



CIGS Paul Goldstein Seminar

The Geopolitical Shift: Challenges and Opportunities for Northeast Asia

(Summary of Q&A)

Date: 28 June, 2018

Venue: CIGS Conference Room

Questioner 1:

What do you think motivated Kim Jong-un to denuclearize the Korean Peninsula? What do you think motivated him really to come all the way to this point?

Questioner2:

What do you think about the deep state and relationship, if any, with the CIA and the Rohingya issue in Myanmar?

Questioner3:

What to think about the role of Israel in the future?

Paul Goldstein, President and Chief Executive Officer, Pacific Tech Bridge (PTB):

To answer the first question about what motivated Kim; partly his education in Switzerland, desires to have a modern system, and to establish his own legacy. He is much more of a nationalist like his grandfather. He is trying to go beyond what his grandfather wanted, because he has a vision for North Korea becoming a modern state. Pyongyang is a modern city but only for its elites. He wants foreign direct investment, and he doesn't want to rely on China. He is like his grandfather in that he is trying to balance the west and his relationship with China.

To answer the second question, there is no deep state in the United States. The United States has a prominent bureaucracy. Where security services run the state, like in Russia, is where there is a deep state. The CIA and FBI are involved in politics but in different ways. I don't think they manipulate to get favors.

The Democratic Party became a party which was almost guaranteed to win most of the African American votes. The Republican Party became the party of special interests. President Trump busted up that whole system. Hopefully, moral and ethical leadership will come out of this.

To answer the third question, the Israeli issue is the most sensitive in American politics. We have tried many things before, which were not successful. So, we're trying a different approach; moving the embassy. That was a political move. Three very wealthy Jewish billionaires gave \$100 million to the Republican Party, and that's what moved the embassy from Tel Aviv to Jerusalem. Israeli intelligence establishment manipulated American opinion for many years. Congress became the congress for the state of Israel. Now, we need a different Middle East policy, and that is why Putin is key.

Questioner 4:

Could you tell us simply about President Trump's trade policy? Also, what is going on in Saudi Arabia?

Questioner 5:

What is your opinion on the UK and Asia? Do you think the UK-Japan alliance will be united again?

Goldstein:

There are three factions inside the President Trump administration with regard to trade policy. Lighthizer, Ross, and Navarro, to varying degrees, want a bilateral treaty with Germany and Japan. Japan prefers a multilateral arrangement. It is going to be a difficult decision for Japan on tariffs. In fact, we're going to see probably a leftist populous president of Mexico who would probably pull them out of NAFTA as a result. China has a much more sophisticated trade policy than President Trump. I have no sympathy with the German position. Germans subsidized much more than the Japanese. BMW plants are being built in the United States but nothing like Japan did. Eventually, President Trump has to get to infrastructure and international trade. President Trump got thrown off by Russiagate and by the politics of the Republican Party. So, he doesn't know exactly how to handle infrastructure yet. I believe Japan has a huge role to play in helping rebuild American infrastructure.

Modernizing Saudi Arabia would get us out of the current cycle of international terrorism. Some traditional tribal religious institutions are culturally stuck in the seventh century. McKinsey and Company did most of the planning for the Saudi 2025 plan. Israel is working together on certain Saudi issues for the first time. The Saudis are proclaiming that the Emirates and Bahrainis are creating more complexity. Potentially, we will try to bring Iran back to the negotiating tables. To bypass the sanctions, Europe wanted to create exemption businesses. The Saudi issue is a geopolitical pivot issue which would cause a lot of change if it's positive.

London took control of institutions after the Lehman shock crisis and sold out to China. After Brexit happened, the UK is rethinking its role in the world. The United States had a navy department and war department. The Pentagon was created to unite the army and navy in the 1947 National Security Act.

Questioner 6:

Could you give us your thoughts about how Iran might develop over the next few months?

Goldstein:

Iran is undergoing political instability. The regime has been incapable of implementing economic reforms. The Islamic Revolutionary Guard Corps controls 80% of the Iranian economy. President Obama's approach was to build up relations with Iran and open traditional economic foundations of Iran. It started to work very slowly, but it wasn't going fast enough for some people. Regime change is being pushed for, and they are trying to get full scale American intelligence support for destabilizing the Iranian regime. A stable Iran could become a dangerous Iran. So, the CIA and Pentagon oppose that. There is unrest in the administration about Iran. Israel is split also. Pushing back on the Iranian operations in Yemen, Syria, and Iraq could get the Iranians out of Syria. Hopefully, all the countries involved could have a conference in the near future.