from siding permanently with House Speaker Paul Ryan and Senate Majority Leader Mitch McConnell — or whether Bannon's populist wing of the Republican Party has already run out of time to maintain influence in this year's midterm elections.

“The problem for Steve is that we were already into January 2018, and he doesn't really have a system, he doesn't have a fund, he doesn't have a political team,” said Matt Schlapp, chairman of the American Conservative Union, whose wife works in the White House communications department. “Now it's going to take extra time to make things up, if he's able to, and repair the trust he had with the president. The clock is no longer on his side.”

A Republican pollster and operative with close ties to the White House marveled at the terrible timing of Bannon's feud with Trump. “It happens after taxes, before the Camp David meeting this weekend,” the operative said, noting that McConnell and Ryan were both spending quality time with Trump during the peak of his Bannon frustration, shortly after celebrating their first big legislative victory. “He couldn't have picked a worse

day on the calendar for this to happen. The swamp won.”

Bannon's influence, the operative predicted, will be zilch in the coming 2018 midterms, with no recruitment plan or financial backing to offer establishment-challenging outsider candidates. The operative, who has polled Bannon's name ID in states like Alabama, said his image was 40 percent positive, 20 percent negative among Republican primary voters before the feud. “Now he's going to be 20 to 40 — or worse,” the operative predicted.

Meanwhile, the “establishment” wing of the party was cheering the downfall of the anti-McConnell avatar. “This is a bigger win for the president, for whom Bannon is now less able to create problems and now unlikely to give the president continued bad advice in late night phone calls,” Karl Rove, former chief strategist for President George W. Bush, wrote in an email on Sunday night. “Bannon shredded his biggest claim, that he was the president's leader on the outside, the keeper of the flame who had discarded the ‘influence’ of being a mere staffer for the ‘power’ of being the leader of the nationalist populist movement.”

In issuing the statement that Bannon crafted himself — in which he expressed “regret” about his five-day delay in reacting to what he called “inaccurate reporting” regarding Donald Trump Jr. and professed undying fealty to the president and his agenda — Bannon

was hoping to ratchet down what has become an untenable position for him.

He stalled in speaking out, friends said, in part because he didn't remember making the comments attributed to him in the Wolff tome — Bannon reportedly called a June 2016 meeting at Trump Tower with a Russian lawyer “treasonous” and speculated that special counsel Robert Mueller would “crack Don Jr. like an egg” — but also because the president beat him to the punch by criticizing him on Twitter.

But over the past week, mulling his options, Bannon has been most concerned with clarifying his comments about Trump Jr. and uncharacteristically “de-escalating the tension,” an ally said.

He was less concerned about making peace with his White House nemeses Jared Kushner and Ivanka Trump — and didn't mention either of them in his statement.

In his Sunday statement, Bannon said his comments to Wolff were meant to be critical of one-time campaign chief Paul Manafort, who also attended the Trump Tower meeting, and not of the president's son.

Meanwhile, Trump has done just the opposite of de-escalating, finally letting loose on an over-empowered aide that many have been urging him to dump on publicly for months. Over the past week, he derided his ex-strategist as “Sloppy Steve” on Twitter and in a news conference conducted from

Camp David. There, a jeans-clad McConnell stood with Trump like the victor in a fight for the soul of the Republican Party.

Bannon was also dropped by his benefactor, Rebekah Mercer, and his future at the helm of his website, Breitbart News, remains a question mark, even as he grinds on to the next immigration policy fight.

“It would have been great if that apology had been at the beginning of the week,” added Schlapp. “Waiting to the end was a big setback.”

One Bannon ally said he was surprised to see the statement at all, figuring you either speak publicly immediately or don't speak out at all.

While Bannon may be at a low point and the morale at Breitbart might be sinking, there was a silver lining, according to the close ally. “You'll see a more serious Bannon come out of this,” the ally said.

And there were still some voices willing to speak up for him, despite his fall from grace.

“If there is anyone, like Bannon, who is a strong supporter of Israel and a strong fighter against anti-Semitism and that person ends up having less influence on the administration,” said Mort Klein, president of the Sheldon Adelson-funded Zionist Organization of America, “that is something that would sadden me.”

Andrew Restuccia contributed to this report.



# On Trump's fitness, 25th Amendment's a long shot

Scholars, lawyers: Bar is meant to be high

BY JOSH GERSTEIN

Donald Trump's description of himself as a "very stable genius" sparked new debate over the weekend about the 25th Amendment, but invoking the provision to remove a president from office is so difficult that it's highly unlikely to come into play over concerns about Trump's mental health, a half-dozen lawyers with expertise on the measure said.

The amendment's language on what could lead a president to be involuntarily removed from office is spare, saying simply that the vice president and a majority of the Cabinet could take such a step when "the President is unable to discharge the powers and duties of his office."

"I think it's both its strength and its weakness," said Jay Berman, a former chief of staff to Sen. Birch Bayh (D-Ind.), who helped craft the amendment in the 1960s. "The answer is not provided in the 25th Amendment. ... It just does not provide that certainty or specificity. That might be easier in the context of physical incapacity, but it would be a lot harder in the case of mental incapacity."

The galvanizing event behind the 25th Amendment has always been clear: President John F. Kennedy's assassination and the ensuing realization that the nation had no obvious recourse if Kennedy had survived but been unable to fully function. The amendment has drawn attention only occasionally in the intervening years, and no one has ever made a serious attempt to use it to remove a president.

But the 25th Amendment became a subject of intensified speculation in Washington after author Michael Wolff reported in his new book, "Fire and Fury," that White House aides had expressed concerns about Trump's mental health. POLITICO also reported that more than a dozen lawmakers — all Democrats but one — spoke on Capitol Hill last month with a Yale psychiatrist who has delivered grave warnings that the president is unraveling.

Lawyers and scholars of the amendment say the bar for invoking it is intended to be high. While impeachment requires only a majority of the House to set in motion, followed by a two-thirds Senate vote to convict, the 25th Amendment says two-thirds of both houses must agree to remove a president against his or her will. Any involuntary attempt to oust the president through the 25th Amendment also needs the vice president's assent.

"We're talking about a president who is not just off his rocker, but unable — totally unable — to make or communicate rational decisions," said Adam Gustafson, author of a 2008 Yale Law and Policy Review article delving into the issue.

Bayh once said only "a total disability" to carry out presidential duties would qualify, Gustafson noted.

"The people who wrote it were confronting the alternative of a severely brain-damaged, gun-shot



AP FILE 1967

Sen. Birch Bayh, shown at a 1967 news conference, was among the lawmakers who crafted the 25th Amendment. Aides say the assassination of President John F. Kennedy was a major catalyst for the amendment.

president," said University of Virginia law professor Paul Stephan, who advised a study of the 25th Amendment by the university's Miller Center in the 1980s.

Although Kennedy's death spurred Congress into action, people involved in changing the Constitution in the 1960s were well aware of — and concerned about — other such circumstances that arose in U.S. history.

In 1919, President Woodrow Wilson suffered a stroke that left him seriously impaired. Yet he remained in office for more than a year, with his wife and a top aide taking over many of his duties and taking steps to keep the extent of his illness a secret.

Over a period of a few years, President Dwight Eisenhower had a heart attack, a gastrointestinal surgery and a stroke. Eisenhower and Vice President Rich-

ard Nixon drafted an agreement to govern transition of power in such situations, but the validity of such arrangements was always questionable.

Berman, the former Bayh aide, said Eisenhower didn't like the improvised nature of the arrangement and became a strong proponent of the 25th Amendment.

"We had a lot of input from President Eisenhower," Berman said. "He thought there needed to be something — there needed to be a process, and the informality of the way he and Nixon had worked it out was not the answer."

One of the key factors that convinced Eisenhower and others that the 25th Amendment was needed was the Cold War. The nuclear showdown with the Soviets that emerged from World War II meant that a president whose focus waned as the day wore on or who grew par-

anoid posed a more urgent threat to the nation than those in analogous situations who had governed in an earlier era.

"This amendment was written during the nuclear age," Stephan said. "This is the era of 'Seven Days in May,' 'Dr. Strangelove' and all that."

Before the current round of speculation about Trump, the only known move in the direction of the 25th Amendment came in 1987, amid questions about President Ronald Reagan's mental acuity.

Reagan underwent prostate surgery after colon cancer surgery earlier in his presidency. Some aides said he was withdrawn and unengaged, at least at times, although it was unclear how much was health-related and how much might be a kind of malaise brought on by the unfolding Iran-Contra scandal.

Reagan's deputy chief of staff

Michael Deaver, who left the White House in 1985, wrote in a 1988 book that aides eventually came to believe that the president was "at the brink of being physically and mentally incapable of carrying out his responsibilities."

Two prominent journalists, Jane Mayer and Doyle McManus, later revealed that an aide to incoming chief of staff Howard Baker, James Cannon, prepared a memo in March 1987 that opened with a discussion of whether the 25th Amendment should be invoked.

"Consider the possibility that section four of the 25th Amendment might be applied," Cannon wrote, adding that the White House had fallen into "chaos" due to staff dysfunction.

A White House aide who was involved in that transition, Tom Griscom, acknowledged to POLITICO that the memo was written, but he downplayed its significance.

"It was more of: Have you looked at and exhausted everything that is out there?" Griscom told POLITICO. "There were clearly questions raised. When the president comes back, is he physically able to still execute the office?"

The new aides did keep a close eye on Reagan at a Cabinet meeting, Griscom said, but they found the doubts to be unfounded.

"We sat there in the Cabinet Room that Monday morning and lunchtime, and we watched a president of the United States, and we all realized that he was a person who was still very much equipped to do the job," Griscom said.

After Reagan left office and was publicly diagnosed with Alzheimer's disease in 1994, some associates — including Reagan's son Ron — said the illness might have begun to take root while the president was still in the White House.

However, Reagan White House lawyer Peter Wallison said there were no grounds to apply the 25th Amendment while the president was in office.

"There was nothing wrong with Reagan's ability to reason or function," Wallison said.

In the Trump era, some lawmakers have discussed updating the amendment. Rep. Jamie Raskin (D-Md.) has proposed a bill that would create a panel of doctors and others who could invoke the 25th Amendment.

Berman, 79, said he thinks some improvements could be made to the current system, but he doubts that could happen in the current climate. The lifelong Democrat said he has concluded that the only viable means to oust Trump is through impeachment.

"Nothing would thrill me more than to remove Donald Trump from office. But the more I've thought about it, the only way for that to happen is through impeachment," Berman said.

Wallison, the former White House lawyer, who is now with the American Enterprise Institute, said seizing on Trump's erratic tweets or his dismissiveness toward staff members would be ill-advised reasons to invoke the 25th Amendment.

"The fact he acts strangely is not sufficient to invoke the 25th Amendment," he said.

**"The people who wrote [the 25th Amendment] were confronting the alternative of a severely brain-damaged, gun-shot president."**

— Paul Stephan, Law professor, University of Virginia

# Winfrey not the only billionaire to entertain a run

**BILLIONAIRES** from page 1

spend time raising money, some acknowledge they could use the year to build political goodwill and name recognition. Others are looking at what it would take to run a campaign outside of the traditional two-party system, wary of the massive structural obstacles to gaining viability without backing from a national party and huge celebrity, but also conscious of populist anger with the 1 percent they all represent.

One stumbling block: Other than Winfrey and perhaps Cuban, none of the potential candidates possesses the universal name ID and force of personality that helped Trump get elected as a political novice.

Still, it's nothing new for billionaires with no political experience aside from donations to be egged toward runs by consultants eager for a paycheck, or for titans of industry to be surrounded by political professionals helping them in business as well as others telling them they'd make a great president. But the current crop sees an extra opportunity in 2020: Some of them believe the allure of a blockbuster — yet competent — executive rival to Trump would be hard to resist.

Winfrey has mostly laughed off presidential speculation in the past, and she told Bloomberg News she had no intention of running after her speech on Sunday night at the Golden Globes ceremony. But her partner, Stedman Graham, fanned the flames by leaving the door open.

"It's up to the people," he told a Los Angeles Times reporter at the ceremony. "She would absolutely do it."

Winfrey-centric chatter had actually already been on a low boil for months, a frequent topic of idle conversation among Democratic operatives looking over the 52 percent national approval rating she had in a March Quinnipiac poll and the 7-point head-to-head lead she had over Trump in a Public Policy Polling survey that month.

Yet it's Steyer — by far Democrats' largest donor in recent election cycles, to the tune of nearly \$200 million — who has moved most aggressively toward a possible campaign.

Passing on long-rumored bids for the Senate or the governor's seat in California, Steyer's move was the most serious step forward yet of any of the handful of billionaires considering a run for Trump's office. Even as he insisted he hasn't yet thought about 2020, Steyer pointedly wouldn't rule it out.

Steyer's political organization, NextGen, has significant footprints in early-voting and swing states across the country, and his national impeachment ad campaign has both significantly increased his name recognition among voters and gained him a 4 million-strong list of activist email addresses — a valuable political commodity. He has started going through some more traditional steps of potential presidential wannabes: He has started polling Democratic primary and caucus goers in Iowa and New Hampshire, according to polling memos viewed by POLITICO.

Steyer has in recent years surrounded himself with campaign veterans like Bill Clinton White



GETTY IMAGES PHOTOS

**Oprah Winfrey (above) told Bloomberg News after Sunday's Golden Globes that she is not a presidential candidate, while hedge fund titan Tom Steyer (left), the Democrats' top donor in 2016, has deflected talk of a run.**



House alum Chris Lehane, former Jerry Brown aide Gil Duran, former Bernie Sanders lawyer Brad Deutsch, and Obama and Hillary Clinton pollster John Anzalone, among others.

"We don't see this as a horse race, we don't see this as the normal push-and-pull of American politics. If we did, we would not be running a 'Need to Impeach' campaign," Steyer told POLITICO in an interview after his Washington announcement on Monday. He called Trump and his administration "shockingly short-sighted and stupid" and "dangerous to the American people."

As for a potential 2020 presidential campaign, Steyer said, "Anybody who's spending time thinking past Nov. 6, 2018, is doing themselves a disservice. You have no idea where we're going to be on Nov. 7, and neither do I."

Cuban, who appeared occasionally with Hillary Clinton on the campaign trail in 2016 to needle Trump, confirmed to POLITICO he's still considering a run after floating a balloon last year. But he said he

is "not ready to commit to it. A lot can change between now and then."

The investor famous for his ownership of the NBA's Dallas Mavericks and his role on ABC's "Shark Tank" said he did not yet know whether he would run with a party or as an independent, and that while he has no current plans to do any political travel this year, he has in fact been in touch with a handful of political strategists and pollsters about the prospect of pursuing the presidency.

"They seem to be coming out of the woodwork," he said. "So I've had quite a few conversations."

Michael Bloomberg — who commissioned extensive polling, hired a preliminary campaign staff, produced ads and recruited a running mate in 2016 before opting against a run — has been quiet about a possible 2020 run, either as an independent or with a party. But the former New York City mayor, executive and political group financier has stepped up his climate activism and saw his Bloomberg Global Business Forum replace the Clinton Global Initiative conference in September.

aisle after speaking out against what he views as Washington's overly partisan atmosphere, say multiple operatives who have spoken with him. Schultz, whose spokesman did not respond to a request for comment, says both publicly and privately that the country is suffering from a lack of national leadership, according to acquaintances.

To multiple political professionals who've spoken with Schultz, his wiggle-room denials of interest in running for public office down the road — "I have no plans to run for office, I am very consistent on that," he told Reuters in October — are further evidence that he still might consider a run.

Like Bloomberg in 2016, Schultz would likely consider running as an independent, a daunting undertaking given the lack of built-in political base that a traditional party provides.

But business leaders who have gamed out a run with operatives from both parties believe there could be room for a middle-of-the-road candidate in a contest pitting Trump against a left-wing Democrat like Bernie Sanders — a calculation that echoes Bloomberg's in 2016.

To many pollsters and campaign strategists, however, such speculation remains the stuff of fantasy. That's largely because of the enormous hurdles to assembling a viable candidacy and in part because of the relative lack of national name recognition plaguing nearly all the potential billionaire candidates, no matter how famous their corporations.

The best-case scenario is a Ross Perot-like candidacy that would lower the Democrats' threshold for victory to less than 50 percent. Perot won almost 19 percent of the national vote running as an independent obsessed with the deficit, but carried no states against Bill Clinton and George H.W. Bush.

"This is really a pipe dream," said GOP pollster Robert Blizzard. "You've always seen a little bit of this in statewide races, that people think just because they were successful in business they can do it in politics. But Trump is the exception, not the rule."

Even within the traditional party structures, the path to success for such figures is treacherous in a climate where leaders on both sides regularly rail against inequality and frequently criticize the excesses and practices of the wealthy.

So even as possible contenders like Steyer shy from traditional moves like visiting New Hampshire, calling swing-state machers or making nice with party committee leaders, they are eager to be seen more as activists than simply high-flying donors.

It may be a political necessity. "It's a symptom of the cancer of the big money in politics: People think just because they have a lot of money, they think they can run for office," said Larry Cohen, a former head of the Communications Workers of America who now chairs the board of Our Revolution, the political group built out of Sanders' 2016 presidential campaign.

"It's one thing to say we need new people," he added. "But this isn't what we mean."

# Trump allies take issue with Justice, media contacts

FBI from page 1

On Thursday, Republicans demanded more information from the Justice Department officials about a meeting Andrew Weissman, a career federal prosecutor now on special counsel Robert Mueller's investigative team, held with reporters last April. In a Jan. 4 op-ed, Meadows and Rep. Jim Jordan (R-Ohio), called for Attorney General Jeff Sessions to be replaced, citing in part an "alarming number of FBI agents and DOJ officials sharing information with reporters."

Last month, House Republicans cast public suspicion on communication they say occurred in the fall of 2016 between former FBI general counsel James Baker and a Mother Jones reporter who wrote stories at the time about the FBI's investigation of Trump-Russia ties. The lawmakers cited Justice Department documents for the claim but have provided no further details.

Republicans have offered no evidence of inappropriate or unlawful disclosures by Justice Department officials, and say they are merely seeking more information for now. Democrats call the focus on reporter contacts the latest front in a wide-ranging campaign by some GOP lawmakers to discredit the Russia probe as an anti-Trump conspiracy fueled by what Trump has characterized as a "deep state" determined to bring him down.

They also warn that Republicans are seeking to intimidate government officials and chill investigative reporting.

"Republicans don't seem to want to conduct a fair investigation," said Matt Miller, a former Justice Department spokesman in the Obama administration. "Looking at officials you want to target and trying to find out whether they've had any contact with media is a backwards way to conduct an investigation."

The Republican focus on Justice Department contacts with the media escalated last week, after House Intelligence Committee Chairman Devin Nunes (R-Calif.) reached a Wednesday agreement with Justice Department leaders to secure witness testimony from officials whose handling of the Trump-Russia probe he has criticized.

Nunes released a letter the next day to Deputy Attorney General Rod Rosenstein, which included a little-noticed reference to an alleged meeting between Weissman and reporters.

Rosenstein's office, Nunes wrote, "is researching records related to the details of an April 2017 meeting between DOJ Attorney Andrew Weissman ... and the media."

The letter offered no other details about the meeting, such as why it might be the subject of an inquiry. But sources tell POLITICO that Republicans intend to ask more questions along these lines in the coming weeks.

Other Republicans, meanwhile, have recently complained that British spy Christopher Steele, the author of a disputed Trump-Russia dossier who has also served as a source for the FBI's Russia probe, had what they call inappropriate contacts with reporters during the 2016 election.

"I don't think an informant for the FBI should be taking the



AP FILE PHOTO 2016

In a recent op-ed piece, Republican Reps. Mark Meadows of North Carolina and Jim Jordan of Ohio called for Attorney General Jeff Sessions to be replaced, citing in part an "alarming number of FBI agents and DOJ officials sharing information with reporters."

product and shopping it around to journalists throughout the world," Sen. Lindsey Graham (R-S.C.) said Sunday on NBC's "Meet the Press."

Miller noted that DOJ has long-established policies for investigating leaks internally. "When you insert another branch of government into the mix, and they're only calling for investigations that seem to advance a partisan agenda, it is a very dangerous road for them to

journalists to testify for their side of the story, which would really be bad," said James Goodale, former general counsel of The New York Times who led the outlet's Pentagon Papers litigation.

GOP lawmakers say they don't intend to summon reporters as witnesses or demand details about their sources.

"I don't want to get into a position where we're chilling free

first story about Steele's investigation of Trump ties to Russia. The sources did not allege any specific wrongdoing and Corn flatly rejected that Baker was his source for the story.

In a sign that Republicans could risk a backlash from law enforcement professionals, the suggestion of impropriety uncorked harsh criticism from prominent FBI defenders.

the bureau is authorized to talk to the media.

Biggs, in a phone interview, said law enforcement agencies, in particular, should be routing all information for reporters through official PR channels.

"The reason that these agencies have a media relations, public relations person is typically to prevent kind of what we're seeing happen," he said. "When you have independent, high-level people developing individual relationships and going on-record and even off-record or on background, I just think that's inappropriate."

Graham and Sen. Chuck Grassley (R-Iowa), chairman of the Senate Judiciary Committee, asked the Justice Department last week to probe whether Steele misled federal officials about his handling of the dossier. Democrats called the move a diversionary stunt.

"I think this referral is unfortunate as it's clearly another effort to deflect attention from what should be the committee's top priority: determining whether there was collusion between the Trump campaign and Russia to influence the election and whether there was subsequent obstruction of justice," said Sen. Dianne Feinstein (D-Calif.) in a statement.

**"Looking at officials you want to target and trying to find out whether they've had any contact with media is a backwards way to conduct an investigation."**

— Matt Miller, former Justice Department spokesman

go down," he said.

Republicans reject the critique. "If this was a case of a whistleblower exposing wrongdoing within an agency, I can assure you they would find unyielding support from me and my colleagues," Meadows said. "But the intentional sharing of sensitive information designed to spin a particular narrative in the media is an entirely different case."

One advocate for press freedom called the GOP's focus on media contacts worrisome.

"I worry it will lead to requiring

speech," said Rep. Andy Biggs (R-Ariz.), a House Judiciary Committee member and fierce critic of Mueller. "I think before you bring in the reporter, you've got to bring in the official who you suspect."

Last month, two congressional GOP sources told POLITICO that House GOP investigators had reviewed DOJ documents describing communication between Baker, who recently was reassigned from his post as FBI general counsel, and Mother Jones reporter David Corn in the weeks before Corn broke the

"Sadly, we are now at a point in our political life when anyone can be attacked for partisan gain," former FBI Director James Comey tweeted.

Republicans pushed the issue behind closed doors last month during FBI Deputy Director Andrew McCabe's testimony to the House Intelligence Committee and to a joint meeting of the House Oversight and Judiciary committees. According to the two sources familiar with McCabe's testimony, the veteran FBI official was pressed on who at

# To influence debates, Corker mustn't alienate Trump

**CORKER** from page 1

aides and outside advisers said the president has been known to alter his opinion about people on a dime, often after they've praised him or walked back their previous criticism.

Along with Corker, Trump appears to have mended fences with South Carolina Republican Sen. Lindsey Graham, one of his main antagonists during the campaign. Trump recently had lunch in the West Wing with his former chief of staff, Reince Priebus, who was abruptly fired by tweet in July.

"If he's an enemy with somebody and it's no longer in his interest to be an enemy, he'll become a friend. There's no conviction there. It's always, 'I'm doing what's best for me,'" said Barbara Res, a former Trump Organization executive.

Last month, Corker sympathized with the president's treatment by the press, after what the senator said were unfair reports that he would benefit personally from a provision in the tax bill.

"I have a newfound empathy for what he and others have been dealing with in this regard," Corker, who voted in favor of the tax bill despite a wave of criticism from progressives, told Fox News.

The White House did not respond to a request for comment, and Corker's office declined to comment.

At one point or another, almost



Sen. Bob Corker accompanies President Donald Trump on Monday in Nashville, Tenn. Trump and Corker, at odds in October, are said to have spoken on the phone several times in recent months, including about tax reform.

ANDREW HARNIK/AP

all the White House senior staff and some top administration officials have been on the president's bad side — from National Economic Council Director Gary Cohn to Secretary of State Rex Tillerson. But many have nonetheless man-

aged to stay in the West Wing by ingratiating themselves with the president.

But Trump has also been known to hold a grudge. And aides said he's unlikely to forgive his former chief strategist, Steve Bannon,

who infuriated the president after making explosive on-the-record comments about his family in Michael Wolff's new book about the White House. Still, even Trump's closest aides wouldn't completely rule out that they could eventually

reconcile.

As for Trump and Corker, people familiar with their relationship said they have spoken on the phone several times in recent months, as CNN reported earlier Monday, including about tax reform.

Even though he's not running for reelection, Corker can't afford to totally alienate Trump if he wants to influence crucial policy debates. Corker has been working quietly to salvage the Iran nuclear deal, for example, and the president is facing a key decision on the agreement in the coming days. Corker still regularly talks to senior administration officials about the nuclear deal and other issues.

The feud appeared to start after Corker said in early October that Tillerson, Defense Secretary James Mattis and White House chief of staff John Kelly "help separate our country from chaos." The quote soon gained traction on the Sunday talk shows, where the president likely saw it and began unleashing anti-Corker tweets.

It's not unusual for a president to invite lawmakers representing a state in which he will speak to travel on Air Force One. Indeed, the White House invited the entire Tennessee GOP delegation.

But the president has never hesitated to break with convention, and people who know him say Corker wouldn't have received an invite if the president were still furious with him.

## White House is considering Puzder for an administration job

BY NANCY COOK  
AND MARIANNE LEVINE

Spotted at the White House recently: Andrew Puzder, President Donald Trump's first pick for labor secretary, who dropped out of the confirmation process in February amid allegations of domestic abuse.

Now, the White House is considering Puzder for a yet-to-be-determined slot in the administration, according to three people close to the White House.

It's not clear what role Puzder might take, these people said, though it would have to be a non-Senate-confirmed slot given his withdrawal as labor secretary. Puzder, who denied the abuse allegations made by his ex-wife in a 1990 appearance on "The Oprah Winfrey Show," also acknowledged employing an undocumented immigrant as a housekeeper.

But Puzder, the former chief executive of CKE Restaurants — the parent company of Carl's Jr. and Hardee's — is generally well-liked inside the West Wing and has maintained a strong relationship with the president, forged through their shared experiences as businessmen.

As senior advisers and policy experts announce their departures from the administration at the one-year mark, the White House is casting a wide net for replacements. Given Trump's nontraditional 2016 presidential campaign, the turmoil in the early days of the administration, and the ongoing Russia investigation, the White House has had a tough time attracting Republican leaders and policy experts into key

slots.

In an administration in which only one relationship matters — one's bond with Trump — Puzder is seen as well-positioned to land a role.

When asked whether he was under consideration for a position in the administration, Puzder replied in an email to POLITICO on Monday afternoon: "I haven't heard anything other than your email."

On Monday morning, the White House press shop blasted out an email that featured a Wall Street Journal op-ed penned by Puzder. The article extolled the benefits of the White House's rollback of regulations and its tax bill as moves that ultimately will help Americans workers, a favorite administration talking point.

"President Trump's regulatory rollback is driving an economic surge few anticipated," Puzder said in the piece.

Lately, Puzder has raised his public profile by working as an unpaid policy adviser to America First Policies, a position he took on in October, and by tweeting comments that flatter or bolster the administration's message.

Over the weekend, Puzder praised the performance of White House senior policy adviser Stephen Miller during his combative interview on Sunday with CNN's Jake Tapper. Miller laid into his onetime ally, former White House chief strategist Steve Bannon, amid the ongoing fallout over Michael Wolff's White House tell-all, "Fire and Fury."

Puzder called Miller the "2nd



Former Labor nominee Andrew Puzder is well-liked inside the West Wing and has maintained a strong relationship with President Donald Trump.

DREW ANGERER/GETTY IMAGES

smartest guy in the White House" in a tweet seemingly intended to both flatter the president and stick to the White House's party line of bashing Bannon.

Puzder withdrew his nomination for labor secretary in February, less than 24 hours after POLITICO published a 1990 excerpt from "The Oprah Winfrey Show" in which Puzder's ex-wife, Lisa Fierstein, appeared in disguise and leveled

allegations of domestic abuse against him.

Fierstein retracted those allegations eight months after appearing on the show as part of a child custody agreement. She reiterated her retraction in a letter to the Senate Health, Education, Labor and Pensions Committee in January 2017, prior to Puzder's withdrawal.

Puzder also came under fire after The Huffington Post reported that

he'd employed an undocumented worker for many years. He did not pay back taxes for the worker until after his nomination for labor secretary in December 2016.

Even before his nomination for labor secretary, Puzder incited controversy by approving Carl's Jr. ads that featured scantily clad female models eating burgers in bikinis.

The ads prompted accusations of sexism. But Puzder defended the ads in a 2015 interview with Entrepreneur. "I like beautiful women eating burgers in bikinis," he said. "I think it's very American. ... I used to hear [that] brands take on the personality of the CEO. And I rarely thought that was true, but I think this one, in this case, it kind of did take on my personality."

Puzder stepped down as CKE chief in April, after withdrawing from his labor nomination. Alexander Acosta was later approved as labor secretary.

One trade group said Puzder's entry into the West Wing would be a good thing.

"Andy's ability to bring people together to develop policies that help small and large employers grow, while ensuring employees' wages increase, would be an asset to any organization," said Matthew Haller, senior vice president of government relations and public affairs for the International Franchise Association. "If he's under consideration for any positions, IFA and our members would be fully supportive."

Ian Kullgren contributed to this report.



REED SAXON/AP

Congressional Republicans say Democrats are delaying an agreement to extend federal spending beyond Jan. 19 in order to get a deal on the status of Dreamers, but Democrats counter that there are other issues at stake, including parity of nondefense and defense spending.

## Cornyn: Dems holding budget deal ‘hostage’

**BUDGET** from page 1

The Obama-era Deferred Action for Childhood Arrivals program, which gave safe harbor to “Dreamers,” formally ends March 5, although some immigrants have already started losing their protections.

Yet Democrats and Republicans are still far apart on border security and other immigration provisions that would be needed to clinch a deal on the matter.

That means Republicans now face the possibility of having no budget accord anytime soon — unless they cave to Democrats.

“[R]ight now, the Democrats are holding that deal hostage for a DACA negotiation. ... I think that’s going to make the Jan. 19 date pretty hard to hit,” Senate Majority Whip John Cornyn (R-Texas) said Monday. “They’re just not agreeing to the spending caps. ... They’ve made a decision not to go forward on that until we get closer or get a DACA deal.”

Added a White House official: “I’m pessimistic that we’ll get a caps deal by the 19th ... because I think the Dems are going to slow-walk this discussion until they get DACA in place, and I don’t think we will have a deal on DACA by Jan. 19.”

The lack of progress on a spending deal raises the likelihood that Congress will once again extend current government funding temporarily — the fourth such “continuing resolution” since September. Lawmakers have been lurching from deadline to deadline with no sign that they’re actually going to reach a long-term funding agreement, and appropriators as well as defense hawks are starting to get

fed up.

House Minority Leader Nancy Pelosi in lengthy remarks to reporters on Monday tried to portray her party as conciliatory and ready to make a deal, predicting both sides will “come together” by the January funding deadline. She also said she believes that Congress can pass an omnibus spending package covering the rest of this fiscal year by Jan. 19, a difficult feat even if Republicans and Democrats can reach an agreement on top-line spending levels.

“It’s a decision. All you have to do is decide that you’re going to do it,” Pelosi told reporters on Monday, pointing to Republicans for the budget stalemate. “That gives us a whole week — next week — and another day when we come back after Martin Luther King Day. Hopefully, we can come to some agreement in the next week.”

Indeed, Pelosi and Senate Minority Leader Chuck Schumer (D-N.Y.) have been careful to avoid making public demands, putting the onus on Republicans to come up with a plan to keep the government open. Republicans, however, say they are being disingenuous.

President Donald Trump will huddle at the White House on Tuesday morning with almost two dozen lawmakers from both parties and both chambers to try to break the logjam on DACA. Both Republicans and Democrats, however, predicted the talks would yield nothing, with both sides entrenched in partisan demands.

Pelosi said she had to talk the White House into including more than two House Democrats in the conversation — which, she argued,

showed Republicans are not serious about reaching a DACA deal. She also asked that Rep. Michelle Lujan Grisham (D-N.M.), chair of the Congressional Hispanic Caucus, attend, but the White House said it had “space problems,” according to Pelosi.

Senate Minority Whip Dick Durbin, a leader in the Senate’s ongoing bipartisan DACA talks, said the White House meeting was unlikely to yield a deal, but for the opposite reason: “It’s too big a group. I don’t know why the president wanted to gather so many people together, but my experience suggests that’s not the most productive setting.”

Durbin said Democrats would like to have a DACA deal as part of any spending agreement, along with a whole host of items: “There are many elements that we want to have included in any final agreement. DACA is one of them, [children’s health insurance] is one of them, community health care clinics and a number of things,” the Illinois Democrat said.

A senior Democratic source familiar with the budget talks said Democrats have not insisted on specific numbers in budget negotiations but have demanded that there be “parity” between defense and nondefense programs. Republicans want to give the Pentagon a major budget boost but have resisted Democrats’ demands for a dollar-for-dollar increase for Democratic priorities.

Democrats also reject Republican leaders’ argument that defense priorities have been hit harder than nondefense programs in automatic

budget cuts enacted a half-decade ago. Democrats point out that while that may be true on the discretionary spending side, nondefense gets a bigger cut than defense when mandatory spending cuts are considered.

Republicans accuse Democrats of moving the goalposts. They say Democrats promised Defense Secretary James Mattis that they would support a major boost for Pentagon spending but now have walked away from that.

Democrats are also insisting on disaster aid for hurricane victims and an extension of the Children’s Health Insurance Program before moving forward. And the senior Democratic source familiar with the talks insisted that even if an immigration deal is struck in the coming days, that doesn’t mean Congress is on the fast track for a deal by Jan. 19. There are other, smaller issues that still need to be ironed out, including provisions regarding veterans’ health care, opioids and pensions.

That’s why senior Republicans have already begun discussing a stopgap funding measure to avoid a shutdown.

There’s an open question, however, about whether another short-term patch would even pass.

Defense hawks like Reps. Mac Thornberry (R-Texas) and Liz Cheney (R-Wyo.) have sounded the alarm about the country’s ability to protect itself while operating on short-term funding patches. It’s also unclear whether Democrats would help Republicans keep the government open without an immigration deal.

### POLITICO INFLUENCE

Welcome to PI. This newsletter is powered by your tips. Send ‘em along: [tmeyer@politico.com](mailto:tmeyer@politico.com). You can also follow me on Twitter: [@theodoricmeyer](https://twitter.com/theodoricmeyer).

#### New business

Weeks after President Donald Trump signed the GOP tax bill into law, we’re still learning who was lobbying on it, since lobbying firms have 45 days to disclose new clients. Here’s the latest: IBM hired Ernst & Young’s Gary Gasper and Nick Giordano to lobby on anti-base erosion proposals in the bill. And Murray Energy hired McGuireWoods Consulting to lobby on the bill.

■ Other new business of note: AmerisourceBergen has hired EFB Advocacy, the boutique lobbying shop started last year by several veterans of QGA Public Affairs. Accenture has added Monument Policy Group to its stable of Washington lobbying firms to advocate on cybersecurity. Samsung has hired Squire Patton Boggs to lobby on trade. And Blue Origin, Jeff Bezos’ spaceflight company, has hired Alexander Silbey of ATS Communications to lobby on appropriations. (ATS, in turn, brought on Pete Kirkham of Red Maple Consulting as a subcontractor.)

#### Filings we missed

A couple of other notable recent filings: Cogent Strategies, a lobbying firm started last year by Kimberley Fritts, the former chief executive of the Podesta Group, has signed the Japanese government as its first foreign client. Japan was previously a longtime Podesta client. Disclosures filed with the Justice Department indicate Japan isn’t paying Cogent as much as it shelled out for Podesta’s services. Japan paid Podesta \$16,000 a month, according to its most recent contract, signed April 3, 2017. Japan is paying Cogent \$5,250 a month under a contract that lasts through March 31.

■ Spencer Abraham, the former Michigan senator who served as energy secretary under President George W. Bush and is now a senior adviser at Blank Rome, has signed his first lobbying client. He’ll lobby for Cedrus Bank, a Lebanese institution, alongside Joseph McMonigle, his former Energy Department chief of staff, and two other Blank Rome lobbyists.

#### Jobs report

■ Lauren Williams Morgan has joined Targeted Victory as a vice president. She previously ran public affairs campaigns at Direct Impact and before that worked for Rep. Chuck Fleischmann (R-Tenn.).

■ Ashley Czinn has started as senior director for policy and research at Pharmaceutical Research and Manufacturers of America. She was previously a senior program examiner at the Office of Management and Budget.

*David Beavers and Daniel Lippman contributed to this report.*

# How the U.S. and North Korea could stumble into war

Military planners are increasingly concerned current tensions could spark nuclear conflict

BY BRYAN BENDER  
AND JACQUELINE KLIMAS

U.S. military officials increasingly worry that a mistake or miscommunication — even more than an intentional act of war — could start a nuclear conflict in Korea.

A North Korean provocation, a U.S. warning shot, malicious hackers or a simple accident could be the cause that starts a new war between two nations with a long history of tensions and suspicion.

“Miscalculation is now at a stage [that is] higher than probably any time since the Cuban missile crisis,” former Obama administration Energy Secretary Ernest Moniz said days after President Donald Trump boasted on Twitter that his nuclear button is “a much bigger & more powerful one” than Kim Jong Un’s.

These are some of the potential scenarios that most worry former nuclear commanders, policymakers and experts on Korea.

## ‘A pure accident’

A common fear of escalation is rooted in the oft-violent history of the Korean standoff, which dates back to the 1953 armistice that halted the three years of fighting in the Korean War. The two sides have come to blows or awfully close countless times in the decades since then — often by “pure accident,” in the words of Michael Mazarr, who served as special assistant to the chairman of the Joint Chiefs of Staff from 2008 to 2010 and is a specialist on the Asia-Pacific.

In one prominent case, a U.S. Army helicopter strayed across the demilitarized zone between North and South Korea in 1994 and was shot down, killing one crew member.

In other cases, the close proximity of opposing militaries — positioned across from each other on either side of the Demilitarized Zone — have come dangerously close to military confrontation by accident.

For example, in 2003, four North Korean fighter jets buzzed an unarmed American spy plane over the Sea of Japan, coming within 50 feet of the U.S. aircraft. In 2015, two South Korean soldiers stumbled on land mines planted near the DMZ by the North, and both sides separately exchanged mortar and artillery fire. North and South Korean forces also exchanged gunfire just last month when a North Korean soldier defected to the south.

Given the current tensions on the peninsula, any type of mishap or misstep could escalate quickly, numerous experts say.

Mazarr said one such scenario could be a North Korean missile test gone awry.

“North Korea launches a missile that they presume to be a test, it malfunctions and starts going toward Japan in a way that is perceived as a possible attack, so the U.S. takes out the launch pad and then it just escalates from there,” he said.

Kelsey Davenport, director for nonproliferation policy at the Arms Control Association, a Washington think tank, also raised the prospect that North Korea could misinter-

pret a flyover by a U.S. bomber — a practice the Pentagon uses from time to time simply to show resolve — as a pre-emptive attack.

Abraham Denmark, a former deputy assistant defense secretary for East Asia, recalled such a flyover in September that traveled farther north than previous American exercises. It took place just a few days after Trump warned in a speech before the United Nations that the United States might have no choice but to “totally destroy” North Korea.

He said such rhetoric “puts normal actions in a different light,” expressing concern that in such circumstances North Korea’s military could fatally misread the U.S. flexing its military muscles.

## North Korean escalation

The North Koreans have also shown a pattern of staging military provocations against the U.S. or South Korea — while gambling that they won’t trigger a wider conflict.

The most prominent example occurred in 1968, when North Korea attacked and captured the USS Pueblo, a Navy spy ship with 83 crew members, who were held in captivity for nearly a year. As recently as 2010, North Korea torpedoed and sank a South Korean warship in the Yellow Sea, killing 46 South Korea sailors.

Given the rhetoric on both sides of the DMZ, where the United States has nearly 30,000 troops, many experts fear that such a provocation could now more easily devolve into something far larger.

“They could make the miscalculation and something like 2010 happens again,” said Denmark, who is now director of the Asia program at the Wilson Center, a Washington think tank. “I believe the U.S. and South Korean actions would be very different than 2010.”

A limited U.S. strike Mazarr said “the most likely route to a big war” is a decision by the United States “to take military action it believes will be small.”

Indeed, more hawkish voices in the United States have been talking up the value of launching a pre-emptive U.S. military strike — what some news reports have called a “bloody nose” attack — to curtail North Korea’s advancing nuclear program. That has set off alarms among numerous North Korea experts that the Trump administration may not fully think through the implications.

“The United States could take what it viewed as a limited military action, but it would be extraordinarily difficult to control the escalation after such an action because North Korea would be under tremendous pressure to respond militarily,” said Davenport.

North Korea, despite its large army and advancing missile and cyber capabilities, also lacks the intelligence skills to reliably gauge a relatively limited U.S. assault on its own.

“It is difficult for them potentially to distinguish a large-scale disarming strike from the beginning of an all-out war,” said Mazarr, who is now a senior political scientist at



JUNG YEON-JE/AFP/GETTY IMAGES

Miscalculation is now a bigger risk than “probably any time since the Cuban missile crisis,” former Energy Secretary Ernest Moniz said after President Donald Trump called his nuclear button “much bigger” than Kim Jong Un’s.

the government-funded Rand Corp. specializing in nuclear deterrence. “Such a strike would likely require attacks on air defenses, air fields, command and control facilities.”

To the North Koreans, that could be reminiscent of the beginning of the United States’ Desert Storm attack on Iraq in 1991 — leading them to conclude that American troops would soon be landing. If they believe that, Mazarr said, they might decide at some point that “you know, it’s time to launch everything.”

Then you have what quickly becomes a very big war, he added.

## A cyberattack

Moniz, who now heads the non-profit Nuclear Threat Initiative, said he especially worries about the potential for nuclear war should another malign actor do something that one side either misinterprets or wrongly blames on the other. Examples could include a hacker infiltrating North Korean or American communication systems inputting false data or rendering them inoperable and feeding suspicions that a full-blown attack is imminent.

“We have historically, of course, seen how incorrect information in both the Soviet Union and the United States led to a major risk of a nuclear exchange,” he said, citing the 1962 Cuban missile crisis.

It was learned after the crisis that U.S. military officials who unsuccessfully advocated for an invasion of Cuba were unaware at the time that the Soviet Union had given orders to use battlefield nuclear weapons placed on the island.

“We have today an additional possible source of incorrect information,” Moniz added: “cyberattacks on nuclear command and control systems, which could be from a third party.”

The United States would have good reason to believe such an attack could be the work of North Korea, he said, even if it isn’t.

“We know that North Korea has developed and we have seen the impact of their development of cyber-attack tools,” Moniz said. “Cyberattacks on nuclear command and control systems is something we need to get our hands around.”

Jon Wolfsthal, a scholar at the Carnegie Endowment for International Peace who held the nuclear portfolio on the National Security Council during the Obama administration, also expressed concern about the “third-party actor” scenario.

“There’s always something that goes wrong that we don’t control — an airliner that strays over North Korean airspace by mistake, a hacker picks the wrong time to try to screw with the North Korean communication system, or the South Korean banking system, or the American radar system in South Korea,” Wolfsthal said.

## Taunts without talking

Trump’s latest tweet, which responded to Kim’s claim on New Year’s Day that “a nuclear button is always on my desk,” alarmed people throughout Washington and foreign capitals — especially in South Korea, which swiftly sought to open up a new dialogue with its outlaw neighbor.

Traditionally, the United States has tried to avoid miscommunication with North Korea by using diplomats, unofficial emissaries and public and private messages to engage with Pyongyang. Such messages are first carefully distilled by multiple government agencies and allies, said retired Marine Gen. James Cartwright, a former top U.S. nuclear commander.

But with Trump and Kim, he said, “you are dealing with two people who are matching wits.” And Trump is doing it via Twitter.

“It is pretty hard to go to all-out war,” Cartwright added. “But it is real easy to miscalculate in those kinds of one-versus-one dialogues.”

After the latest round of tweets, top Trump administration officials once again stressed publicly that they would far prefer a diplomatic solution to North Korea’s nuclear ambitions. So did the United States Pacific Command, which would have to fight such a war, telling POLITICO that “diplomacy continues to remain the preferred course of action toward the peaceful de-nuclearization of the Korean Peninsula.”

The Trump administration has also taken a step that could ease tensions somewhat, announcing Thursday it will delay an annual military exercise in the region until after the upcoming Winter Olympics in South Korea. North Korea has denounced those exercises as threatening.

Even so, a blunder into war always remains possible because U.S. and allied intelligence agencies understand little about North Korea and its leaders — and because their militaries communicate only rarely.

“The challenge here is how little we know about what North Korean senior leaders actually think, what they believe about U.S. intentions, what they are thinking on a day-to-day basis,” Mazarr said. “They don’t have the kind of published military doctrine that you could look at with Russia or China to sort of say how would they react to certain circumstances.”

In contrast, the U.S. and the Soviet Union set up what Mazarr called “a lot of buffers” during the latter years of the Cold War, establishing procedures for mutual communication, military-to-military discussions and personal relationships among diplomats.

With North Korea, “if there were a helicopter that went down or a boat that had entered the wrong zone at the wrong time or some training crew with their mortar going in the wrong direction, there is no way to communicate quickly or reliably that that is a mistake,” Wolfsthal said.

He added, “When we make outlandish threats, the North Koreans are going to be a little more on edge, and they have a very strong incentive to use their nuclear weapons first.”

The threats that Trump and Kim are lobbing add unnecessary fuel to an already dicey situation, say those with direct experience managing the U.S. nuclear arsenal.

“Words matter,” said retired Air Force Gen. C. Robert Kehler, who oversaw the American nuclear arsenal as commander of the U.S. Strategic Command from 2011 to 2013. “And the U.S. has always been cautious in our rhetoric involving nuclear weapons in particular.”

# How an HHS nominee's company 'gamed' a patent

Hearing likely to focus on his record at Lilly

BY SARAH KARLIN-SMITH

When Donald Trump's nominee for secretary of Health and Human Services was a top executive at Eli Lilly, the patent on the drugmaker's blockbuster Cialis was soon to expire.

So Lilly tested it on kids.

The drugmaker thought the erectile dysfunction drug might help a rare and deadly muscle-wasting disease that afflicts boys. The drug didn't work — but under a law that promotes pediatric research, Lilly was able to extend the Cialis patent for six months — and that's worth a lot when a medication brings in more than \$2 billion a year.

Critics say the brand-name drugmakers are "gaming" the patent system, finding ways to protect monopolies and delay competition from generics. And Alex Azar — the former president of Eli Lilly's U.S. operations, now poised to become the top U.S. health official — professes to oppose such tactics.

But the tension between his actions as a drug executive and his likely future as the nation's top health official are evident in the Cialis story and in Lilly's tripling of the price of insulin.

Questions about his commitment to rein in skyrocketing drug costs, an unfulfilled Trump campaign pledge, are likely to dominate his confirmation hearing before the Senate Finance Committee on Tuesday. The full Senate is likely to vote on his nomination to lead HHS later this month. He'd succeed Tom Price, who resigned after a taxpayer-funded travel scandal.

Azar himself told the Senate Health, Labor and Pensions Committee panel in November that "we have to fight gaming in the system of patents and exclusivity by drug companies. I have always been an opponent of abuse and gaming of the patent systems by drug companies."

As a drug company executive, Azar's job was to find treatments and make money. The Cialis experiment was legal, and Lilly's competitors engage in similar practices. As the nation's top health official — the first drug executive to become HHS secretary, if confirmed — he might have different imperatives.

Critics, however, say his record at Lilly crossed lines and should be disqualifying. Azar "gamed the patent system to protect Eli Lilly's taxpayer-funded profits under the guise of helping sick kids," said Tyson Brody, research and investigations director of the left-leaning Democracy Forward.

HHS officials handling communication for the nominee, who is likely to be confirmed, declined to comment, deferring to Lilly. But Azar's mostly Republican supporters, noting he was well-regarded when he held high-level HHS jobs in the George W. Bush administration before joining Lilly, say Azar understands the system from inside and out. They say that makes him particularly well-suited to address skyrocketing drug prices.

The pediatric exclusivity law — the one that eventually encouraged Lilly to give kids a sex drug — was enacted about 20 years ago with



CAROLYN KASTER/WAP

Questions about Alex Azar's commitment to rein in skyrocketing drug costs, an unfulfilled Trump campaign pledge, are likely to dominate his confirmation hearing Tuesday before the Senate Finance Committee.

the best of intentions. Drugs don't work the same in children as they do in adults, and companies needed incentives to do costly studies. In addition, the law encouraged drugmakers to do more research on rare disorders.

Lilly tested Cialis on Duchenne muscular dystrophy. Its competitor Pfizer tested Viagra in children with a lung disorder. Neither found a cure — Viagra was more likely to harm children than to help them — but both companies boosted their bottom line.

Lilly didn't hide its financial interest. The company's public discussion of testing Cialis in children centered around the likely financial perks of having a longer monopoly on the drug for use in adults — not the promise of a new treatment for seriously ill children. In fact, sometimes the company openly highlighted that it could get the financial benefits, even if the pediatric trial failed.

"The key purpose of these studies is to do relevant clinical trials done in the pediatric population. And the studies do not necessarily have to be positive," Lilly's then-Research and Development Chief Jan Lundberg said at a health care conference in March 2016.

And while Lilly did this work, it also pushed the government

on other fronts to keep the price of Cialis high — and delaying the availability of less-costly generics.

In November 2016, attorneys for Lilly and United Therapeutics wrote a letter to the federal Health Resources and Services Administration — which would fall under Azar's purview as HHS secretary — pushing back against a proposed rule that imposed strict penalties against companies that raise the price of a drug faster than the rate of inflation. The policy would have forced companies to sell some drugs to nonprofit and safety-net hospitals that treat many people from low-income households for as little as a penny.

Cialis sales likely would have taken a big hit had that rule ever been finalized. According to United Therapeutics, which helps Lilly sell a version of Cialis for a lung condition, Lilly regularly raised the wholesale price of the drug multiple times a year, usually by 9 percent or 10 percent, far outpacing inflation. The Obama-era rule was still in the pipeline — not yet in effect — when Trump took office, and the new administration nixed it.

While Azar may have acted aggressively to protect profits at Lilly, his supporters argue that his record at HHS under Bush reflects a commitment to promoting less expen-

sive medications. For example, as HHS general counsel in 2002, he helped push forward an FDA rule on generics that was designed to close loopholes. It made it harder for brand-name drug companies to keep less expensive versions off the market through tactics like filing new patents on old drugs.

And some health policy experts argue that the 1997 pediatric patent extension law is still important. Even when a drug trial fails, it can advance science. The Cialis pediatric tests were designed to help youths with Duchenne muscular dystrophy, which has no cure and leads to death for many before they reach adulthood. "The pediatric exclusivity scheme is specifically designed to hold out an extremely attractive carrot for research that would not otherwise be done. This works only if the exclusivity is awarded regardless of outcome; the prize is for research, not specific results," said Erika Lietzan, a lawyer at the University of Missouri who is focused on the Food and Drug Administration, and who spent many years representing drug companies in Washington.

Lietzan also notes that the FDA has to sign off on these studies from the start if the company is seeking the patent extension for pediatric use. That helps ensure that studies

are conducted only if there is scientific merit and that companies follow through on the research. They can't just fake it and claim the extra six months on the patent.

Lilly had a reason to believe Cialis might help treat children with Duchenne. Earlier research had found that the drug increased blood flow to the muscles of men with another type of muscular dystrophy. Lilly told POLITICO it initiated the Duchenne study based on requests from patient advocacy groups and leading scientists who thought Cialis might slow the decline, helping the youths' ability to walk for at least some time.

The additional patent protection granted for pediatric studies "is critical to encouraging society's understanding of how medicines can be used safely and effectively in children," Lilly's communications director, J. Scott MacGregor, told POLITICO. Before Congress created those patent extensions, more than 80 percent of drugs approved in adults were being used in children, without any knowledge of whether the medications would help or harm them, Lilly said. By 2013, that had been reduced to about 50 percent.

But others have raised concerns that drugmakers are gaming the pediatric program to improve profit, not cures. A recent study of 200 drug trials led by Tulane University's health policy director found that companies prioritized pediatric studies for drugs with high U.S. sales, and that they are more likely to launch these studies for older drugs with time running out on their patent.

Harvard drug price expert Aaron Kesselheim has similar concerns. "Pediatric trials have been conducted on a number of products with marginal public health importance for children, and the drugs most frequently used by children have been underrepresented; instead pediatric exclusivity studies have tended to involve drugs that were both popular and profitable in the market for adults," he wrote in the *New England Journal of Medicine*.

That doesn't mean Lilly did anything wrong when studying Cialis in kids, Kesselheim told POLITICO. But it would just make more sense, he said, to directly fund the best pediatric research, rather than to use this roundabout system that keeps prices high.

The intricacies of pediatric patent extensions aren't likely to dominate the Finance Committee hearing. But questions about where Azar's loyalties lie — with drugmakers or patients — are likely to be aired.

"I told you in my office you've got some convincing to make me believe that you're going to represent the American people and not Big Pharma," Sen. Rand Paul (R-Ky.) told Azar at his HELP committee hearing in November. "And I know that's insulting, and I don't mean it to be, because I'm sure you're an honest and upright person."

"But we all have our doubts, because Big Pharma manipulates the system to keep prices high," Paul added. "We have to really fix it, and I — you need to convince those of us who are skeptical that you'll be part of fixing it and won't beholden to Big Pharma."

# The Mooch's legacy: A taxpayer-funded W.H. stylist

Ex-aide's endorsement wins stylist new gig

BY ANNIE KARNI

She may be the most lasting legacy of Anthony Scaramucci's 11-day stint in the White House.

Professional stylist Katie Price, who previously worked as a hair and makeup artist for Russia Today and CNN, is now a full-time White House official with a desk in the press office and the title of production assistant, which includes her daily duties getting press secretary Sarah Huckabee Sanders, counselor Kellyanne Conway and other White House staffers coiffed and camera-ready.

That position was created for her last fall, thanks, in part, to public praise from "the Mooch" for Price's briefing room stylings, which include loose curls and dark eye shadow on the women and what appear to be heavy layers of pancake makeup heaped on the men.

In his brief moment in the spotlight, the smooth-talking Long Island financier went on CNN last July to give Price's work his seal of approval. "Sarah, if you're watching, I loved the hair and makeup person we had on Friday," Scaramucci said during an interview two days after taking on the role of communications director. "So I'd like to continue to use the hair and makeup person."

The White House dropped Scaramucci but kept Price, placing her on the government payroll. Officials declined to reveal her salary, though it will become public next summer as part of an annual release of the salaries of all West Wing staff.

Having a makeup artist on staff 24/7 isn't unique to President Donald Trump's White House. But in an administration in which the man at the top is obsessed with television and appearances — often gravitating toward people he believes look like they were sent over from "central casting" — the question of who dolls up the staff has become a subject of fascination for regular cable news viewers, glued to the drama being played out daily by a shiny-haired, lip-glossed cast of characters.

On Friday, Price declined to speak to a reporter who spotted her in the shared cubicle she occupies in the cramped area known internally at the White House as "lower press," where junior press aides work tucked away behind the briefing room.

But from there, Price is on call for any White House official with a public-facing role, with some notable exceptions: She doesn't touch the president or other members of the Trump family, even though Ivanka Trump is technically a government staffer who makes television appearances from "Pebble Beach," a gravel area in front of the White House where TV news cameras are permanently stationed. First lady Melania Trump pays out of pocket for her own stylist when she relies on professional help, her spokeswoman said. Price most often works with the communications team, including Raj Shah, Mercedes Schlapp and Hogan Gidley. She has glossed up



PABLO MARTINEZ MONSIVAIS/AP

The seal of approval from Anthony Scaramucci (right) during his brief tenure as White House communications director helped win stylist Katie Price a permanent job preparing aides like Sarah Huckabee Sanders (left) to go on camera. "She's definitely made my life easier," said Sanders.

the vice president on at least one occasion.

Before joining the White House, Price had a bridal business, NOVAbelles, which included a "belle of the ball" package with hair, makeup and eyelash extensions clocking in at \$1,100. On the now-defunct site, she listed Meredith Vieira as one of her celebrity clients. Other freelance clients included TV networks like Russia Today, which she listed working for on LinkedIn in February 2017.

"Katie is a great addition to the team," said Sanders. "It's a combination of her talent and her support of what we're doing. You don't want someone who doesn't support what

administration set up when it came into office.

Lois Cassano, a makeup artist who had previously worked for NBC, ABC and "PBS NewsHour," was hired on Day One of the Bush administration in 2001 to apply makeup for the press secretary, the president, the vice president, the first lady, visiting heads of state, Cabinet secretaries and any senior administration officials appearing on television to represent the administration.

"In addition to those things," recalled former Bush press secretary Ari Fleischer, "Lois handled all clearances for the press. She established the computerized system, answered phones, helped with paperwork and was treated like any member of my press staff."

Cassano worked in the Bush administration for a full eight years, and by the end was considered a core member of the press team.

But former officials recalled a debate around bringing on a taxpayer-funded makeup artist — and justifying it by making sure there were other duties involved in the job besides applying a powder brush to shiny foreheads.

"I'm a little bit of a purist on personnel," said Anita McBride, a former chief of staff to first lady Laura Bush and a former director of White House personnel under Ronald Reagan and George H.W. Bush. "In any position on the White House staff, you have to ask if it's a taxpayer-funded need, if it's a legitimate function, and look at it through the lens of essential versus nonessential personnel."

When the George W. Bush White House decided to bring Cassano in-

administration set up when it came into office.

Lois Cassano, a makeup artist who had previously worked for NBC, ABC and "PBS NewsHour," was hired on Day One of the Bush administration in 2001 to apply makeup for the press secretary, the president, the vice president, the first lady, visiting heads of state, Cabinet secretaries and any senior administration officials appearing on television to represent the administration.

"In addition to those things," recalled former Bush press secretary Ari Fleischer, "Lois handled all clearances for the press. She established the computerized system, answered phones, helped with paperwork and was treated like any member of my press staff."

Cassano worked in the Bush administration for a full eight years, and by the end was considered a core member of the press team.

But former officials recalled a debate around bringing on a taxpayer-funded makeup artist — and justifying it by making sure there were other duties involved in the job besides applying a powder brush to shiny foreheads.

"I'm a little bit of a purist on personnel," said Anita McBride, a former chief of staff to first lady Laura Bush and a former director of White House personnel under Ronald Reagan and George H.W. Bush. "In any position on the White House staff, you have to ask if it's a taxpayer-funded need, if it's a legitimate function, and look at it through the lens of essential versus nonessential personnel."

When the George W. Bush White House decided to bring Cassano in-

house, McBride recalled, "we tried to figure out if there were other functions in the office that need to be filled, that this person could do — because the day is not filled putting on makeup."

Cassano also did not travel with the president. Instead, former Bush aides remember press secretary Dana Perino applying powder to the president's face ahead of television interviews abroad.

Price has yet to accompany the Trump team on any trips, Sanders said.

Before the advent of on-staff White House makeup artists, the Republican National Committee would pay for Nancy Reagan's hair and makeup routine, McBride said.

There was also no makeup artist on call or payroll for staffers in the Clinton White House, when the 24/7 cable culture was still in its infancy and the daily press briefing was, for the first time, becoming a televised event.

But one former Clinton White House official said she would have been happy for the help. "I wish we could have done the same," the official said. "If you expect people to be available for on-air interviews, then it's only reasonable to give them the tools to succeed."

McBride agreed that in the televised age that politics lives in today, the makeup artist now passes her "essential personnel" litmus test. "This is the modern age we live in," she said. "When you have staff members starting the morning shows at 7 a.m. on camera, this has evolved to be a relevant function. I don't envy anyone who has to be on camera there now. It is constant scrutiny."

**"In any position on the White House staff, you have to ask if it's a taxpayer-funded need, if it's a legitimate function, and look at it through the lens of essential versus nonessential personnel."**

— Anita McBride Former director of White House personnel

we're doing or want to be here."

Indeed, Price — who deleted her business website and LinkedIn bio after POLITICO started making inquiries about her background — appears to be enjoying the unique position in which she has found herself. On social media, she often posts portraits of herself attending public events in the Rose Garden, often filed under hashtags like #LoveMyJob, #TaxCuts and #Blessed.

Price arrives on the White House



# Why we need a new approach to North Korea

Need to broaden focus beyond a nuclear deal

BY DAVID CARDEN

The North Korean crisis took an unexpected turn this week when the North and South agreed to hold high-level talks over the Winter Olympics, which will be held in South Korea in February. Some experts believe the talks could be the first step toward a deal over Pyongyang's nuclear program, despite the war of words between President Donald Trump and North Korean leader Kim Jong Un. Others see an effort to divide South Korea and the U.S.

The fact that North Korea and South Korea apparently are prepared to talk is progress. But any negotiations concerning North Korea's nuclear program should be designed to avoid repeating the approaches that doomed past negotiations, including the so-called Six Party Talks, which collapsed in 2009. Among other things, some believe those negotiations were unsuccessful because their principle focus, which was on Pyongyang's nuclear program, raised North Korea's fears that the international community's ultimate goal was regime change. That fear continues, and has helped create the current deadlock.

As the possibility for a new round of negotiations emerges, any chance of a long-term solution requires a different approach, one that counterintuitively expands the scope of any deal. This approach should recognize that the North's nuclear ambitions are part of a much larger problem — the instability created by the current economic and social conditions within North Korea. The United States and its allies should aim not just to block North Korea's nuclear program, but to create a plan for the development of that nation as a stable, prosperous member of the international community.

I have seen firsthand how this strategy of expanding a problem can work. When I was the first resident U.S. ambassador to the Association of Southeast Asian Nations from 2011 to 2013, the U.S. mission to ASEAN expanded the discussions around the South China Sea to include not just Chinese territorial claims, which have fueled rising tensions in the region, but the sustainability of its fisheries, which are critical to the health and well-being of all of ASEAN's member states. We argued that if the South China Sea and the region's other fisheries were not well-managed, governments would be forced to spend scarce dollars on food rather than on infrastructure, education and health care. This strategy hasn't solved the deep problems with the South China Sea, but did create more unity among maritime and nonmaritime ASEAN countries, laying the



AFP/GETTY IMAGES

Some say previous negotiations on North Korea were unsuccessful because the main focus, which was on Pyongyang's nuclear program, raised North Korea's fears that the global community's goal was regime change.

groundwork for a future deal.

Past negotiations concerning North Korea did not take such a comprehensive, systemic approach. For example, the Six Party Talks, held from 2003 to 2009 among North Korea, South Korea, China, Japan, Russia and the United States, focused on North Korea's nuclear program. Any discussions concerning aid to the impoverished country were largely secondary, focusing only on short-term oil and food supplies.

Recently the approach to the crisis appears to have become even more limited. The current approach is "binary" with the two main antagonists, North Korea and the U.S., narrowing the issue to whether the North will have an arsenal of nuclear weapons capable of striking the U.S. This limited definition of the problem ignores North Korea's internal challenges, including providing nutritious food, education, infrastructure and quality health care for its people. It has resulted in a dangerous stalemate, fueled by reckless statements from Trump and Kim Jong Un.

The deep levels of distrust and

enmity on both sides make it impossible to imagine reaching an agreement under the "binary" conditions that currently exist, especially one that excludes most other global stakeholders. An expanded definition focused on development would put North Korea on a path to global engagement and prosperity, creating an alternative to the insular "world of one" it now inhabits. Properly constructed, such a plan could also provide North Korea's leadership a high degree of security that regime change is not an international goal.

What would such a development plan look like? The details would be the subject of negotiation, but the primary goal would be to increase the productivity of North Korea's people through investments in infrastructure, education, technology, health care and nutrition. This would require several things: global participation, reflecting the fact that North Korea is a threat to the world, not just to certain countries; an institutional architecture to enable participants to fund,

design, and implement the plan; engagement of experts on human and economic development to develop an effective plan; and assurances that the parties are prepared to work with North Korea's leadership. It also would require the international community to begin to phase out sanctions, with the goal of eliminating them in the future.

The capital and expertise necessary for such a development initiative would be substantial, but their cost would be far less than the trillions of dollars that a war would cost, even one fought with conventional weapons. The costs also would be spread over a longer period and over more countries than those that would be involved in any conflict. Countries beyond the region would need to participate, both to provide the necessary capital and expertise, and to make the point that just as the crisis is global, so too is its solution.

In exchange for development assistance, North Korea would be required to give up its nuclear arsenal and allow the inspections necessary to ensure it has not stockpiled weapons or the equipment needed to create

them. It also would be required not to sell or barter its nuclear capabilities and to implement the plan it develops with the input and assistance of the experts. By doing so, North Korea would focus on the needs and productivity of its people while protecting their basic human rights.

Would North Korea accept such a deal? It is impossible to say, but there are indications its leaders might respond favorably to such an approach. North Korea increasingly is working on establishing a market economy. For example, the Choson Exchange has trained over 1,500 North Koreans in business, finance, law and economic policy since 2010. In addition, the country has an emerging middle class, which increasingly will be invested in a long-term solution focused on the betterment of the country and of the North Korean people.

To determine whether North Korea would be open to this imitative, the international community should deploy diplomats from beyond the region to help build trust between North Korea and the rest of the world, helping convince North Korea's leadership that regime change is not on the table. The diplomats would work behind the scenes to negotiate the terms of the redevelopment plan, gather commitments from countries to provide capital, ease sanctions, and manage the destruction of North Korea's nuclear program — without seeking to overthrow the current North Korean government.

As Trump and Kim Jong Un continue to trade insults and threats, this approach may sound premature. But the recent opening for discussions between North Korea and South Korea give reason now to explore an initiative to trade disarmament and development. Whether such a trade might be acceptable to all concerned should not be prejudged given the existential risks and massive economic costs associated with war.

During my time in Asia, I realized the importance of creating space in any negotiation, especially those in which the parties have long-standing and indelible positions. This development plan could create such space by allowing the parties to "save face" and claim victory. North Korea's leadership could claim that the threat of its nuclear program enabled it to obtain long-term development benefits for its people, while the U.S. could claim it peacefully ended the North's nuclear program while reaffirming its historic role in assisting countries in developing in the aftermath of conflict. Our leadership has helped avoid a major international war for more than 70 years. We would do well to reinforce it now given the current crisis and those to come.

David Carden was the first resident U.S. ambassador to ASEAN.

MATT WUERKER



History repeats itself, first as tragedy, then as farce.

M. WUERKER

POLITICO Andrew McMeel

CARTOON CAROUSEL

MICHAEL RAMIREZ CREATORS

MATT DAVIES NEWSDAY AND ANDREWS MCMEEL SYNDICATE



**POLITICO** PODCASTS

РЕЛИЗ ВЫПОЛНИЛА  
ГРУППА [VK.COM/WSNWS](https://vk.com/wsnws)

# ECONOMIC POLICY INSIGHT: YOU ONLY HAVE EVERYTHING TO GAIN

 POLITICO  MONEY 

Every Wednesday, **Ben White** and the POLITICO team will help you understand the economic and financial policies that move markets in the U.S. and around the world.

Subscribe now to listen to POLITICO Money anytime, anywhere at [politico.com/podcasts/politico-money](https://politico.com/podcasts/politico-money)

PRESENTED BY **Morgan Stanley**





With NBC's unparalleled storytelling and Xfinity's unique viewing experience, Comcast is proud to support Team USA and bring the Olympic Winter Games 2018 to every hometown in America.

