



CIGS Mr. Paul Goldstein

The North Korean Strategic Dilemma

(Summary of Q&A)

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Questioner 1

As a security manager, I am worried about the Japanese people working in South Korea. What would be the biggest trigger when deciding whether to evacuate our Japanese employees from South Korea or would there be a combination of different things?

Paul Goldstein

United States also has dependents living in South Korea, and to begin evacuation of those dependents would be the first indicator that we are moving into a confrontational stage. Some people in the US Army are tired of sending American dependents into potential combat areas. This can be seen as a cultural shift. The general feeling is different than what the State Department and the Japanese alliance managers express.

During a presentation at the Japan-US Business Council last October, I said that Trump is likely to win, but they were skeptical. I also met the JUSBC (Japan-U.S. Business Council) executives who were of a similar view. Alliance managers such as Rich Armitage and Mike Green came out strongly and supported Hillary Clinton and guaranteed everyone in the Japanese government and business community that Trump winning the election is impossible. They needed to understand that Trump tapped into the discontent of the American people with globalization, income gap disparity, and he is still doing so.

To answer your question, I would recommend monitoring the US military on a daily basis about what they say and do. Obviously, they would not publish things that are secret, but there is plenty of public information that you can obtain such as Stars and Stripes, Defense One, and the Pentagon daily brief. Also, my advisory services would be very happy to work out something where I can help you make those decisions.

Questioner 2

You spoke earlier about President Trump's anathema towards multilateral agreements, and yet your thesis is on multilateral agreement and security. What do you think are the domestic and foreign challenges to creating an agreement between the US, South Korea, and Japan that you proposed?

Goldstein

It's up to Japan and South Korea individually to figure out what is in their national security interest and makes a decision. I just want to inform the leaders in Japan, in the corporate world, in the government, and in the private sector what's at stake. For reasons of the Cold War, the Americans played more games inside Japan for 40 to 50

years that was intended to keep Japan moving in the right direction. The “Hub and Spoke” policy required secret little operations at times, which seemed unfair, and the conditions that Japan understood about its role were always subject to internal debate, at times paralyzing the decision-making process. My view is that Japan is a great nation, but you forgot your history. You defeated the Chinese empire, the Russian empire, and the German empire in the only land war in Shandong Province during World War I, but you provoked the United States to attack you. It was Japan’s decision to launch an attack on Pearl Harbor. It’s very hard in Japan to speak the truth because people are afraid of losing face.

Japan is a very unique country that was never colonized. China got colonized. The Japanese will have to understand their own history, the purpose, and inform people about the truth of Japanese history.

Questioner 3

May I ask to elaborate a little bit on Diamond Security?

Goldstein

The underlying principle of Diamond Security is setting up a “League of Maritime Democracies.” It is a maritime security arrangement between the Japanese Navy and the US Navy, which are the two greatest navies in the world, which could inspire other maritime states in the Asia-Pacific to join. Two months ago, Japan, India, and the United States conducted the largest naval maneuvers ever in the Indian Ocean called the Malabar Exercise. So, Japan is already working in close collaboration with the United States and South Korea to ensure the prosperity and deteriorate this evil in North Korea.

Diamond Security is basically an attempt to secure the Indo-Pacific region. China should not compete with us in that arrangement, but the Chinese are totally committed to competing with the United States.

Diamond Security involves Japan, US, India, and Australia. In terms of intelligence, Australia, the UK, and the US have electronic signals in common and probably National Security Agency (NSA) in Australia. Defense should be a part of it. Your Ministry of Defense should have a liaison of higher level than it has right now. The Japanese Army needs a higher profile and more responsibility for the defense and wellbeing of Japan.

Questioner 4

If you are the President of the United States, what kind of a decision are you going to

make on this North Korean problem?

Goldstein

You are putting me in the position of President Trump; sometimes, Trump goes off script and in our national security system, adjustments have to be made. For him, it's all about transactions, it's all about winning, and he doesn't care what anyone else thinks. Because of this, the old establishment in the United States and the media are going berserk. The two most political national security institutions, FBI and CIA, are using leaks to try to manipulate Trump on the Russia stand. We have eight congressmen and congresswomen in the Democratic Party from the CIA running for elections for Congress. We are reinventing ourselves, and we do this periodically. We are still the great country. It's just that we've ripped off the mask of the Cold War and the post Cold War era. We are a transparent culture.

Questioner 5

I have two questions. The first one is about ROK's military capability. I believe they work under the command of American general. For instance, Turkish military capability, Turkey was a liaison member of NATO and was closer to American military rather than to Russians. The then-Prime Minister and now the President of Turkey tried to damage the nuclear capability of Turkey. Last year, they shot Russian aircraft. What is the state of affairs in the Korea and South Korea military? If you could comment on Turkey as well.

The second question is, you said that China will not be a dominant power in Northeast Asia, either militarily or economically, if you could elaborate.

Goldstein

South Korean army has elite troops that have been trained by the United States. We have some joint exercises such as Key Resolve and Eagle Foal. For the first time, the US integrated its special operation forces into these military exercises. This means we are going potentially for a decapitation strategy. That's one of the war plans. South Korean army is prepared to launch preemptive attack if they think North Korea is going to launch an attack. Political quest is another issue. South Korea's democracy is not as mature as Japan.

Economically, China claims their rate of growth to be 6 to 6.5 percent. I would say their rate of growth is closer to 4 to 5 percent. With regards to restructuring of the state-owned enterprises, they went from 117 SOEs down to 98 SOEs. There is a

faction in the academic and economic community backed by a faction of the party that feel once they break up the SOEs and privatized them, spin them off. Hence, the short-term is fine, but in the mid-term and long term, they will be in trouble. Therefore, Japan and the United States are trying to cooperate economically.

There are three areas my company is willing to help Japanese companies trying to get contracts in the United States; infrastructure, cyber security, and energy. We were built by infrastructure in the 19th century. It was called the Hamiltonian system or American system of political economy, internal improvements. Japan was modeled by that. American advisors such as Erasmus Peshine Smith, who was the customs commissioner during the Meiji, came to Japan and structured the tax programs in Japan.

The US was a dominant economic power because of the infrastructure, not because of Wall Street. Wall Street became dominant after the 20th Century with all the crashes and the depression.

Some people say Goldman Sachs runs the United States or the Jews run the United States, but it is not true. Goldman Sachs is just an investment bank. In fact, there are two sides of Goldman Sachs, one that just makes money and the other second side is for public service and philanthropy. Dina Habib Powell, an Egyptian woman, who is the US Deputy National Security Advisor, ran the Goldman Sachs Foundation. Then, you have the Goldman Sachs treasury secretaries, Robert Rubin, Paulson, and now Gary Cohn. So, there is a commitment to public service. When we are running our sanctions policy, it's not run through the State Department; it's the CIA and Treasury.

Historically, Goldman Sachs played a significant role in promoting security FDR's New Deal Program. In 1936, Roosevelt had trouble with American corporations on selling the new deal. He was assisted to do so by Sidney Weinberg, Head of the Business Industrial Council, which was an advisory group. That's how Goldman Sachs became big and strong. There is a book written about FDR and the Jews, and there is a chapter called "FDR, King of the Jews."

For Xi Jinping, sustaining the economic growth and rejuvenating the country is a real challenge. They brought a PLA General from the Central Discipline Commission into the Central Military Commission to continue the anti-corruption campaign and the rectification campaign.

I studied Chinese Marxism in college and was a Marxist scholar. I am the Vice President

of Strategic Renaissance 21st Century, one of our think-tanks. We have a 3-year memorandum of understanding with the Central Party School. I am brought into this to explain German critical philosophy; Kant, Hegel, Marx. The Central Party School in 2007 only used to have Japanese translations of Marx works translated into Chinese. Japan is more responsible for communist China's emergence than many ever realize. The Chinese students moved to Japanese universities after the defeat of the Chinese Empire because Japan was modernizing. Deng Xiaoping didn't recognize it at a certain point and wanted to get close to Japan. During World War II, Japan concentrated its efforts to defeat the Nationalist Kuomintang (KMT) partly enabling the Communists to win.

Vietnam, Japan, and India are called the Third-State actors by Chinese think-tanks, which imply that they wanted to sustain G2 even after Kissinger left the scene. They don't want Japan at the table. From 2004 to 2009, I was working to try to build the trilateral, economic, and political cooperation between the United States, Japan, and China.

China decided to accept foreign investment and open up their closed economy because in the 1920s, Deng Xiaoping worked for a man named Nikolai Bukharin, a member of the triangle with Joseph Stalin, with an economist named Preobrazhensky. They devised the National Economic Program (NEP). In 1921 to 1924, they opened up the Soviet Union to foreign investment. Deng was accused of being a "Capitalist Roader," especially during the Cultural Revolution, but after coming into power, he builds a new consensus and unleashes China's economic potential.

Questioner 6

What do you think about the hostilities between the United States and North Korea, considering the many scary remarks and some actions taken by the US? I think it should happen by the action of North Korea.

Goldstein

Anything is possible. There could be miscalculations, mistakes, political misjudgments, and misperceptions that could lead to a war, which the US, Japan, and South Korea want to avoid. This has been restated by Tillerson, McMaster, and Mattis. McMaster wrote a book called 'Dereliction of Duty.' It was his Ph.D. thesis as a major. The book is about Vietnam and the lies that our military and political leadership perpetuated on the American people about Vietnam.

Another historical fact is that Ho Chi Minh was on the American intelligence's payroll. He worked for the American intelligence to fight Japan. We had an opportunity to end the colonial era by holding an election in 1954 based on the Geneva Accords. One of the biggest problems in American intelligence has been distinguishing between those who are communists fighting for national liberation and communists fighting for Moscow's global anti-Imperialist campaign.

Israel has been putting too many of their own independent games, undermining the United States, especially on Iran. But there are splits now in the Israeli intelligence community between the IDF (Israel Defense Forces) and Israeli Intelligence. The Netanyahu government is to the right. The Israeli population wants to solve the original cause of terrorism, which is called the 'Palestinian issue,' which gets buried in this Iran issue. There should be a two-state solution to American-stated policy. But every time we get close, there is a terrorist incident or something else happens, and we then go off the rails.

Questioner 7

Concerning the Diamond Security, there was a bilateral military drill involving all three services; army, navy, and air force. The purpose was joint exercise with Russia. But India has a long tradition of contributing in UN PKO. Do you think that India is thinking of sending its troops to Korean Peninsula after the turmoil or contributing in some way?

Goldstein

India is trying to be a global power. They have problems with Pakistan. Now that China is developing the China Economic Corridor with Pakistan to get the Gwadar Port, one of naval bases, which is a geopolitical process, not a multilateral process, the Indians are seeing China in the standoff on the Nepal border. These are indicators that India is now entering a different thought process, especially with Modi. So, India is moving closer to the United States. Bringing India into the Diamond Security has a stabilizing capability there.

Questioner 8

I have two questions. One is the probability of expecting some military action in the Korean Peninsula. The second one is, although the North Korea issue is a critical issue, it provides an opportunity for US, Japan, and allies to stabilize and get the best benefit, maybe reducing power from Russia and China.

Goldstein

The United States is not going to start the military action, but we will finish it. We cannot afford to recognize North Korea as a nuclear weapon state. Military action will only be a reaction.

The second question, Russia and China are committed to a newer world system, moving away from the post-World War II, international liberal democratic order, to a more balanced power arrangement. That's the paradox in China. This is called creative diplomacy.

Japan has the talent to use their own diplomacy in coordination with the United States. The closest relationship that Trump has with any foreign leader is with Shinzo Abe. This scares China more than anything.

Although there is a China-Japan Bilateral Security Dialogue, it doesn't produce results. China wants to discuss ideology, the new era of rejuvenation. They want to be the greatest civilization state. The One Belt One Road (OBOR) has two components - Landbridge and Maritime. China thinks it's got the geopolitical pivot to figure out, but this is a Korean issue and they're in trouble which they don't know yet. We've got to get China to stop the ideological approach and face the real world. Our message to China is America is not a status quo power. We are not imperialist, we are not hegemonic power; we have a revolutionary culture that is not burdened by history.

Questioner 9

North Korean people who came to South Korea have different personality, characteristics, and so on. They never give it up. A North Korean lady who came to South Korea said Mr. Rocket Man will never give up its nuclear weapon. What do you think?

Goldstein

Right now they won't, but certainly, things are going to change. We can stop at this level and start negotiations to reduce it as a diplomatic solution.

Questioner 10

Could you elaborate on the relationship between the US and the UK?

Goldstein

The American Revolution was our first war against Great Britain. The war of 1812 was

the second one. The third war was when the British secret intelligence wanted to divide the United States between north and south. They tried cultivating the Americans and educating the elites. Their view was “With British brains and American muscle, we can rule the world.” After World War I, Britain was bankrupt and we gave them money, like we did for Japan against Russia.

From World War I to World War II, the United States had three war plans. War Plan Orange, Japan, in 1921. We broke up the Anglo-Japanese Treaty. The second was War Plan Black, war against Germany. After World War I, Germany was in turmoil; the Nazis were starting to come into power. Then, we had a War Plan Red, war against Great Britain, from 1931, when Japan started stirring things in China. The rebuilding of Germany based on the Nazi outlook begins with the ascension of Hitler legitimately into power. Then, we felt we are going to need the British. The British intelligence was cultivating in the United States between 1931 and 1937. It was a secret organization called British Security Coordination run by a Canadian named William Stephenson. Then, the negotiations began how we build the special relationship of sharing military intelligence and economic and financial arrangements. That's how the special relationship began in 1937. Back then, Truman made the decisions that put us on a path to work with the British on the Cold War.

Questioner 11

What is your view on the effect of the sanctions placed by the United Nations against the North Korea after the missile launch and also nuclear test? I don't see any change on the North Korean side. Also, I want to hear your comment about the difference between the Iranian case and the North Korea case.

Goldstein

Of course, the sanctions are working but it's hurting the Korean people, not the leadership. China has cut off oil and coal shipments. It can work if China makes the kind of decision we hope they will make in conjunction with Japan, South Korea, and the US. The problem is Russia plays the sanction breaking game. We are conducting strategic patience.

With regards to Iran, it is run by deep state. The IRGC, the Islamic Revolutionary Guard Corps, which owns 80% of the Iranian economy, controls the decision-making concerning the economy. It is run by a group of fanatical, Islamic believers. Our sanctions new policy is to break the back of the IRGC and expand the economic power

to the old Iranian bizarre. Rouhani has got the backing of Khamenei on that. There is a potential Shiite Crescent, the role of Hezbollah, starting to operate in the Syria. There is no Syrian Army; it's Hezbollah that's fighting for Assad. The U.S. wants to align the Congress, national security institutions, and the President to implement this next phase of sanctions that target the IRGC. The key is to prevent Iran from economically incorporated Iraq into the greater Persian Empire, Islamic Persian Empire. You don't want a dominant power. It's sort of a balance of power arrangement. I am cautiously optimistic about the Iran thing.

Daisuke Kotegawa

It is reported that next week Mr. Trump will take 38 business leaders to China. What kind of meeting do you expect from them? What kind of advice would you like to give Mr. Xi in dealing with Mr. Trump?

Goldstein

United States business community has completely changed its attitude for China. President Trump might launch a trade war against China as a negotiating tactic. Chinese think they are the defenders of free trade, which I don't believe is true. The U.S. is not in the TPP. The Japanese leadership is holding the TPP together. We can possibly get the United States back in it, especially if we have a trade war with China. We need to construct a new program and reform the international trading and economic system.

The advice we give Xi Jinping is "grow up." If you didn't put it in that way, they don't react. If you react, then we are in a trade war. If you don't react and figure out what concessions can you give, that really begins to establish fair and balanced trade.

Questioner 12

You said that China is in trouble with the North Korea. Is there a possibility of the United States deciding to do a very focused strike on missile launching system, nuclear system, or even Kim Jong-un himself, assuring there is no intention of occupying North Korea?

Goldstein

That is one of the options, and also one of the discussions potentially between Trump and Xi Jinping. The US would make a commitment to potentially withdraw from Korea if we overthrow North Korean governance, so China doesn't feel threatened by having American troops on the Korean-Chinese border. We will still need to build the Okinawa road. Okinawa allows the US to address the Korean issue as well as Taiwan. Economic

Cooperation Framework Agreement (ECFA) became the KMT (Kuomintang; Chinese Nationalist Party)'s policy. Now, with the Democratic People's Party (DPP), they are least susceptible to mainland pressure. During the colonial period, Japan's Navy did a brilliant job building up Taiwan. You still have pro-Japanese sentiment in Taiwan.

Questioner 13

Talking about the US-Japanese trade relation, new arrangement, you said that there will be no FTA. So, what kind of arrangement we will have? US will come back to the TPP or we will have a standard agreement number 2?

Goldstein

Infrastructure, cyber security, and energy are the real economic issues that are dependent on solid US-Japan economic relations, which will have to be structured. Then, there is the beef issue. Hence, depending on the geopolitical environment, the U.S. could become a part of TPP in the future. Trump is in favor of this.

China thought they had success at the global financial level after the UK supported them when China failed to conclude any substantial agreement with Obama, but then Bank of England plans the internationalization of the Chinese currency. Then BREXIT occurs. On the other hand, the U.S. is playing a very sophisticated game, which is just another face of American democracy.

Questioner 13

For President Trump, the top priority is North Korea and the economic problem between China, and he is using North Korea as a leading card with China. For you, what's the outcome of this deal?

Goldstein

They know that and they better do something. Xi Jinping is much better informed and much more sophisticated than Trump.

Questioner 14

What happens if President Trump feels that we are going in war and the secretary for our defense department is not prepared for that?

Goldstein

Trump will never do that. Trump's uncle John Trump was the top scientist advising the Head of the US Army Air Force. He is a nuclear weapons physicist. He went from

Brooklyn Polytech, worked with the MIT, and became the top scientist, who was an advisor to General of States. He was then Head of the Army Air Force. Trump publicly praises his uncle on the issue of teaching him about the danger of nuclear war.

Questioner 15

You are gathering three aircraft carriers to the North Korean sea link. Does that mean you are very serious in attacking the North Korea?

Goldstein

Yes. As Mattis said, “You can’t have credible diplomacy without military force.” We are back to doing what we used to do all the time. Obama didn't want to do this. Susan Rice criticized Admiral Harris after he called for freedom of navigation operations in the South China Sea. But I feel for the Korean people. This is a holocaust. It’s similar to Pol Pot in Cambodia and the Jewish holocaust. But because it's in the East, it doesn't get the same recognition. We still have an east-west divide.