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BROOKINGS CAFETERIA: How to avoid a great power war over small stakes
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(MUSIC)

DEWS: Welcome to the Brookings Cafeteria, the podcast about ideas and the experts who have them. I'm Fred Dews.

In the East China Sea, in waters bounded by Japan, China and Taiwan lies a small archipelago of uninhabited islands, the largest of which is no more than about 4 kilometers square. They are known in Japan as the Senkaku Islands, in China as the Diaoyu Islands. Both countries claim them, but they are covered by the U.S., Japan security treaty. What would be the U.S. response if China landed military forces on them? Similarly, what would happen if little green men from Russia occupied a Russian-speaking village in Estonia, a NATO member country.

In his new book, The Senkaku Paradox, Risking Great Power War Over Small Stakes, Brookings Senior Fellow, Michael O'Hanlon explores these and similar scenarios in which a local crisis could erupt into a major war between the United States and China or Russia.

On today's episode, Brookings Fellow, Tarun Chhabra talks with O'Hanlon about his book and his argument for a better range of options to deal with these risks.

Also, on the menu, Martha Ross, Fellow in the Metropolitan Policy Program, shares her recent research on unemployed youth. While the current national unemployment rate is below 4 percent, joblessness among American workers aged 18 to 24 in mid to large cities is much higher, at about 17 percent.

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Now, here's Michael O'Hanlon and Tarun Chhabra.

CHHABRA: Thanks, Fred. Mike, it's great to be here with you today. Congratulations on the

new book.

O'HANLON: Thank you.

CHHABRA: We'll talk about the book in a sec, but first, the question everyone really wants to hear your answer to is this is your 25th year at Brookings, by my count. I think it's your 22nd book. What does Nike O'Hanlon eat for breakfast? How many miles do you run? How many hours do you sleep? How do you do it while also teaching concurrently at 3 universities, answering your e-mails in real time, writing almost daily op eds in major papers, and also, by the way, wearing your Director of Research hat, reading every book manuscript by every Brookings foreign policy scholar. So, what goes, man?

O'HANLON: Well, thank you, Tarun. The last point may help explain my Tom Sawyer strategy. I basically try to learn from all my colleagues. Some of those 22 books were co-authored. In fact, arguably, some of the more important ones that taught me what I needed to know to then go off and embark on something like this by myself. So, my understanding of Russia and China comes largely from the colleagues that I've worked in the motor skills at Brookings and elsewhere who were expert on Russia and China and knew more than I did. I try to bring some defense analytical tools initially to bear and we'd team up and they'd bring original expertise. This is a pretty nice model.

You know, I don't believe in multiple author volumes. They don't tend to have a strong clear voice and edited volumes usually struggle to really come alive but writing with one other person and trying to develop a big idea with them on an issue where your expertise is complimentary to each other. To me, that's both one of the most fun things to do at Brookings and the way you can produce a fairly steady stream.

The other thing is in think tankdom, you have to learn to say no to a lot of the events and conferences and seminars. Great things, almost always, very enticing. Yet you want to do a certain number of them, stay in touch with colleagues and learn from them, but I still think that input, learning

from my colleagues usually happens more efficiently through the printed word. So, I'm still an old-fashioned advocate for articles, books, op eds, over podcasts, over seminars, over events.

CHHABRA: Except this podcast.

O'HANLON: Except for this one, of course. And I try to protect, in particular, my mornings. So, if I can get an hour or two writing done per day and do that on a week when I'm not traveling, which is really most weeks. I don't travel that super much for my work. If I can have 5 or 6 days in the week, when I get 1 or 2 hours of writing done in the morning, I feel like that's the crucial goal that I have to meet to establish momentum on any kind of writing, but especially on books.

CHHABRA: And what you eat for breakfast is classified?

O'HANLON: I think I eat about 3 breakfasts in the course of -- my perfect morning is to stay home, to get my kids off to school, which is easy because they're teenagers and they do it on their own. Then wave them goodbye and keep writing and snack all through the morning and maybe go for a run or something like that. By 11:00 a.m., I feel like I've already had a good day and I'm living the dream. I mean, no one's yelling at me. No one is making me do anything. So, it's a pretty good life. You figure out the way your own biorhythms sort of work with the work you have to get done.

CHHABRA: All right. So, tell us about your new book. In particular, tell our listeners what are the scenarios you have in mind. Tell everyone where the Senkaku Islands are, where exactly you're worried about scenarios in the Baltics. Also, in particular, tell us what you mean when you say we could go to war over "small stakes", because on its face, it's clear you're talking about, in the case of the Senkaku's uninhabited islands or an incursion into a farming village in the Baltics, but on the other hand, you also tell us that we should be ready for Beijing or Moscow to undertake limited aggressions designed to probe American and allied reactions and weaker our alliances. You say historically it's through such transgressions an entire global order can be undone. There you cite our colleague, Tom Wright, who has made the case that stable global orders depend on stable regional order. So, in other

words, how are the stakes small if we're talking about the potential unraveling of the global order?

O'HANLON: Well, the island is small or the notional down in eastern Estonia or Lafia is small. Yet, as you say, the stakes could be quite large. Tom Wright also says, as you and I correctly cite, that when you start defining the world as Vladimir Putin or Xi Jinping might like to, in terms of spheres of influence, and Bob Kagans may this point too, where does the sphere end? Nation states that are successful in establishing a sphere tend to get greedy. So, it's not as if we can say this part of the world is first and foremost for China. I do think we should be sensitive to situations right next to Chinese or Russian borders. For this reason, in a different book, I'm an opponent of further NATO expansion, especially to countries like Ukraine or Georgia, want to negotiate a different kind of security architecture.

But overall, you can't concede spheres of influence that would deprive either Ukraine or Georgia of their sovereign rights and economics and politics and so forth and to safe borders and their own control of their territory. I really do think, as you say, the stakes are potentially large if you allow a small transgression to happen and then perhaps metastasize. But the actual initial attack could be tiny. So, let me go to the poster child, the title. Our colleagues of the press did a great job with this book, including with the photograph of one of the Senkaku Islands that's on the cover. It's obvious this island is pretty and more or less useless. It's all rocky and cliffy and tiny. There are issues about fishing grounds and resources in the waters that have to be contended with, although these islands are so small, they don't even qualify as having their own economic zones in all likelihood under the law of the sea.

But let's imagine one day that we wake up and the Chinese are ashore on one of the Senkaku Islands with 100 infantry troops. Maybe they have some pretext for why they're there. Their boat broke during a storm or they had to rescue some fishermen and the winds were too great to get back, so they all just came ashore, something, fabricated perhaps, but still enough of a talking point to at least let them at least get started in this conversation. What do we do? I decided to write this book, partly after

listening to a comment that Lieutenant General John Whistler made when he was asked that question by a Japanese journalist about 5 years ago? What would the United States or Japan allies do if China had taken an island? And General Whistler, who is a Brookings fellow 20 years ago and a lieutenant colonel and a very good guy, and a friend of mine. He said we should take it back, or maybe there are methods that we would have to use militarily that would not require us to actually come ashore. So, he is sort of alluding to an amphibious assault or a bombing or missile attack. In other words, killing Chinese troops.

I thought, upon hearing this, that's probably exactly the right thing for General Whistler to say in his position, but it would not be the right thing, in my judgment, for us to do. It may not even be an adequate option, if it's our only option, in advance of a crisis developing in the first place because it may not sound credible to the Chinese, especially with someone like President Trump in the White House who is skeptical of alliances, but even more generally, how many Americans want to go fight for the Senkaku Islands? I'm not trying to criticize President Trump for raising some of these questions, which I think a lot of Americans would have. Of course, Trump is more famous for making the questions about Korea or NATO, but we can come back to that in a little bit.

Just to conclude for this poster child of my set of cases, I think we're in a conundrum if this happens, because it's not proportionated. It's not realistic. It's not smart to go in and kill those Chinese soldiers, nor is it tolerable to let them just take this island. I should say, the U.S. government, as you know, has no position on whose islands these should be. Both the Chinese and Japanese claim them. It dates back to the 19th Century, the dispute, if not even earlier. After World War II, we were sort of the king maker on who kept which territories after World War II. We let Japan hold onto them, but we didn't really make a final determination about whose islands we thought they should be. All we recognize now is that Japan administers them, whatever that phrase means for islands where no one lives and nothing happens, but in any event, because Japan legally administers them, we therefore

invoke the U.S./Japan mutual security treaty. As you know, when you are in the White House, President Obama articulated himself publicly. For the first time, an American President said, we will apply the U.S./Japan treaty to the Senkaku Islands.

CHHABRA: In 2014?

O'HANLON: There you go. It just seems on the one hand, the only thing Obama could say, and it was probably good that he said it, but when he speaks of applying the treaty to the islands, I want to give him or a future president more options than just bombing a Chinese position, should the Chinese come ashore. The same kind of thing for my scenario with the Baltic States, although in that situation, I'm presuming little green men from Vladimir Putin's ranks may go take a small town right on the border with Estonia or Lafia on the premise or pretext that there has been a threat to a Russian speaker in Estonia or Lafia in a community of Russian speakers. Each of those countries has about 25 percent Russian speaking population. These are Estonian and Latvian citizens. They probably prefer to stay Estonia or Latvian citizens, rather than be taken into Russia, but Putin doesn't care. He may use his own doctrine also from 2014 that Russia has a right to protect Russian speakers anywhere to go in and quell this disturbance that his own KGB-like thugs have probably created in the first place. All of a sudden, he now sits on top of a NATO town in NATO territory and watches the alliance rip itself apart figuring what to do. That's why I worry about this scenario. That's why I think Putin might be tempted to actually provoke.

CHHABRA: I want to comment a minute to both the likelihood for this kind of war escalating from a scenario like this, as well as the tools that you're proposing we use, but I want -- because you raised the statement by General Whistler, I want to focus on that for a second.

So, in terms of signaling, you're writing the book and you just said here, you're think General Whistler is probably right. He was the top Marine general in Japan at the time and he said in 2014 in his thoughts to this reporter that we would take back the islands, potentially bomb them, or so he implied.

You say that should be the official message. So, as you were writing this book, how do you think about the fact that Michael O'Hanlon is saying, whoa, that would actually be a bad idea, Michael O'Hanlon is signaling that you're going to tell all the senior U.S. Military that you interact with and the senior Pentagon civilians that you interact with, which happens to be quite a few that they really should not do what General Whistler was saying they ought to do. Are you basically saying that you hope the top brass read your book and then publicly say that it's full of terrible ideas?

O'HANLON: First off, you'll be glad to know that I'm not here to declare myself the 21st Democratic candidate for President and I'm not here to declare myself potentially the 4th or 3rd Republican and therefore, there's no danger of me becoming Commander in Chief. That's the only person whose opinion ultimately really matters in a sense, where you're trying to create, some people would say ambiguity, but I also want to create options. I don't want to take away the option of a strong response, which I think is sort of our default today. It's not official declared anywhere, but the way we read treaties is such that any inch of allied territory is essentially sacred and can't be violated by an enemy. We would use military means presumably to liberate or oppose that sort of transgression against Japan or any NATO country. I'm just saying that we need a wider range of options. Frankly, I believe that what I'm putting on the table is more credible than the current default. Therefore, I think it would improve deterrents just to have this in the conversation. I'm trying to add this kind of concept of economic warfare plus forward but non-lethal military deployments. That's the essence of my response to the tool kit. It should be publicly stated in advance that that is in our tool kit. We should take certain steps to prepare for the kind of implementation of these scenarios that would require certain economic measures we haven't yet undertaken. We can come back to that, if you wish. I think having all that out there and having military leaders mention it is actually fine. I would just suggest that they not pull off the table any other options.

You know, John Bolton has been talking these last few days about Venezuela, and not taking

options off the table. Very few people interpret that to mean that we are going to invade them tomorrow or next week or next month, but nonetheless there is potentially a value to saying that, but there is also a meaninglessness if you have no other option besides the kitchen sink. So, I want to create other options that perhaps make these sorts of threats more credible. Then I don't think our generals or officials will be in a tough spot. They can even say what I just did and acknowledge -- the President always reserves the right, to go in with disproportionate military force from Day One if he so wishes.

CHHABRA: So, you've said that you think the chances of all-out war with China and Russia are actually small, but you want to make them even smaller. Right? And we can all agree with. Do you worry at all that you're proposing a tradeoff which might trade off some measure of deterrents for a marginal reduction in what is already a small risk or do you really just see this as enhancing the credibility of the -- I think about what China has been able to accomplish in the South China Sea, militarizing islands that it said it would not, what Putin and Ukraine -- obviously Ukraine is not a NATO ally, but probably understanding that there would be some costs imposed, but probably going ahead anyway and kind of sensing that they could calibrate the costs and it was worth it anyway, worth chipping away at a U.S. led order for some of the economic sanctions or other costs that might be imposed. What do you think about their ability to calibrate costs like this in the framework that you're proposing?

O'HANLON: Well, I don't know how to prove this contention because of course, deterrence is in the mind of the deterred or not deterred, but I think my approach would improve deterrence, because the simple fact that we haven't seen one of these scenarios play out yet doesn't mean they haven't been considered. In fact, Russia has arguably come sort of close with its cyberattacks against Estonia in 2007 and China has come sort of close with its strong arming the Philippines around the Scarborough Shoal which of course the permanent court of arbitration through the Hague ruled to be within the Philippine exclusive economic zone. Yet the Chinese have been muscling in there in violation therefore of the law

of the sea. So, we've already seen small scale deterrence failures under existing policy.

So, I'm not going to concede. I acknowledge that it's a debate, but I'm not going to concede the point that somehow this approach that I'm proposing would weaken deterrence. I actually think it would make it more credible in a situation where deterrence is clearly hanging by a somewhat thin rod for these kinds of scenarios already.

CHHABRA: I thought actually one of the most noteworthy passages in your book because this kind of gets to your policymakers' broader framework for how they kind of think about the kind of incursions that you're talking about. It was in your concluding chapter where you argue that modern U.S. strategic culture has learned the lessons in Munich 1938, i.e., the dangers of impeachment and inaction, but it's internalized less, you argue, the lessons of Sarajevo 1914, namely that overreaction by multiple parties can lead to war that no one really wanted in the first place. So, tell us what you mean by that.

O'HANLON: Well, you said it pretty well. I think that --

CHHABRA: I'm just quoting you.

O'HANLON: I think you must have improved from what's in the book. I do think in the United States we have learned, since World War II, especially, and since 1938, that this Eurasian land mass doesn't do very well without us. On this point, I strongly disagree with academic theorists, the offshore balancing school, or the retrenchment school who somehow believe that we're so secure that we can afford to pull back. We've already learned from history that's not smart, because 2 world wars ensued when we decided to only go in late The Cold War, we made tons of mistakes and had a lot of setback in Vietnam and Korea were prominent on the list, but nonetheless we didn't have great power war and I believe that staying forward engaged was beneficial. Even in today's world order where we've had a lot of tragedy since 9/11 and very frustrating wars in the Middle East, we still have this remarkable constellation of world economic and military power where 2/3 of all GDP and military spending is

loosely aligned with the United States. I think that's a pretty good strategic position from which to begin. Therefore, we don't want to overreact if there is a small-scale issue or conflagration. This may be where I have a slight difference of opinion with Tom Wright and Bob Kagan, who I think have done very well to call attention to the dangers of where Russia and China have been going. But Russia and China also have a lot of pride associated with what they're doing. They consider themselves to be pushing back against things we've done. They have not done hugely egregious things against our own allies at this point. I want to also bear in mind that by the standards of rising powers, China, in particular, has been reasonably well behaved so far. It's an argument that Jim Steinberg and I tried to make 5 years ago in a book we did, not giving China a pass by any means, but nonetheless acknowledging where we are in history. China doesn't want another century of humiliation such as what they suffered at the hands of the Europeans and finally the Japanese through World War II. There is going to be a certain amount of the psychology of Russia and China that's going to be looking to be assertive, going to be looking for greater influence, especially close to home. We've got to manage this high wire act of pushing back against their encroachments without overreading, without overreacting and therefore engaging in escalatory behavior that they feel the need to again up the ante from. So that's what I mean. I think most of these kinds of crisis need to be treated as serious but not threatening to the fundamental planetary piece unless we allow them to escalate.

So, the number 1 goal, even more important than rolling back the aggression, is preventing escalation and preventing further encroachment by either Russia or China, which is why there are forward military deployments as a big part of my strategy. Just I want to avoid firing the first shot, if possible, against Russia or China.

CHHABRA: Your sense of the Obama Administration, a lot of people would say that concerns about the escalation with Russia were, in fact, pretty prominent in the Russian Administration, you know, discussions about Syria, lethal assistance, Ukraine, and similarly, with China. If our look at NEC

discussions about the South China Sea, someone would say they were too prominent. I don't know whether you would agree with that. Maybe you would say that the predominant world view of the so-called foreign policy, establishment criticizing the Administration at the time is more focused on 1938 rather than 1914, but I guess even then, aren't those two impulses just intention? Do we not have to lean one way or the other, depending on the strategic environment or how we ascertain the strategic intentions of the potential aggressor at the time. If it's China, we see growing ambition. We see this fundamental disregard for human rights, a growing willingness to force its neighbors. Do we not lean in the 1938 direction of our world view, given the circumstances?

O'HANLON: No, because China today is a far improvement over Adolph Hitler's Germany. We need to be good at reading Shades of Gray. Everything you just said about China is true, but it's still a country that has brought more people out of poverty in a generation than any other nation in the history of the planet. We need to remember to give China credit, not just to be nice diplomats, but to properly orient ourselves strategically to bear in mind the good and the bad, to have a balanced view of the situation. Now, maybe China will become much more threatening over time. I don't know. We should be ready to respond. I'm generally supportive of much of the Trump Administration and the Obama Administration in the latter years were doing with the third offset. The National Defense strategy, focusing more on China and Russia in terms of preparation, budgeting, resource allocation, emphasizing quality improvements over quantity in our military, as Jim Miller and I have written, but nonetheless, China is not like Hitler's Germany. It's much more akin to a European country of the early 1900's that was looking for greater influence and potentially willing here and there, to fight for it, but for the most part, trying to flex its muscles. In fact, I think China has been much better behaved than any of the major European powers in the early 20th Century. Not only far better than Hitler's Germany and the Third Reich, but also better than even Brittan and France that were going around colonizing half the planet in the early 20th Century, certainly better than Germany that was tired of watching Brittan and

France have all the fun and wanted in on the act, and of course, Russia, Austria, Hungary and others.

So, I think that's how we have to understand China's place in history and in the international order today. Putin is a little bit of a tougher commodity and I think -- in some ways, I believe Russia is a greater danger than China to our interests because I think Russia is more intent on upsetting or radically changing the global order, even though it has less power with which to do it. It still has 135 million people, 5,000 nuclear weapons, 11 time zones, and a lot of resources and a pretty wily guy at the top. So, I do not join the strategic consensus in the United States that says China is the greater threat. I actually think Russia is the greater threat, but they are both concerning. They both need to be watched. We need methods to push back against both, but they have to be proportionate to the risks and to the offenses, not disproportionate.

CHHABRA: So, let's turn to the tool kit that you're now advocating for in response to these scenarios. You emphasized sanctions and you even think about the viability of sanctions in a 20-year time frame, out to 2040. How confident are you that the United States is going to be able to continue to rely on sanctions in the way that it has, say over the last decade, which is documented quite well in Juan Zarate's book which you cite. Already in the Obama Administration, there is lots of discussion about trying to be judicious in the use of sanctions. In 2016, former Treasury Secretary Jack Lew gave a speech warning about sanctions overreach. You yourself in the book talk about the dangers of weaponizing swift. Do you think we'll be able to continue to rely on this tool kit, looking 20 years out? And a second but related question is are you not concerned about escalation from crippling bout criminal economic sanction? We've seen in the past economic sanctions contributing to decisions to take preemptive military action. Is that not something you worry about as well?

O'HANLON: Sanctions, I think, are the right tool, when you don't need to reverse the aggression quickly.

For most of the scenarios in my book, we can live with a temporary or even indefinite new reality. If China holds on to 2 of the 8 Senkaku Islands for the next 30 years, I'm not sure that's such a huge problem. If Russia holds on to 1 farming town in Eastern Estonia, that's too bad for the 300 people who live there by my notional scenario, but it's really not worth sending Desert Storm-like forces halfway around the world to liberate. So, sanctions are a tool of U.S. foreign policy that I think we've gotten much better at, as Juan Zarate documented, as our non-resident Richard Nephew has written. We've seen them used quite well in regard to North Korea, in regard to Iran, in regard to Russia.

By the way, you were talking earlier about what Putin got away with in 2014. It's interesting to me that Putin thankfully hasn't tried to go a lot further into Europe than he did in 2014, and therefore, there might actually be a hidden success of sanctions here that we should give the European Union credit for, in particular. They're the ones that have the greater trade, as you know, with Russia. They've had sanctions on ever since then, despite governments, despite right wing movements, despite some leaders in Europe that are friendly to Putin. They have kept the sanctions in place. I hope that continues after Brexit. Maybe Putin is deterred. Maybe he's like wow, they actually showed a little more backbone than I expected, especially given that Ukraine is not a NATO member, and that really makes me think twice about moving into Estonia or Lafia. Maybe some of the same effects that I'm trying to create in the book with this alternate doctrine have already, in effect, begun to take action and influence over Putin because he saw the strength of the sanctions and their staying power.

But anyway, that hasn't driven him out of Crimea. It hasn't driven him out of the Eastern Donbass of Ukraine. That's regrettable to me, but it's not the end of the world. It's not the same as a risk of world war. So, this book -- my policy options and the pain associated with them. I'm always evaluating against the risk of superpower conflict. By that standard, we should be willing to absorb a fair amount of economic pain before we feel that we have to resort to military force, as long as the pain is sufficiently serious for Russia or China, that they get the message and that we've also maneuvered

military forces into position such that any further transgression will not be so easy. So, those are other elements of my strategy that are crucial. We don't have to avoid pain to ourselves for this strategy to work and we don't have to reverse the aggression quickly for the strategy to be still the least bad option before us.

CHHABRA: And you propose that the sanctions should just not be generated out of the Treasury and raised up out of the White House in coordination with Defense Department. You're proposing that Treasury officials go sick in the combatant command, so the people who are thinking about us who are focused on sanctions should ship out to Hawaii, sit in the Indo-Pacific command and be part of developing war plans controlled by the Department of Defense. Why is that? What should not be part of the whole government effort, especially at a time when you've had Secretary of Defense Gates, Mathis, Carter, all say that we've become a little bit out of whack in terms of the power of the Defense Department across National Security agencies.

O'HANLON: First of all, I want to thank you for your help thinking that through, even if I prove to be a bad student and miss the main points you were trying to make. But with your experience, you did help me think about this. I don't suggest that the only place where thinking should occur is the combatant commands and specifically, European command with regard to Russia, Indo-Pacific command, as you say, in regard to China, and then central command because certain of my military options would actually be applied there against oil tankers and other such assets that are keeping the Chinese economy going under certain scenarios. I do think that right now we have this conundrum where because of the absence of Treasury, USTR, et cetera from the combatant commands, and because military planners don't understand economics very well as a rule, therefore, the only way they can react to these scenarios is with the hammer of military power, so I actually think that the current situation is what exacerbates the danger of a military first foreign policy because if we see one of these crisis develop, the only way we can bring all the tools of government together is through the NSC, which

as you know, is already overtaxed. We complain the NSC is too big because it has 300 professionals now, 5-fold increase since Bill Byrnes writing about this in his book since he started his career 30 years ago, but that 300 people is way too few to develop detailed integrated military economic war plans. So, I want to just get more people involved in that earlier. Frankly, for the purposes of writing this sort of a book, if I just help start a conversation, I'll be happy with whatever outcome specifically is produced. If people want to put a war planning cell in Treasury to mimic the Joint Staff, that's fine by me if Treasury has the people to do it, or if they can hire people fast enough, or maybe borrow some people from the Pentagon to bring over to treasury. There can be multiple paths. I'm trying to be more inclusive, not less. I think today we have a situation that's dangerous, because the only people who think about war planning are the military combatant commands or the National Security Advisor in a crisis. We're not there for using all the tools of government that we have at our disposal to plan in advance to anticipate where we have to be ready for escalation by an adversary. Therefore, we need more resilience in certain parts of our economy. We should be thinking about that in advance and we should be signing China and Russia that we have lots of options here that they might not like, short of an all-out military response. I want that to happen now too. For all these reasons and multiple directions is the real goal, not any specific orientation.

CHHABRA: Tell us about some of the things we ought to be doing right now in terms of enhancing our resilience even before there's a move on the Senkaku's or on a town in the Baltics. You had some great recommendations on that count.

O'HANLON: So, here's one. NATO should use more infrastructure funds to build more liquified natural gas terminals in Western Europe. So, in the event of a showdown with Putin, and potential decision by either us or him to end Russian exports of oil and gas to Western Europe, that Western Europe would have alternatives. They might be a little more expensive, but we can mitigate the expense and we can also prevent interruption of supply or a long-protracted period of less energy for

Western Europe by the creation of this sort of infrastructure. I think that's a nice clear example, very specific, and I think very doable right now. It would be a subsidy. It wouldn't have to be necessarily using NATO money to build the entire thing. We should look at the National Defense stockpile of strategic minerals and metals that we built up in the Cold War, worrying that some part of Africa and Central Asia might simultaneously fall in unfriendly hands and cut off supplies of cobalt or zinc or titanium or something that would be crucial for our modern industry. So, we built up enough supply to last at least a few months. That has been reduced by more than 90 percent since the Cold War ended on the assumption that we wouldn't have to worry about any such thing. China already showed us in 2010 that there are certain kinds of commodities they control. In the case of 2010, rare earth metals that they stopped exporting to Japan after a dispute over the Senkaku Islands. We already have been forewarned that it's time to, I think, rebuild that national defense stockpile. That would be another element.

The third big piece with China, in particular, in its role in the global economy and global supply chains and with a lot of thanks to our colleague David Dollar for teaching me more about this. I don't claim to have the answer figured out. I'm not a smart enough economist to do this, but we need to figure out some notional caps on what percent of any key electronic good. We're prepared to see China have a key role and where it could just interrupt or stop production or stop export of that kind of electronic good. With some things, like my kids' I phones, I'm prepared to live with an interruption. Don't tell them I said that. With other things, like major components for, not so much the military, because they're probably making most things without Chinese involvement already, but let's say, electricity grids or rail lines or port infrastructure. There are certain kinds of electronics that we are highly dependent on from China and that creates a number of vulnerabilities. One of them is that China could, of course, just cut off future exports for some protracted period. We have to be able to recover from that cutoff faster than our economy sort of goes south precipitously. That's a complex calculation

I'm not smart enough to make. I just say in the book that calculation needs to be made. I take an idea here from Ely Ratner over at CNAS --

CHHABRA: The National Economic Security Strategy --

O'HANLON: Exactly. That's the kind of thing I believe we should be looking at. Maybe the Committee on Foreign Investment of the United States, CFIUS, which already does a good job on some areas of foreign investment should be redefined and broadened to be the committee on foreign investment and economic resilience and should look at areas such as dependence on China in the global supply chain that works for key industrial or military related goods and try to establish some caps. Where we have to subsidize, creation of alternative global supply chains, we might want to look into that.

CHHABRA: And finally, what are the kinds of defense investments do you think we need to be making to enhance deterrents against these kinds of scenarios?

O'HANLON: If we do fight China or Russia, I want it to be first of all in a theater that we choose, if possible. For China's scenario, the most natural is the Persian Gulf because of their dependence on oil from that region. I want to do it in a way that has a natural cap on escalation. Of course, China could always choose to escalate disproportionately and asymmetrically, but I would rather be fighting in ways that sort of limit the likely damage if they take a response. I would also want to minimize the likelihood of loss of life. When I put all that together and I apply this to the broader Middle East, I need lots of surveillance capabilities to figure out which oil tankers are frequently servicing Chinese needs, long range strike options -- we'll have some military basis in the Middle East, of course, which is one of the reason I like fighting China or Russia there if we have to fight them anywhere, but we don't want to count on regional allies necessarily providing us robust access to basis. So, things like long range submarines, B-21 bombers, tanker aircraft, become important. Then I want non-lethal weaponry to shut down ships, propellers or engines. It's sort of striking to me how mad of a job have we collectively done

and creating non-leather weapons. I've been hearing about this ever since Mogadishu in 1993, if not longer, and non-lethal weapons were always going to be our next best thing, but now we've been through 20 years of conflict in Iraq and Afghanistan and elsewhere. Non-lethal weapons have almost no perceptible role at any of those fights that I can see. For this situation, I want to be able to stop a ship without killing the crew, especially since the crew could sometimes be Chinese or Russian sailors. That's a short list of maybe some of the most important technologies that I would favor. None of this, by the way, requires a huge change. Probably the biggest thing of all we've discussed is capping China's role in global supply chain networks for certain kinds of important industrial goods. Some of that can be implemented gradually. You won't necessarily have to disrupt it tomorrow. Most of the other stuff, National Defense stockpile, LNG terminals in Europe, a little bit larger B-21 or submarine force. Most of these things can be handled in the realms of hundreds of millions and low billions of dollars a year.

CHHABRA: Do you think some version of economic decoupling does need to happen in certain areas?

O'HANLON: Or at least capping. Whether it's decoupling or just making sure we don't inadvertently wind up with such a high dependence on China that we're essentially subject to their escalation dominance in an economic war? We don't necessarily have to be able to win that war per se quickly, but we do have to avoid losing it quickly.

CHHABRA: It would certainly seem from the Chinese side through, for example, their maiden 2025 plan to lessen their vulnerabilities to us and supply chains here as well.

O'HANLON: Yeah. Exactly. And in fact, I was recently in a discussion with Mike Greene, our good friend over at CSIS who pointed out that I claim to have written a new book, but in some ways the Chinese invented the strategy of economic warfare already. They are the ones that cut off the rare earth metal shipments to the Chinese. They have punished the Koreans for accepting a U.S. missile offense system. They have put pressure on the Philipppians --

CHHABRA: Norway, you mentioned too.

O'HANLON: Exactly. So, you know, in a way, this book is sort of catch up ball for the United States. We're so used to thinking that we can dominate any military theater, even one 100 miles or 20 miles away from Russia or China's borders and that if we lost that, we'd better get it back. We're so used to that way of thinking; I think we deny ourselves a fuller range of tools when in fact some of those tools might work much better.

CHHABRA: Great. Well, we could go on for hours here, but I think we're out of time. Thanks so much and congratulations on the book.

O'HANLON: Tarun, thank you.

DEWS: You can find the book [The Senkaku Paradox, Risking Great Power War Over Small Stakes](#), published by the Brookings Institution Press on our website or wherever you like to get books.

Now, here is Martha Ross with a look at youth employment and what approaches we can take to address it.

ROSS: Hi. My name is Martha Ross and I'm a Fellow at the Brookings Metropolitan Policy Program. Helping young people prepare to engage in work and life as productive adults is a central task for any society, but after the great K-12 conveyor belt of education ends, young people after high school face a landscape of college and training options that can be confusing, difficult to navigate, and financially out of reach. They also face a labor market that favors those with college degrees. Small wonder then that some young people are struggling.

In a new analysis, my colleague Natalie Holmes and I used census data to examine young adults, aged 18 to 24, to identify those who are out of work. Now, it's hard to talk about employment among young adult without also talking about education. We don't need to worry too much about fulltime college students without a job. Because we were focused identifying the most economically vulnerable young people. We excluded most college and graduate students on the grounds that they appear to be

on track, and only included college students not living in dorms and who are actively seeking work.

We found that 17 percent of all 18-24-year old's in the Nation's largest cities and counties are out of work, or 2.3 million people. Nationally there are 5 million such young people. On the whole, their circumstances suggest a difficult transition to adulthood. Only 36 percent worked in the past year, compared to 69 percent of all young adults. 20 percent left high school before completion and another 43% report that a high school document is their highest level of educational attainment.

Only 17 percent are in school, compared to 53 percent of all young adults. About half are actively looking for work, compared to 10 percent among all young adults. The share of young adults who are out of work varies considerably by place and generally tracks the demographics and overall given performance of a given area. So, for example, the out of work makes up a full 1/3 of all young adults in Detroit and about 1/4 in the Bronx in New York City, several counties in California and Hidalgo County in South Texas. These places have different economic bases with some focused-on agriculture and others with an industrial pass for example, but they all have fairly low employment rates overall and low levels of educational attainment.

On the other end, 10 percent or less of the young adult population is out of work in cities like Boston and Seattle, as well as in Wake County, North Carolina, which includes Raleigh, Hennepin County, Minnesota which encompasses Minneapolis and Dutton County, Texas in the Dallas/Fort Worth region. These places all have higher employment rates and levels of education.

Now, let's look more closely at the out of work population itself. Since no group is monolithic, we segmented them into 5 groups, roughly sorted by age and education to better understand their future labor market prospects. The largest share, 37 percent, is between the ages of 18 to 21 and has at most a high school diploma. The second largest share, 25 percent, is between the ages of 22 and 24 and is also made up of people with no more than a high school diploma. These 2 groups have the least work experience of all of the out of work groups, the lowest rate to school enrollment, and the highest rates

of parenthood. They are the least prepared to find and keep jobs enabling upward mobility and remember, they account for about 2/3 of the entire out of work population. They are a good example of what happens in a country like ours that has, as one researcher described, arguably one of the least effective systems for preparing non-college bound youth for the work force in the Western world.

The next 2 largest groups are counting together for about 30 percent of out of work young adults, have at least some secondary education and a small share have associates or bachelor's degrees. They have the strongest interests in finding work among the groups, relatively strong work histories, and the highest rates of school enrollment. This group has stronger ties to education in the labor market than the less education group, but they may face challenges balancing work and school. It's hard to know though whether their education after high school has prepared them well for the labor market. We have limited information from the data and there is quite a range of experiences. On the positive side, they could have learned valuable skills without earning a degree, such as if they trained to become a licensed practical nurse or earn an IT certification.

If they are currently in school, they could be on track to earn a degree or complete a job training program. On the more worrisome side, they could have enrolled in college or a training program and left before completion, perhaps incurring debt and with no guarantee of an earnings payoff. We know from other research that nearly half of students who enroll in school seeking a degree leave without earning that degree.

Lastly, the smallest share of the out of work coming in at 6 percent consists of young people with Bachelors' degrees from families with high median incomes. So, what do we do about this? There is no shortage of ideas and examples of how to reform education and training and promote stronger pathways into the work force. That could be a whole separate podcast. What we lack is a sense of urgency, political will and imagination. The data I've presented on low educational attainment and limited work histories is only one piece of the picture. It outlines the nature of the problem, but says

nothing about the intelligence, assets and potential of these young people. That is what we should tap into. We do ourselves no favors when we consign millions of people to the margins of the labor market when they could be helping to shape our collective future.

DEWS: A report with Natalie Holmes is titled Meet The Millions of Young Adults Who are Out of Work. The data analysis and a very cool interactive are available on our website, Brookings.edu.

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Until next time, I'm Fred Dews.