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THE SENKAKU PARADOX:
RISKING GREAT POWER WAR OVER SMALL STAKES

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PARTICIPANTS:

MICHAEL O'HANLON, Senior Fellow and Director of Research, Foreign Policy
The Brookings Institution

RACHEL MARTIN, Host, "Morning Edition"
NPR

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P R O C E E D I N G S

MR. O'HANLON: Well, good morning everyone. Although it's good afternoon practically for Rachel who, of course, has been up awhile. I'm just going to say a brief word of introduction and thanks for coming and then turn things over to Rachel to grill me for a while. But I said I wanted to brag on her first because not that I take any credit for her brilliance or success but she was my student a long time ago at Columbia University. And we old professors, we love to, you know, have brilliant students start our courses, still be mostly brilliant, hopefully we haven't contaminated their minds too much by the time they leave and then just enjoy watching the radiated glory of their careers thereafter.

And obviously, Rachel Martin has done amazing things at NPR and we all enjoy listening to her in the morning these days. But she did many things before that as a journalist including a good deal of time in Afghanistan back in the early days of the 2000s and a stint in Berlin. Very good work on religion and very good work on a number of other topics. And she was NPR's Pentagon correspondent for a stretch as well. And so, I'm just going to ask you all to join me in welcoming her to Brookings.

MS. MARTIN: That's very kind.

MR. O'HANLON: I'm trying to soften her up.

MS. MARTIN: Now I'm going to say something about you. Because I was doing the math and it was almost 15 years ago that I audited your class which was the best because I didn't have to do any work. I just got to absorb all of it. But, you know, the world has changed a lot in 15 years, I don't have to tell you. But what has remained the same is that I really do think of Michael O'Hanlon as one of the wisest voices on national security and defense issues.

Especially in these times when everybody is about the hot take. Everybody is about an emotive opinion and the loudest voice in the room wins. And what Michael does is what he has always done which is to go to the facts, to look at things dispassionately in a critical way. To unpack problems based on research, based on data, based on years of

experience. And he's able to unpack problems from a 360-degree view. And I appreciate that about you and I am so pleased to be able to be here to talk about his latest book, so thank you, Michael.

MR. O'HANLON: Thank you, Rachel.

MS. MARTIN: Let's clap for Michael O'Hanlon. So, this book is called "The Senkaku Paradox." I'm going to assume that most of you in the room know what those words mean but we'll let Michael talk about them. And the first question, since I am your friend, is a big old softball. Michael, why did you write this book? But seriously, why did you write the book?

MR. O'HANLON: First of all, thank you for holding it up because I also have a chance, therefore, to thank everybody who helped me with it. The beautiful production job with Brookings Press and many others. Ian Livingston, who I see here today, my research assistant at the time and Adam Twardowski, my new research assistant and our broader teams at Brookings.

But I think the reason that I wrote the book, Rachel, is as you know, we're hearing a lot of talk in Washington about great power rivalry. The Pentagon has made China and Russia its top concerns. That began in the latter years of the Obama administration after Vladimir Putin took Crimea in 2014 after President Xi started militarizing and reclaiming in the South China Sea and deciding to be more or less president for life in China.

And now we see in the Jim Mattis national defense strategy which was released last year when Mattis was running the Pentagon, a reemphasis on great power competition in a way we hadn't seen since the Cold War. And I don't think most people walk around town or walk around their lives thinking that we're about to go to war with Russia and China but the Pentagon is worried we just might be. Especially if we don't think hard about it.

But then it begs the question, first of all, I'm not totally sure I agree with

every element of this thinking. I think I agree with much of it that we have to reprioritize, focus on Russia and China. Sometimes people veer over into the realm of expecting war to be almost inevitable. They put on their realist international relations theory caps and decide that a rising power must fight an established hegemon or however you want to put it or that a declining power like Russia is not going to go quietly. And these kinds of fatalistic, deterministic interpretations that some people, not most, but some hold, I think, are dangerous.

But beyond that, if you're going to have rivalry with China and Russia it raises the question, okay well how could a war really begin, what would be the spark. And I don't see either one just, you know, trying to march on Tokyo or Berlin. We're not going to see a World War II like scenario, I don't think. I believe deterrence is robust enough that that won't happen.

So, then it raises the question of how could it happen. And I think it's over more like a World War I scenario. It's more like over a small thing or a relatively small thing that then blows up and escalates. And that took me to the Senkaku Islands or as the Chinese call them, the Diaoyu Islands in the East China Sea.

MS. MARTIN: Right, two very different definitions but are important.

MR. O'HANLON: Exactly. And both countries claim them. Japan administers them. I'm not really sure what it means to administer islands where no one lives and nothing happens but that is formally what we have determined they do and therefore, we have formally decided that the U.S. Japan mutual security treaty applies. In other words, we are sworn, potentially at the risk of the lives of our sons and daughters and brothers and sisters to go defend those islands and Japan's claim to them as if they were a central part of Honcho or Tokyo.

MS. MARTIN: I don't think a lot of people actually realize that. Maybe in this room but more broadly in the population.

MR. O'HANLON: I think you're right. Because, you know, for the most part,

it's been handled fairly quietly as sort of one of the East Asia security issues that you have to get just pitch-perfect, like how we handle every Taiwan proclamation. And Taiwan could be a scenario under this broad heading of a Senkaku paradox. I do discuss Taiwan in the book. But the Senkaku Islands were really my poster child because they are so blatantly unimportant at one level. And yet, if China were to grab one or more out of eight, or the sum total of which is seven square kilometers of uninhabited territory. And as you can see, mostly rocky and useless. You couldn't even build a Trump-Abe golf course on one of those.

If China were to seize one, what would we do? And, if fact, that question was put to my good friend John Wissler who is a Marine Corps fellow here as a lieutenant colonel 20 years ago. And then he rose through the ranks and became Lieutenant General Wissler and he was the head of the 3rd Marine Expeditionary Force based in Okinawa. So, the highest-ranking Marine in the Western Pacific. And about five years ago, he was on a visit to Japan and a Japanese journalist asked him, what would the United States do if one day we woke up and the Chinese had, you know, occupied a Senkaku Island or as the Chinese say, a Diaoyu Island, since they claim them as well.

And General Wissler said, take them back. And then he said, well maybe we wouldn't have to take them back, maybe we would have other means of dealing with the Chinese presence there that would move it off the islands without us having to go in. So, now I'm thinking what, bombing them? And the more I thought about it, the more I thought this was exactly the right answer for General Wissler to give but exactly the wrong thing for us to do if this scenario presented itself. And so, that's my long answer to your question of why I decided to write the book.

MS. MARTIN: So, let's unpack these two cases. And since we started off talking about the Senkaku, we'll get to Russia. But you said, no one lives on these islands. Can you define the relative interest? What does Japan see of value there and what does China see of value? Maybe they're the same thing.

MR. O'HANLON: Well, first of all there are fishing grounds in this vicinity. But we don't really know if these islands qualify as islands under the law of the sea and therefore if the possession of the islands would even have any bearing on access to the fishing grounds. It would probably be larger issues of the continental shelves and the way in which when two countries are relatively close to each other, you either draw a line right down the midpoint, separating the territories to determine who has exclusive economic zone privileges or you make a more complex determination based on the continental shelf of a continental power like China. And, in fact, Tokyo and Beijing disagree over how to draw that line. But it's not really affected, in all likelihood, by ownership of the Senkaku/Diaoyu.

So, it really becomes more of an issue of history and pride. And for the Chinese, these are islands that they think they got to first and probably everybody can make a pretty good argument about who was there six or 700 years ago and I'm not going to be able to resolve that and didn't try. But then, of course, when the Japanese took a lot of the islands in the broader western Pacific in the 19th century, including Taiwan, that then became the precursor to the Japanese occupation of China in the 1930s and all the history associate with that.

And then, when World War II ended, and we had defeated Japan, we liberated Taiwan. We held onto Okinawa until 1972 or so. But with the Senkakus, we decided it was okay to let Japan sort of keep them. And we didn't think much of that decision at the time but it was our decision. But we didn't really think of it as a permanent decision and still to this day, the U.S. government has no position on whose islands they rightfully should be. So, we're in this weird place of being sworn to defend them without really having an opinion on whose they should be.

MS. MARTIN: Even though our sworn allegiance is to defend Japan, not to defend China.

MR. O'HANLON: Right, exactly. We would defend Japan and Japanese territory including the Senkaku's from anybody who might threaten that territory but China is

the only likely candidate in that case unless North Korea decides to send a missile. In any event, if they sent a missile against a Senkaku Island, it would potentially be a too bad ecologically. It wouldn't matter in human terms much at all.

So, it really is the question of does China want to do something to exercise its historical claim and therefore sort of poke Japan in the eye. These are the kinds of reasons why you could theoretically see it happen. But the more strategic reason for China might be to try weaken the U.S.-Japan alliance. If they saw and opportunity that we would somehow not come to Japan's aid as much as Japan expected, for example, they might find that a very clever way to weaken the alliance. And that's why I think Putin might do the same sort of thing over in Europe when we come to that scenario. But I think it is history and pride that drive the claims to the Senkaku/Diaoyu Islands.

MS. MARTIN: So, what would the escalation look like? Understanding that the actual chance of this happening is very small but still it's worth exploring in order to make sure it doesn't transpire. How does the escalation occur?

MR. O'HANLON: And, in fact, you say it's very small, I think I agree. But it's also worth remembering and around 2010, there already was an incident that led to the Japanese seizing a Chinese captain, putting him in jail. And then the Chinese cutting off exports of rare earth minerals to Japan that are needed in the production of electronics over the Senkaku Islands. So, there's already been a violent incident. Nobody died and it was ultimately resolved but it took a while. So, something like that, I'm not sure the chances are very small. I think the chances of war, all-out war, are small but I want to make them even smaller given what could ensue.

So, let's say China does decide under some kind of a pretext. Maybe they claim that there was some, you know, Chinese tour boat in the vicinity and then like a Gilligan's Island scenario, the tour boat gets blown on shore during a storm and the Chinese have to come in and save their countrymen and temporarily establish a presence on one of these islands to do it.

MS. MARTIN: It would be a great reality TV show.

MR. O'HANLON: Thank you, we should go out and do that. Hopefully, nobody will get any ideas.

MS. MARTIN: If no one does, right.

MR. O'HANLON: And then they're there and they just keep saying, well we're going to leave pretty soon but then they find some new premise. Maybe they've been studying the way their friend, Vladimir Putin, makes up stories to keep justifying something that he says he's not really doing or not doing for the reason that everybody knows to be true.

In any event, once they're there, why would they necessarily leave and then what is Japan, what is the United States, what do we do next? We could blockade them but that's an act of war. Over an issue where yes, we think a security treaty does apply but no, we don't even formally view this as Japanese territory, we don't have an opinion. We just as a government believe that Japan administers them.

So, it's a very thin reed to base a blockade on. Although that is certainly one of our options and then General Wissler's option of either a mini-Marine amphibious assault or a bombing run. Those are other options. I don't like any of them very well in the first instance. So, my approach would not involve firing the first shot. There are a lot of other things which we'll get to that I would do but I want to avoid firing that first shot in anger against China over a Senkaku Island.

MS. MARTIN: But clearly Japan understands, and China, this potential as well. So, they would be cautious to do anything that would exacerbate any of those tensions, right?

MR. O'HANLON: They should be cautious. So far, they've been moderately cautious. But the Japanese have been documenting instances of greater Chinese incursions into the waters around these islands, including within 12 miles which is the normal territorial sea. And over-flights have been quite numerous. The Japanese have

to scramble like crazy with, you know, monitoring responding to Chinese encroachments.

We had a Japanese Air Force colonel here last year on a fellowship and he was trying to figure out different ways Japan could monitor and patrol its air space going forward because there were so many Chinese encroachments largely in this part of broader Japanese territorial claims. That the Japanese Air Force is hard pressed to scramble each and every time this see this sort of thing.

So, there's not complete caution by any means, there is some risk taking. And clearly, the Chinese would like to create just enough concern that the world notices and that maybe some kind of a diplomatic process could ensue. And I even did an article once here with a Japanese and a Chinese colleague on a proposal, like a diplomatic resolution. That would still keep Japan in sovereign control of the islands but then would have them administered and have the sovereignty essentially exercised through a joint oversight board that Chinese and Japanese would populate in equal numbers and make decisions by consensus.

MS. MARTIN: I mean great. Did that get risen up the flag pole to the deciders?

MR. O'HANLON: A couple of my Japanese friends yelled at me about it because it implied conceding ground. But the other thing I pointed out to them, as this article said, as one of the stipulations the Chinese would have to acknowledge, they have no other claims to any other Japanese holdings in the Okinawa region, the Ryukyu Islands. There have been worries that China might do this first and then might find some other issue to invent down the road.

And so, our proposal was partly designed to preclude that. So, I thought it was worth a small risk of the Japanese having to share, you know, essentially the exercising of sovereign rights in exchange for a Chinese agreement not to invent new issues in the future.

MS. MARTIN: So, let's play this out a little bit further. I mean, you talk

about the likelihood of an American blockade as one option. Lay out how you think the United States in 2019 would respond to that threat, like Chinese aggression on the Senkaku and then how does that differ from your prescription?

MR. O'HANLON: So, it's interesting you say 2019 which means President Trump is in the White House which adds one more complexity. But let me start imaging in what Obama or Trump or Bush or Clinton, any of them might have done, under the existing terms of the treaty. And by the way, it was President Obama who was the first American president himself to publicly say that the U.S.-Japan treaty applied to the Senkaku Islands. And previously, that had been handled more at the, you know, working level. And we had made that statement previously but Obama was the first one as president to do so and Jim Mattis reiterated.

So, you know, the current approach, I think, would be to be very seriously inclined towards a decisive and military response of one type or another. The blockade option would have appeal because it wouldn't require us to fire the first shot unless the Chinese started trying to do air drops on the island and then we'd have to make a hard call.

MS. MARTIN: But you said it is an act of war.

MR. O'HANLON: So, it would be an act of war but it would not yet be shooting. We would not be making the -- so there would be this finessing.

MS. MARTIN: But the Chinese could make the argument that the United States was taking an aggressive position.

MR. O'HANLON: Exactly. So, I would prefer not to do the blockade but I still think it would be better than, you know, General Wissler's presumed options. Which, again, I commend him for what he said. We don't want deterrents to fail because the Chinese listened to some Marine General who seems to be going wishy-washy over a previously clearly stated U.S. commitment to help the Japanese defend these claims. So, I think Wissler said the right thing for his position but I do prefer the blockade over the lethal options that he implied would be considered.

But my approach would not do any of that. Let's say hypothetically the Chinese are on one of the islands. I think we should have American and Japanese forces then establish positions on the other seven. We should swing more of the Navy into the western Pacific and that's going to mean some difficulty in other parts of the world. We may have to immediately begin a ship building campaign even more ambitious than the one we have now. This may lead to bigger defense budgets if it doesn't get resolved. And then we should also start to think hard about a strategy for economic warfare against China that takes some of President Trump's current ideas but builds on them, expands them and perhaps makes them more long-lasting.

MS. MARTIN: With that, I want to turn to Russia. Some of this applies in the same way. But this feels closer to us even though you cited that example of the threat to the Senkaku previously. But we've seen the annexation of Crimea and Ukraine and it's not hard to imagine some kind of escalation or conflagration that would come from further Russian aggression territorially. Can you just lay out the hypothetical that you use to highlight that threat in the book?

MR. O'HANLON: Yeah so, you know, three years ago on this same stage, I was playing the role that you're playing now, not as well as you, interviewing a guy named General Richard Shirreff. A British general who had just written a book called, “War with Russia” after retiring as the deputy supreme allied commander in Europe for NATO. And he was really quite worried that Russia might take an entire Baltic State and that is what the book is about. It's written as a novel, it's a great read. I won't spoil your summer reading fun anymore than to tell you that. But it's also done with a purpose because Shirreff really was worried the Russians would take an entire Baltic State. I think he's right to have that worry but I worry more about a nibbling. I think is Russia takes all of Estonia or Latvia or both, for example.

MS. MARTIN: It's clear cut.

MR. O'HANLON: Clear cut. I don't think Putin is going to do that. A less

smart and equally petulant successor of Putin might. Putin himself, I don't expect to. But I would have to think the following scenario could be very tempting even for Putin. Foe meant a small disturbance in a small town in eastern Estonia or Latvia where the population is largely Russian speaking. Estonian citizens or Latvian citizens but nonetheless who are Russian speaking. That's about 25 percent of each of those two countries population.

In fact, Putin might even go so far as to do an off shoot to what's in Richard Shirreff's book and have an FSB or GRU intelligence operative, you know, a KGB successor, go in and actually kill one of those Russian citizens. Just to say that the Estonians or Latvians can't be trusted providing for the safety of Putin's fellow Russia speakers. There's already now a doctrine, about five years old, that Russia articulated saying they have the right to protect Russian speakers anywhere. And so, he could invoke that, Putin could invoke that and take his little green men who grabbed Crimea in 2014 and put them into that town in eastern Estonia.

And by the way, just happened to do a nice military exercise on the other side of the border with 50,000 or so Russian troops. So, that if Estonia or Latvia, each with an Army of 5, 7000 soldiers got any ideas about protecting their own territory that there would be a pretty strong deterrent. And Putin could say, hey I'm just staying long enough to make sure that my fellow Russian speakers are protected. This is not permanent but, of course, Putin would probably play it out quite a while because I think his real goal would be to weaken NATO.

What he would love to see is a debate in Brussels where the 29 nations of NATO completely disagree about what to do in response and I'm pretty sure they would completely disagree. There's a good chance the American response, especially in a different presidency but maybe even under Donald Trump, would be resolute and militarily inclined. In other words, Desert Storm on steroids to go liberate that one town. And I'm pretty sure that many other -- and the Baltic States would probably want that and maybe some of the other new NATO members like Poland would want that, I'm just guessing.

MS. MARTIN: And old Europe?

MR. O'HANLON: And old Europe might not so much, yeah, with a nod to our friend Donald Rumsfeld and his great way with the English language. And so, not every country in old Europe would be expected to follow suit or in southern Europe where it's far away, they don't really have forces they can easily project. And some of them in southern or eastern Europe have governments that are friendly to Putin, like in Hungary.

So, it would be a mess which would be exactly what Putin wants. Putin would like NATO to go away. He certainly would like it to be revealed as a paper tiger. And if NATO cannot even honor its Article V mutual defense pledge when the territorial integrity of one of its 29 member states has been violated blatantly then what is the alliance all about. So, I think Putin would be and probably is already seriously tempted to do something like this and I still worry that he might.

MS. MARTIN: So, what's the best way to handle it? You just laid out how quickly this could become a full-fledged war. How do you avoid that when the stakes are seemingly small on the ground with this one town but the implications of that are huge? You can't let Putin do that.

MR. O'HANLON: Right. So, this is where I think we have to do two major things. One is to beef up our forward defenses of the rest of the Baltic States and we flow the forces in gradually enough that there's no big major movement. We start right away. But you do it with forces that Putin couldn't possibly see as a threat to himself. Like 82nd Airborne Ready Brigade, those forces have very little mobility once they are parachuted in somewhere and they're not going to be a threat to Russia.

So, you start to build up a perimeter near the town that's being occupied and some Russians will worry that it's the preparation for a counter offensive and they may be tempted therefore to oppose it violently. But I think that if we do it in the way I just suggested, that the Russians won't want to fire the first shot at us either. And so, I think we can pull that off where we establish this perimeter which we're going to gradually build up.

And then at the same time you do that, we have to be ready to go, not just to sanctions but what I would call economic warfare against Russia. And this is one of the reasons I like to do things right now like use NATO funds to build up more liquid natural gas terminals in Europe as a backup for the Russian gas and oil that I want to cut off in this scenario. I want to cut off imports. And I think NATO needs to be ready to do that. And it's going to be ugly and costly because the alternative sources of gas and oil, even if we have these kind of LNG facilities, are going to be higher than the cost of Russian gas and oil.

But I see the alternative as World War III or a high risk of World War III. So, I'm measuring the pain associated with this economic warfare strategy in comparison to World War III but which it doesn't look that egregious or severe.

MS. MARTIN: And it would hurt Russia. I mean, cutting off the LNG would hurt them.

MR. O'HANLON: It would devastate them, you know, and Russia, already people worry about a Russian Chinese (inaudible) and I do too but one of the reasons is Russia needs more diverse markets. Because I think Russia is surprised at how long EU sanctions have stayed in place after what they've been doing in Ukraine which is not even a NATO member. And so, in this scenario, I think Russia has to worry we really could be quite decisive and resolute. Maybe that's why Putin hasn't done it.

You know, people say the sanctions have failed, sanctions on Russia have failed. I'm not so sure they failed because we haven't really seen Putin get even more ambitious. And we don't know why, you can never, you know, one of the reasons deterrents is hard to study is you don't know exactly what the other side is thinking, what they would have done in the absence of your various moves. But I'm gratified that Russia hasn't done more than it already has in Ukraine both in Crimea and the Donbass region.

So, maybe Putin is sufficiently deterred as it is but I would like him to know that we are anticipating, you know, we're the ones in this case, playing chess. We always give him credit for playing chess while we play checkers. In this case, I'd like to see us step

three, four, you know, responses down the road in our own thinking and in our own preparation.

The preparations here are not that hard. Build a few more LNG facilities, you know. Most of the things we have to do to implement my strategy now are not very hard or costly. But it's also getting people aware in Beijing and Moscow that we have a multitude of options. In addition to the more direct military responses and we should keep those on the table, I think. I'm not suggesting we formally renounce those but people should know we've got a lot of other steps that we could invoke that would essentially and especially with Russia which really needs our markets more than we need their gas and oil. Especially put pressure on them.

Now, I now people are saying well, I think we need their gas and oil too. The world oil market doesn't have that much surplus supply. It's true. Oil gasoline prices might go to four and five dollars a gallon under this kind of a scenario. But again, for Russia, it's their major export, energy. And the alternative to this kind of approach is a high risk of direct super power at war. So, compared to that standard, I see the cost for us as fairly acceptable and the same for the western Europeans.

MS. MARTIN: When you look around the U.S. government, what convinced you that this kind of thinking is not currently happening?

MR. O'HANLON: I have a lot of friends who have worked in military combatant commands as war planners. They're all military personnel or DOD. And they're smart and they have all been preaching for a long time about how we need to do whole of government responses in places like Afghanistan and Iraq. They say all the right things but they don't have a lot people embedded in their war planning cells from Treasury, from the Committee on Foreign Investment in the United States, from the U.S. Trade Representative’s office, from the National Science Foundation or National Academy Sciences. Places that can help us develop a multistep war plan to put pain and punishment on a country like China or Russia in strategic sectors of their economy. While at the same

time, reducing our own vulnerability to a counter.

And so, what one more thing I believe we should do now in preparation to have this kind of a strategy workable is build the national defense stock pile of strategic minerals back up to what it used to be in the Cold War. It was about a $15 billion repository back then. We've dwindled it down to $1 billion basically telling ourselves there are enough diverse supplies of all sorts of key minerals around the world that we don't need to worry about a hostile power cutting off exports in a crisis. But China is a pretty big supplier of a few of the key strategic metals and minerals and Russia of a couple of them. And we have to make sure we're not vulnerable to that kind of an embargo that they might impose on us if we've now put sanctions on them.

But we're not doing this kind of thinking because the war planning units in the Pacific Command, European Command, Central Command, Joint Staff, I think they would almost consider it impolite of themselves and reaching beyond their own mandate to start developing war plans that have a high element of economics within them. It's not really what they're expert in, it's usually what we do at the National Security Council after the fact. There is a crisis, you know, Susan Rice or John Bolton ask for a lot of help to pull together a sanction strategy.

But the National Security Council is only 300 people and we already say they're overworked and they're maybe too big for what they're supposed to do as it is. They can't design these war plans and some of the plans should be designed in advance and we should let Russia and China know we're designing them along these lines in advance to improve the credibility of our deterrent posture.

MS. MARTIN: So, you want to co-locate, I mean just getting very granular. You want to take those people from Treasury and put them physically at the Pentagon.

MR. O'HANLON: Right or in the case of Pacific Command in Honolulu, which wouldn't be a bad stint for some of them. In European Command in Europe and Central Command in Florida. So yes, I would like to do that and I also realize these

agencies are not huge. They don't have a lot of surplus capacity. We may have to beef them up slightly for this. They should also have their own little teams within their own headquarters, you know, 10, 20 people that are thinking about these kinds of scenarios and anticipating what might need to be done now to be ready for them.

MS. MARTIN: You dedicate a fairly significant part of the book to thinking about how this problem that we've been talking about changes 20 years from now with even technology we can't imagine currently. Can you talk about how you've been able to take this thesis and these hypotheticals and try to incorporate that forward looking prediction of what technology is going to do and how it will affect these scenarios.

MR. O'HANLON: Thanks for mentioning that. Because when I began this project a couple of years ago, I was actually thinking of making that the centerpiece, looking out 20 years. Because 20 years ago, before I had even met you, I did a book on the revolution of military affairs hypothesis that was circulating in Washington at the time that said all these technologies that we saw vividly on display in Desert Storm would create this huge change. And I was more skeptical so I wrote a book about that and I tried to prognosticate out to 2020 where different areas of technology might evolve.

And I wanted to go back and sort of grade my own homework and then to the extent I needed to make corrections to my approach, improve my methodology and then try to look out to 2040. And the reason I made it ultimately just the appendices to this book, that treatment, is because what I found really just confirmed and reinforced the dangers we already see today. It didn't fundamentally change them.

So, for example, by 2040, I think that whatever ability Russia and China have today to see us coming with big ships close to their own territory and be able to put out various kinds of sensors or weapons to stop that is only going to get more potent. They're going to have robotic swarms they can use at that point. They don't necessarily have to be, you know, my good friend Tom Stefanik is here. Tom is working on AI. John Allen, our president is very interested in AI. These swarms may or may not have to be anything super-duper, you know,

AI, they don't have to be terminator swarms. But they can be robotic and they can repair their own grid if some pieces go missing and then they can essentially create mobile smart mind fields for attacking big ships, planes, fixed facilities like bases on Okinawa.

And those dangers are already apparent today. I think they're going to get worse by 2040 and most of the antidotes to them, I believe, would be slower to develop technologically than the threat themselves. Short answer, you don't want to fight a big power near that country's territory. That's been true for a long time, it's true in 2019-2020 and I think it will be equally or truer in 2040. So, the need to have an alternative to sort of picking a fight with Russia or China right next to their own territory is going to be even more pressing by that point. But I think it would be sound policy even today.

MS. MARTIN: We touched on this earlier but what is the Trump factor in all this? How does this one individual actor affect these scenarios, these hypotheticals and our American response to it?

MR. O'HANLON: Well, I'm going to say something that's probably not that often said from a Brookings stage. There's a part of President Trump's thinking on these topics that I probably would agree with and there's a part that I would worry about. The second part does get said on Brookings stages, the first part maybe not so much.

The part I worry about is because of his clear palpable and frequently stated ambivalence about our alliance commitments. It would be easy for Beijing or Moscow to interpret his willingness to go defend a Senkaku Island or a farming town in eastern Estonia as very limited and therefore, make it even more tempting.

Now, I think Vladimir Putin sort of wants to play out the Trump presidency and see if can stay on decent terms with Trump and see if, you know, since Trump's the guy he wanted to win in 2016, see if there is some kind of an accommodation to Russian interest that could occur maybe after Trump is reelected. I don’t know exactly what's in Putin's mind, obviously, but I suspect Putin doesn't really want to embarrass Trump before November 2020. After that, all bets are off if he's disappointed by Trump's policies. President Xi may

decide this is a good moment because Trump's, again, ambivalence about alliances means he'd be even more ambivalent about something like the Senkaku Islands.

On the other hand, Trump and Prime Minister Abe just played gold together two days ago here out in Virginia, they're buddies. The U.S. Japan alliance doesn't seem to be in any great distress in the Trump presidency. I will give President Trump credit but I will mostly give his team credit for that fact.

So, this is a long way of saying I don't necessarily see the Trump factor as being that big of a deal at the moment. If one of these scenarios did occur, I actually am guessing President Trump's mind might be in a similar place to mind, that it's not worth World War III over these. We've got to find some alternative that allows us to be resolute without doing something as crazy, as paradoxical as fighting a big great power war over a tiny piece of land, the ownership of which we don't even have a formal government position about.

So again, that part of what I presume to be Trump's instinct, I would probably agree with. But, you know, deterrents doesn't do well when there's ambiguity. So ultimately, I do worry that that first point, that Trump's uncertain commitment to alliances could make these scenarios more dangerous, especially if he's reelected. Because then the Xi and Putin's who might have been holding back on any resistance to Trump or any opportunism might decide no longer to hold back. They will have gotten the benefit they wanted, especially for Putin and therefore take the gloves off.

MS. MARTIN: In the Senkaku Islands example in particular, you can almost hear the tweet, you can almost see it in your mind. Why are we going to war over these who knows where islands? What are the consequences if the Trump administration didn't come to Japan's aid in that moment?

MR. O'HANLON: And that might be the first Trump tweet I would retweet or maybe Trump's going to retweet something about this event.

MS. MARTIN: Right yes, I'm sure he will.

MR. O'HANLON: That would increase my followership. But the consequences of not doing this of not responding in any way would then lead people to doubt whether the United States is still committed to its alliances. And it wouldn't just be the U.S. Japan alliance that people would start to wonder about, it would be the U.S. Korea alliance. Where we could be headed for, you know, potential return to the crisis scenarios of 2017 given that there doesn't seem to be major headway in the talks and the mirth and detente of 2018 seems to be receding. So, that's one place where things could work.

I just read Bill Burns great book on his memoirs from his foreign service career. And he talked about, as others have as well, just how much countries in the broader Middle East somehow interpreted some of President Obama's policies to be a major American retrenchment or weakening. I think they were wrong. I don't think President Obama retrenched from the global stage. And on this point, I'm actually in some disagreement with a couple of my colleagues at Brookings.

I think Obama had a fairly firm and resolute policy but, you know, not enforcing that red line over the chemical weapons in 2013 is still being discussed and debated around the world. And that was, by the way, there was ultimately a way to get rid of those or most of the Syrian chemical weapons that was probably more effective than a bombing campaign would have been. But Obama gets no credit for that, we talk about the irresoluteness of the American commitment to a country that wasn't even a treaty ally.

In this case, we would have been irresolute towards a country that is a treaty ally and one of our most important. And so, you can only imagine the kind of ripple effect that could have and how it could lead to deterrents failure in other places too.

MS. MARTIN: I want to give the audience a chance to ask questions. Before I do that, is there anything else you want to add as sort of a conclusion?

MR. O'HANLON: No, I think you let me tee up the ideas and asked just the right questions. So, I'm ready to hear from others.

MS. MARTIN: Anyone? Yeah right here. We've got microphones.

SPEAKER: Beth Boholodich from visiting scholar seeker center for Asian studies visiting from Poland. Just a very short comment. I think you are right in your assessment that Poland would like NATO intervention in case of Russians doing anything. And the question, could you elaborate a little bit more on your proposal to solve the Senkaku -- the probability of, you know, China and U.S. getting into war over Senkaku by establishing this kind of board. How would you get the Chinese to agree to this proposal because I think it would be easier with Japan. Thank you.

MR. O'HANLON: Thank you. And the proposal, by the way, I don't make much of in the book. The book is about military planning and response to a crisis. The proposal was designed to try to mitigate the problem before we get to crisis. But the basic appeal to this for China would be that in a sense its claims are being acknowledged, not realized, because the sovereignty still formally stays with Japan. Which is why you're right that I would have thought Japanese friends would have liked this idea more than Chinese friends but I got yelled at more by Japanese than I did by Chinese in response to this proposal.

In any event, that's why the Chinese should like it, it made the Japanese mad. No, I'm just kidding. But I'm only partly kidding because, in fact, at the level of honor and pride, what it would do is say heretofore and forever, these islands will be administered with China having every bit as much say as Japan. And I think that's a pretty big change from the current situation.

And it also would be an opportunity for China to show the world that it's really trying to rise peacefully. Now yes, it's going to flex its muscles in some places but it should not be confused with one of the dangerous rising powers of European history that people like Paul Kennedy wrote about in there. Great treatises that talked about the dangers of some new power and what our friends in academia and elsewhere predict when they see a rising power on the world stage and that China is going to somehow be a major threat to world peace. This would be an opportunity for China to say yes, we're rising, yes, we're powerful,

yes, we expect more influence but we're also reasonable. And I think that would be a pretty good opportunity for China. So, I would hope they would consider it.

MS. MARTIN: Michael, would that come with any political cost? I mean, I will admit to not understanding the general population in China, how they think of the Senkaku. Is it similar to the emotion behind Taiwan? Is it in the public consciousness in the same way, would they be angry is China said we're going to make this deal with Japan and we're going to be less aggressive in our thinking about the Senkaku.

MR. O'HANLON: I don't think so. Japanese friends will point out the Chinese didn't even talk about the Senkaku Islands for decades. And it's a more recent, you know, reinvention or maybe invention of a dispute that was never really particularly prominent in their dealings before.

Having said that, the public in China has now been, you know, sensitized to this issue and perhaps, therefore they now cannot be easily persuaded to ignore it. But I don't think it rises to the level of a Taiwan or anything like that. And the Chinese government could portray this kind of agreement as a success, I think, they would be getting some of what they've wanted. And they could call it, I don't care what they call it. Legally we still acknowledge, the three governments would acknowledge that Japan formally has sovereignty but China can talk about casually as shared sovereignty under this kind of an approach. Because effectively, the exercising of any activity, the exercising of the sovereignty would be done jointly.

So, for China I think they can easily persuade their population that this is a perfectly good deal. Especially if it's at a moment when they want to promote better China, Japan relations anyway. So, I think they have to maybe pick their moment. But right now, they're not interested apparently in worsening their relationship with Tokyo, so I think it's doable.

MS. MARTIN: Anyone else have a question? I'm going to go to the very back of the room, sir.

SPEAKER: Yes, Dave Fitzgerald retired foreign service. A question about the Security Treaty. Under Article V, Japan is obligated to defend the Senkaku Islands and the U.S. comes to Japan's defense in that context. There has to be a breakdown in their own defense of their territory. So, it isn't a question of us rushing to defend an uninhabited island without the Japanese being a factor in this.

The whole discussion this morning hasn't talked about what Japan has been doing for the last 10 years really in terms of defense buildup. They're not simply pounding Mochi out there, they're shifting their forces to the southwest, that's where the island defenses are and they're doing a lot more in terms of responding to incursions around the Senkaku's. This is something the Chinese have to deal with and I would think this would telegraph to the Japanese if the Chinese are actually going to make a move on it. So, it seems like your scenario is a little bit out of date.

MR. O'HANLON: Good questions, thank you. Let me respond. First of all, I agree there has been some shift in Japanese thinking and in defense priorities. The Japanese have not embarked on a big defense buildup. People said they would under Prime Minister Abe because he is thought of as a hawk. When he became Prime Minister, Japan was spending 1.0 percent of their GDP on their military and today they're spending 1.0 percent of their GDP. I think the hundredths place in the decimal might have changed but it's 1.0 versus 1.0. And the Japanese economy has not been growing that fast so it's not providing a huge new defense buildup potential.

But I agree, they still shifted somewhat to the south and west and this Japanese colonel I mentioned earlier was concerned about how with a small Air Force, Japan can continue to do what you're saying they're trying to do which is to improve surveillance down there. And yes, any response would have to be done, I think, together. I think the United States would not want to wait and see Japan start to lose a war against China before we got involved. But I agree with your point and I tried to say earlier, the U.S. and Japan together should put forces on the other seven islands in the scenario that I'm

contemplating.

Tokyo might decide they want to get more assertive than we would or vice versa and the U.S. Japan alliance is very strong at consultation. So, I would hope we would have a good vigorous discussion and reach consensus. I'm simply trying to offer an idea that I hope both capitals will be interested in and the language that I most want to see this book translated into soon is Japanese for that reason.

MS. MARTIN: Thanks for your comment and question. Right here, the young man.

SPEAKER: Do you think that there's a future when it comes to defense planning? We've talked about pulling plans ahead of time, you know, let's plan for this situation, this one, that there's a home for artificial intelligence within the Pentagon to say, all right if X happens then here are all the possibilities and outcomes. Here's the best one for the United States, the best for Japan, the best on for China. And trying to find like something where there's a mix of all three where we all maybe not get the best deal but we all do the best as a group.

MR. O'HANLON: It's a great goal, it's a great sentiment and it might just be possible in certain situations and I think it could be for the Senkaku Islands. Because I don't think anybody really cares enough except about not having their own national pride sufficiently damaged.

Taiwan's scenario is a little harder to apply that logic to especially there, of course, the key third player is Taiwan. And so, I think your question is correctly motivated and I don't really think China wants a war with the United States. But I don't think that China wants to just sit quietly and accept the world exactly as it's been either.

So, we're in this interesting situation, as Jim Steinburg and I wrote about in our book five years ago on strategic reassurance and resolve where we're dealing with a rising China. China wants to flex its muscles. We have to push back but hopefully neither country will bring it to the point where we have to shoot back. So, it's going to require more than just

everybody holding hands and singing Kumbaya because China is not interested in just being a peaceful, passive, status quo power. But I don't really think they want war either. And so, what's complicated is to maneuver that in that territory in between.

MS. MARTIN: I think we have time for a couple more.

SPEAKER: Given China's track record and the South China Sea, your idea of a co-administration of the Senkaku, how much confidence do you got that that would really satisfy the Chinese for very long?

MR. O'HANLON: Well, this idea of again, it's not so much in the book but was written about a couple of years ago by myself and a Chinese and Japanese colleague. This sort of six-point plan which all holds together or none of it holds. The good news is, you don't have to actually do anything. You don't have to stop doing things you were doing before. The Japanese can keep up their military mini buildup. They can keep their forces patrolling in the area. They're not doing anything that lowers their own guard. And if and when the Chinese violate the terms of this agreement then the rest of it falls apart. You know, you could maybe give them one fair warning and then it's gone.

So, I just see it as a useful way to calm tension, to mitigate wounded pride, to reduce the likelihood that China can start fabricating a claim to some other island, for example. But if they start doing that, then they violated the accord and the other parts of it are no longer operative either. So, I see it as pretty low risk for that reason.

MS. MARTIN: One more. Yes, sir. Thanks for your persistence.

SPEAKER: Thank you. I'm Tom Reckford with the Foreign Policy Discussion Group. To build on that last question, I wonder how some of your ideas can be used for the Spratly's to make sure that some accident doesn't result in something leading up to warfare.

I'm thinking also of the Philippines, not right now because Duterte really likes his relationship with China. But in a couple of years when there is a new president of the Philippines, might there be some serious squabbles over the Spratly's that are claimed by

both the Philippines and by China.

MR. O'HANLON: Yeah, thank you. And I think you're right to add that second part to the question. Because I think the first part, the situation where either China's got disputes with countries that are not U.S. allies or where the current state of the U.S. Philippine relationship doesn't really feel like an alliance because of decisions the Filipinos themselves have made.

Therefore, it's a different kettle of fish then the main scenarios in my book that are mostly about treaty allies or the virtual equivalent, meaning Taiwan, which, of course, is not formally a treaty ally today but we would not be indifferent to a threat to Taiwan.

We shouldn't be indifferent to a threat to let's say Vietnam either but I don't think we have the same kind of obligation. So, I was less worried about that kind of a scenario provoking an overly militaristic immediate American response.

But I think you're to say, you know, there is some tools in the book that I developed for Senkaku's that could be applied to the Spratly's even today. Or even Spratly's that are contested between Vietnam and China or Paracel Islands, what have you.

Or what if Russia moves a little further into Ukraine as it actually has been with the naval encounters, you know, down near the Crimean Peninsula in the last few months. All I'm trying to do in some ways is organize what we've come to learn about sanctions and economic warfare over the years. Because we've gotten, frankly, you know, I've just been an observer and a student of this.

So, not to my credit but to the credit of a lot of other people in the government and scholars at Brookings like Bob Einhorn, people like Richard Nephew. We've learned a lot about how to apply sanctions more effectively.

And it doesn't always feel that way because now we're in this very partisan division over the Iran nuclear deal but it was sanctions that even got us in a position to have a deal in the first place.

And we've applied sanctions on North Korea, those have not brought about a nuclear

deal but they have made Kim Jung Un squirm as he's been acknowledging lately. And Vladimir Putin, I think, has suffered under EU sanctions and I give the Europeans credit for how long they've stuck by those. I think he's suffered and his economy has suffered for longer than people even expected.

So, we've gotten better at a strategic use of sanctions and I create a bit of a taxonomy of how you can think about different types of sanctions, how you can try to calculate their likely effect on a target nation, how you can try to mitigate your own vulnerability to a possible retaliation. I think those kinds of strategies; we need to think about more. Military guys like me or military planners like me, people at the war colleges, at the war commands, need to learn that literature, learn that history and be able to apply it. And it may just help us in a place like the Spratly's as well.

So, yes for the most part, the concept of more military presence to deter further encroachments and then a systematic use of the economic levers of sanctions or warfare, if you will.

I think that's the right twofold strategy for a lot of scenarios that are sufficiently ugly we can't ignore but not worth American, you know, kinetic response in the first instance.

MS. MARTIN: I think that's a good question to end on. It is called, The Senkaku Paradox: Risking Great Power War Over Small Stakes. It is an important book for practitioners and the public alike and it is on sale outside, isn't it?

MR. O'HANLON: That's right.

MS. MARTIN: So, you could walk home with one today. Thank you for having me and thank you guys for being here, we appreciate it.

MR. O'HANLON: Thank you very much, appreciate it, thanks everybody.

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