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From: Anna Palmer Jake Sherman Daniel Lippman
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Subject: Playbook Power Briefing, presented by the Coalition for Affordable Prescription Drugs (CAPD): POTUS says 'military solutions' to North Korea are 'locked and loaded' -- INSIDE THE WHITE HOUSE DIVIDE on Afghanistan -- TRUMP HOTEL turns unexpected profit

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Today's Playbook Power Briefing presented by the Coalition for Affordable Prescription Drugs (CAPD)

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Happy August Friday. STAT OF THE DAY -- from Michael Gordon and Eric Schmitt's A1'er in the New York Times: "'With all this talk, what I worry about is a serious miscalculation,' said James D. Thurman, a retired Army general who served as the top United States commander in South Korea from 2011 to 2013. 'Before we start talking about all these military options, we have to decide what are we going to do with the U.S. citizens over there.' He estimated that at least a quarter-million Americans would have to be moved." <http://nyti.ms/2vV6PLC>

-- **250,000** Americans!

FROM BEDMINSTER -- [@realDonaldTrump](https://twitter.com/realDonaldTrump) at 7:29 a.m.: "Military solutions are now fully in place,locked and loaded,should North Korea act unwisely. Hopefully Kim Jong Un will find another path!" ***The president also retweeted Fox & Friends three times: One as a warning shot to Mitch McConnell, one to GOP senators not supporting him and another on American drone strikes in Somalia.***

THE BACK CHANNEL -- "**Beyond bluster, U.S., NKorea in regular contact,**" by the AP's Matthew Pennington: "Beyond the bluster, the Trump administration has been quietly engaged in back channel diplomacy with North Korea for several months, addressing Americans imprisoned in the communist country and deteriorating relations between the long-time foes, The Associated Press has learned. It had been known the two sides had discussions to secure the June release of an American university student. But it wasn't known until now that the contacts have continued, or that they have broached matters other than U.S. detainees.

"People familiar with the contacts say the interactions have done nothing thus far to quell tensions over North Korea's nuclear weapons and missile advances, which are now fueling fears of military confrontation. But they say the behind-the-scenes discussions could still be a foundation for more serious negotiation, including on North Korea's nuclear weapons, should President Donald Trump and North Korean leader Kim

Jong Un put aside the bellicose rhetoric of recent days and endorse a dialogue. The contacts are occurring regularly between Joseph Yun, the U.S. envoy for North Korea policy, and Pak Song Il, a senior North Korean diplomat at the country's U.N. mission, according to U.S. officials and others briefed on the process." <http://bit.ly/2uNmXKb>

-- **"U.S. has military options for handling North Korea -- but none are good,"** by Jacqueline Klimas and Bryan Bender: "The United States and its allies have military options for confronting North Korea -- including an all-out invasion, more limited air and missile strikes, cyberattacks or a covert effort to oust the regime of Kim Jong Un. But those scenarios carry enormous risks, including the possibilities of loss of life, loose nukes falling into terrorists' hands or the conflict spreading to a wider Asian war." <http://politi.co/2uNfDyi>

FOR THE PRESIDENT -- "A plan for North Korea, before this spirals out of control," by former NATO Supreme Allied Commander James Stavridis in The Boston Globe: "Dial down the rhetoric. Countering a young mercurial leader with a bad haircut sputtering about turning our ally South Korea into a 'sea of fire' with an old mercurial president sputtering about 'fire and fury the like the world has never seen' isn't helping anything. President Trump sounded vaguely like the Dragon Queen Daenerys of 'Game of Thrones' talking about her brood of dragons igniting Westeros. We need to model ourselves less on General George Patton and more on 'Cool Hand Luke' while not sinking to the level of Kim Jung Un's bombast."

--**HIS OTHER RECOMMENDATIONS:** "Dial up the intelligence and surveillance. ... Increase our missile defenses. ... Focus on cyber options. ... Dial up the intelligence and surveillance. ... Increase our missile defenses. ... Focus on cyber options. ... Build a regional approach. ... Train for and exercise the military options. ... Pressure China to 'walk the walk.' ... Take a sensible negotiating position. ... Make this an international issue." <http://bit.ly/2uNAWzw>

TRAVEL ADVISORY -- "Trump may make a quick return to D.C. on Monday," by Annie Karni: "President Donald Trump plans to interrupt his stay next week at Trump Tower with a quick out-and-back trip to Washington on Monday, according to an updated presidential schedule presented to local New York City law enforcement and reviewed by POLITICO. The president had been scheduled to arrive in New York City Sunday evening and hold two days of 'internal meetings' at his old home and office building on Fifth Avenue. He is now scheduled to fly back to Washington on Monday morning and return to Manhattan on Monday evening.

"It was not immediately clear why the president was returning to the nation's capital in the middle of his planned 17-day summer break. The White House has been undergoing major renovations in the president's absence, and the Oval Office has been cleared out for a refurbishment. West Wing staffers who stayed behind have been working out of the Old Executive Office Building across the street." <http://politi.co/2hRBCD2>

A LOOK BACK -- GARRETT GRAFF in POLITICO Magazine, "**The Madman and the Bomb**: The nuclear launch process once haunted Nixon's aides. 43 years later, is it finally time to reform the system?": "That unilateral launch authority is so powerful, so unchecked, and so scary that, years before Watergate, Nixon had turned it into its own geopolitical strategy, the so-called Madman Theory, with which he threatened the Soviets and the Vietnamese that he might actually be crazy enough to nuke Hanoi--or Moscow--if they didn't accede to his demands. The 'mutually assured destruction' of the Cold War was predicated on the idea that the leaders of both superpowers were rational enough to avoid a war that would end with the destruction of both nations. The Madman Theory forced the world to consider a more frightening option: That the man in charge of the nukes might not be rational at all.

"**The world is contemplating that possibility** again this week, as Kim Jong Un and President Donald Trump lob nuclear threats across the Pacific. Nearly 72 years to the day after a silver-plated B-29 bomber dropped an atomic bomb on the Japanese city of Nagasaki, killing more than 60,000 in an instant, and 43 years to the day after Nixon was stripped of the nuclear Football, the U.S. president threatened to rain 'fire and fury like the world has never seen' on Kim's isolated regime. North Korea, in turn, threatened to turn the U.S. mainland into a 'theatre of nuclear war' and announced plans to bracket Guam with nuclear-capable missiles. Are we watching two tough-talking 'madmen,' rational actors playing a calibrated game, or are we seeing something else?"

<http://politi.co/2hSdmAO>

WE SAID THIS MORNING that Trump would not save money when Vladimir Putin expelled U.S. diplomats from Russia. He might, because he has also brought down the number of Russian workers. Trump said "now we have a smaller payroll. There's no real reason for them to go back." We took that as meaning diplomats. He might bring down the payroll when it comes to local, Russian employees.

***** **A message from the Coalition for Affordable Prescription Drugs (CAPD)**: If you know only one fact about rising drug costs, know this one: drug makers set prices for prescription drugs. To help manage nearly double-digit price increases, employers, unions and government programs use PBMs to negotiate lower net prices to help curb costs for employers and patients. Learn more at affordableprescriptiondrugs.org *****

TRUMP INC. -- "Trump D.C. hotel turns \$2 million profit in four months," by WaPo's Jonathan O'Connell: "Donald Trump's company turned a \$1.97 million profit at its opulent Trump International Hotel so far in 2017, dramatically beating its expectations and giving the first hard numbers to critics who charge that Trump is profiting from his presidency. The Trump Organization had projected that it would lose \$2.1 million during the first four months of 2017 as it established a new hotel and convention business in the nation's capital, according to newly released federal documents.

"Instead the hotel, with its namesake in the White House down the street, is already turning a hefty profit and charging more for its rooms than most or all of the city's other hotels. ... Driving the profits are the extraordinary prices guests have been willing to pay for rooms, including members of Trump's Cabinet who have stayed or lived there, as well as big spending on food and beverages in the meeting areas, bar and restaurant -- spots frequented by members of Trump's inner circle and other Republican leaders. ... This year, guests have paid an average of \$652.98 a night to stay there, beating the company's expectations by 57 percent." <http://wapo.st/2fxm4TW>

WAR REPORT -- "White House Divided: A battle over Afghanistan is raging in Washington," by The Weekly Standard's Peter Boyer: "To drive home the point that Trump wanted new ideas, Vice President Mike Pence, who presided over [an August 3 NSC principals committee meeting], tasked three men with preparing best-case options for the war. One of them was national security adviser H. R. McMaster, which was no surprise, given that he has taken the lead role in developing a new Afghan strategy since assuming his job in February. The other two men charged with presenting strategy options were more telling choices: Mike Pompeo, director of the Central Intelligence Agency, and Attorney General Jeff Sessions.

"Sessions, stalwart of the America First camp, has long been 'the biggest skeptic in the room' when the subject of a continued presence in Afghanistan arises in meetings of Trump's war cabinet, according to one participant in those meetings. Said another White House official, who is sympathetic to Sessions' position, 'The A.G. asks the same question: Is this what we were elected to do? And the answer to the question is no.'" <http://tws.io/2uNAVvE>

STRANGE TIMES -- SEUNG MIN KIM filing from Homewood, Alabama -- **"Contenders in Alabama GOP Senate race won't defend McConnell against Trump":** "President Donald Trump is eviscerating Sen. Mitch McConnell over the lagging Republican agenda, and none of the three main candidates in the increasingly nasty Senate GOP primary in this state are taking the majority leader's side. ... Even [Sen. Luther] Strange, a member of McConnell's rank and file, noted that he himself has also said, 'Mitch, get back to work.'

"We all need to get back to work,' Strange told reporters after a county GOP meeting here Thursday night. 'I was part of the group of Republican senators who said we shouldn't even take a vacation. I don't know why we're taking a vacation. We should be working to pass the president's agenda and deal with the problems we failed to address last time.' When pressed about Trump's apparent lack of confidence in the majority leader, Strange noted that 'he's frustrated like I am, and this is no secret.' The incumbent senator added, however, that he didn't believe the Senate GOP conference needed new leadership." <http://politi.co/2hQT9LG>

2018 WATCH -- "Sinema aiming for Senate, Stanton preps for congressional seat," by KPNX's Brahm Resnik: "Democratic Congresswoman Kyrsten Sinema of Phoenix is planning a 2018 run for the U.S. Senate seat held by first-term Mesa

Republican Jeff Flake, according to sources familiar with Sinema's plans.

"At the same time, Phoenix Mayor Greg Stanton, another Democrat who's been undecided about his political future, is telling supporters he's preparing to run for Sinema's vacant seat next fall, according to sources familiar with Stanton's calls. Both moves would be long-awaited next steps by two of the leading Democratic officeholders in Arizona. If they go ahead, formal announcements of their plans could come in the next few weeks." <http://bit.ly/2vM40fA>

-- **SINEMA** has \$3.2 million on hand.

DAVE WEIGEL in GEORGIA -- "At raucous town halls, Republicans have faced another round of anger over health care": Rep. Buddy "Carter, who peppered his answers with self-deprecating jokes, sometimes called on activists who'd dogged him before. In Brunswick, he quickly pivoted from a question about 'Zionist influence in our foreign policy' by promising to 'put America first.' After three different constituents asked him to say whether he supported the president's decision to ban transgender men and women from military service, he went from deferring 'to our commander in chief' to saying what he believed. 'I don't want 'em serving in the military,' Carter said, as dozens of constituents booed and more than a dozen walked out. 'I'm sorry.'" <http://wapo.st/2hQgcGh>

TODAY'S BEYOND THE BELTWAY -- The center isn't holding in California -- Jason Kander fundraises in Martha's Vineyard <http://politi.co/2uN2AwT>

-- **"Daniel Loeb, a Cuomo Donor, Makes Racial Remark About Black Leader,"** by NYT's Shane Goldmacher: "The hedge fund manager Daniel S. Loeb, a prominent supporter of charter schools and a major financial backer of Gov. Andrew M. Cuomo and congressional Republicans, accused the African-American woman who leads the Democrats in the New York State Senate of having done 'more damage to people of color than anyone who has ever donned a hood.' Mr. Loeb made the reference, apparently to the Ku Klux Klan, in a posting on Facebook in response to an article in The New York Times this week in which the Democratic leader, Senator Andrea Stewart-Cousins, confronted Mr. Cuomo about prejudging her based upon race and gender. ... After The Times reported on his Facebook remarks, Mr. Loeb deleted them late Thursday night. 'I regret the language I used in expressing my passion for educational choice,' he said in a statement. 'I apologize to Senator Stewart-Cousins and anyone I offended. I have taken down the post from Facebook.'" <http://nyti.ms/2hQeq87>

-- **@ShaneGoldmacher**: "If you look at federal records, Loeb spent nearly \$3 million on federal races in last 3 years, vast vast majority on GOP candidates."

ATTENTION JOHN KELLY -- ANDY CARD and MACK MCLARTY in the Dallas Morning News: **"3 pieces of advice for running the White House from veteran chiefs of staff"** -- "Trump ran on a promise to score dramatic early victories while shaking things up in Washington. Now, not much more than halfway through his first

year in office, he is finding that keeping either promise is far harder than it looks. But it is never too late to course-correct. The sooner he and his staff absorb the lessons all administrations must eventually learn, the more effective they will be."

<http://bit.ly/2uNAnWx>

TRANSITIONS -- John Poulard is the new VP of local government affairs and business development for 50 State, LLC. He will be based out of their Austin, Texas office. He was previously a VP for government affairs and solutions at Philips.

<http://politi.co/2vMhLe0> ... **Margaret Anne Moore** is the new comms director for the House Homeland Security Committee. She was the broadcast comms adviser for Mitch McConnell.

SPOTTED last night celebrating the birthday of RNC's Alex Bingaman at The Observatory at the Graham Hotel: Alex Meyer, Ken Callahan, Hannah Chait, Katie Thompson, Todd Cheewing, Carter Nies, Taylor Pollins, Kelly Kundering, Ali Pardo, Britt Carter, Caroline Potter and Ben DeMarzo (h/t Jake Wilkins)

***** **A message from the Coalition for Affordable Prescription Drugs (CAPD) :**

The high prices that drug makers set for prescription drugs can put financial strain on patients, employers, unions and others who provide health care coverage to more than 50 percent of Americans. Pharmacy benefit managers negotiate the lowest net price for prescriptions on behalf of employers, unions and government programs. But, as list prices - the starting point for those negotiations -- continue their nearly double-digit increases, the effects ripple throughout the system. The key to ensuring greater access and affordability lies in fostering greater competition. Facilitating faster reviews of generics and biosimilars, identifying off-patent drugs with little or no generic competition, and ending anti-competitive practices that keep safe, effective alternatives out of the market are also key to abating rising drug costs for patients. Learn more at affordableprescriptiondrugs.org *****

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