

Testimony of the Honorable James R. Locher III, President and CEO, Project on National Security Reform, before the Subcommittee on Oversight and Investigations of the House Armed Services Committee, "Pragmatic, Near-Term Steps for Creating a More Effective and Functional National Security System," June 9, 2010

Chairman Snyder, Ranking Member Wittman, and members of the subcommittee, I am delighted to appear before you to testify on national security reform. I want to commend the subcommittee for its leadership on this critical issue. It is most appropriate that this body is undertaking this historic work. This subcommittee – then under the leadership of Congressmen Bill Nichols and Larry Hopkins – formulated the House Armed Services Committee's version of the landmark Goldwater-Nichols Act.

National security reform is the number one national security issue. You may be wondering how I can rank national security reform at the top of the national security agenda given the priority missions in Afghanistan, Pakistan, and Iraq, challenges from Iran and North Korea, turmoil in the Middle East, terrorism and weapons of mass destruction threats, cyber-security issues and nontraditional threats to security including the world financial crisis. I give national security reform this elevated status because our performance in each one of these specific mission areas is undermined, if not crippled, by organizational dysfunction. This critique is not a criticism of national security professionals. They are working incredibly hard and with unsurpassed dedication, but the archaic system in which they must operate wastes much of their effort and talent.

The fundamental problem is the misalignment of the national security system with 21<sup>st</sup> Century security challenges. Rigid, bureaucratic, competitive, vertically-oriented departments and agencies have consistently dominated our government. But threats in today's world require a fundamentally different organizational model – one capable of tightly and effectively integrating departmental expertise and capabilities. We need highly effective horizontal teams able to work across departmental boundaries. We confront horizontal problems but are saddled with a vertical organization.

In recent years, there has been compelling evidence of the inadequacy of current arrangements: the terrorist attacks of 9/11, troubled stability operations in Iraq and Afghanistan,

poor response to Hurricane Katrina, and near-misses in the attempted terrorist attacks aboard Northwest Flight 253 on Christmas Day and last month in Times Square. These setbacks and near-misses are not coincidental. They are evidence of systemic failure. President Obama recognized this when he declared in reaction to the Christmas Day incident: “When our government has information on a known extremist and that information is not shared and acted on as it should have been, so that this extremist boards a plane with dangerous explosives that could cost nearly 300 lives, a systemic failure has occurred.” Systemic failures require systemic reform, not the piecemeal, ambiguous reforms of recent years. Let me hasten to add, however, that systemic reform need not – and should not – be undertaken as a single package of sweeping reforms enacted overnight. It means rather that each pragmatic step in the near term and beyond ought to be planned and implemented in accordance with a larger reform framework and a longer view.

Although our attention is drawn to recent setbacks, the organizational performance of the national security system has been troubled for decades. The seeds of its problems were sown in the National Security Act of 1947, which was inadequate for the nation’s needs then and is totally outmoded today. Over the past twenty-five years, the system’s performance has been increasingly challenged by two factors: complexity and speed of change. Security issues have become increasingly complex – wider in scope, more varied, and with growing interconnectedness. This complexity demands the integrated engagement of more national security components, including many non-traditional ones. Rapid change especially challenges our system with its ponderous coordinating committees and inability to produce unity of effort. One of PNSR’s most frightening conclusions is that the gap between the demands being placed on the system and its capacities and speed is growing.

President Obama’s National Security Strategy has reinvigorated the drive to transform the national security system. Let there be no mistake, the strategy’s goals cannot be achieved without sweeping transformation of the system. In organizational terms, the strategy calls for

1. Strengthening national capacity through a whole-of-government approach
2. Updating, balancing, and integrating all tools of American power
3. Broadening the scope of national security

4. Emphasizing the foundations of national power – sound fiscal policy, education, energy, science and technology, and health
5. Aligning resources with strategy
6. Taking a longer view in the national strategy
7. Forming strategic partnerships with organizations outside of government, taking essentially a whole-of-nation approach

I have attached to my statement a list of the specific organizational goals prescribed by the National Security Strategy. These goals endorse many ideas contained in the PNSR reports *Forging a New Shield*, released in December 2008, and *Turning Ideas into Action*, published in September 2009.

Consistent with the National Security Strategy and of particular interest to this subcommittee, Secretary Gates has repeatedly called for major national security reform, including a new national security act. The secretary has delivered three bold speeches on the subject – in November 2007, January 2008, and February of this year. In his most recent speech, the secretary described the situation: “America’s interagency toolkit is a hodgepodge of jerry-rigged arrangements constrained by a dated and complex patchwork of authorities, persistent shortfalls in resources, and unwieldy process.” He noted that, “[f]or the most part, America’s instruments of national power – military and civilian – were set up in a different era for a very different set of threats.” Secretary Gates predicted that the need to adapt and reform our 63-year old national security apparatus will be the institutional challenge of our time. He envisions far-reaching changes, saying, “New institutions are needed for the 21<sup>st</sup> Century, new organizations with a 21<sup>st</sup> Century mind-set.”

Since releasing *Forging a New Shield* in December 2008, PNSR has been working with stakeholders in departments and agencies and on Capitol Hill to refine its recommendations and identify implementation challenges. This work over the past eighteen months has provided profound insights on the impediments to achieving the organizational changes envisioned by President Obama and Secretary Gates and recommended by PNSR. The first impediment is an intellectual one. New concepts are alien to current government operations. The still dominant mental model is the Cold War system, centered on defense, intelligence, and diplomacy

operating separately in their stovepipes. The organizational requirements of the 21<sup>st</sup> Century are a great leap from these long-held beliefs. Before lasting progress can be made with stakeholders, a major, time-consuming education effort needs to be undertaken to build consensus on the potential of modern organizational practices.

A second impediment is political. Entrenched interests are attached to the status quo, especially in civilian departments and agencies and on Capitol Hill. Reform raises politically sensitive issues about power, influence, jurisdiction, and resources.

A third impediment is scope. The daunting size and complexity of reform inhibit commitment. Claiming that national security reform will never happen, many officials whose help is needed will not engage.

The fourth impediment is ownership. No one, except for President Obama, Vice President Biden, and General Jones, owns the national security system and accepts responsibility for improving system performance. There is no congressional owner of the national security system. Department and agencies own a component of the system but do not see an obligation to undertake system-wide reform.

The last and maybe most challenging impediment is bandwidth. Everyone is so busy handling the issues of today and tomorrow, there is no time for institutional reform. Despite working incredibly long days, top national security officials cannot escape the urgent to work on the important. National security reform will take leadership, political will, a plan for proceeding in mutually coherent steps, perseverance, and time.

These impediments can – and must – be overcome, but it will not be easy. Congress will have to play a major role in overcoming the inertia in the Executive Branch. Even in business, where the bottom line provides a powerful force for change and where corporations know that they can perish if they do not adapt rapidly, leadership frequently turns to outside consultants to help overcome internal inertia. Congress will need to be that outside force.

The lessons of the Goldwater-Nichols Act are instructive on the role that Congress must play on national security reform. The Goldwater-Nichols Act has proven to be a historic success: It produced the world's premier joint warfighting force. But it must be remembered that entrenched interests in the Pentagon bitterly opposed this legislation. A four-year, 241-day struggle between the two Armed Services Committees and DoD ensued. The committees used every tool at their disposal to pressure, prod, question, and introduce new ideas. National security reform will require even more congressional energy to overcome inertia in the Executive Branch. Despite its difficulty, national security reform is not impossible. Again, the Goldwater-Nichols experience is instructive: When work on that legislation began, ninety-five percent of the experts predicted it would never happen.

With Congress' important role apparently in mind, the subcommittee has asked for testimony on "pragmatic, near-term steps that can be taken to move forward on creating a more effective and functional interagency national security system." PNSR's report *Turning Ideas into Action* contains thirty-seven recommendations on immediate actions that could be taken by the president, assistant to the president for national security affairs, director of the Office of Management and Budget, secretaries of state, defense, and homeland security, director of national intelligence, and Congress. My testimony focuses on ten key near-term steps. Some of these are from *Turning Ideas into Action*; some result from more recent actions, such as the release of the Obama administration's National Security Strategy.

The first near-term step, and by far the most important, would be to require the president to submit an implementation plan for the organizational changes prescribed by the new National Security Strategy. As the subcommittee knows, most National Security Strategy documents contain a lofty set of goals which go unrealized when there is no follow-through. Congress must insist on Executive Branch attention to the organizational goals that have been established by the president. For each of the twenty-three organizational goals in the strategy, the president should identify the specific reforms that need to be undertaken and milestones for their achievement. Every year, Congress should ask for a scorecard measuring progress toward these reforms and for an updated implementation plan.

A second and related near-term step would be to require the assistant to the president for national security affairs to submit a plan for achieving the needed organizational capacity of the National Security Staff pursuant to the National Security Strategy. Realizing the whole-of-government, integrated approach articulated by the National Security Strategy will require a significant strengthening of and support for the National Security Staff. Today, that staff is under-resourced and institutionally weak. It is the headquarters of the national security system, but it lacks headquarters powers. The assistant to the president for national security affairs, who does not even exist in law, has only an advisory role. The National Security Staff has become the most important staff in the national security system, if not the world. This evolution has not been properly recognized. That staff totals 230 people; has a tiny budget (\$8.6 million when General Jones was appointed); and is poorly supported. National security reform needs to start at the top of the system – with the National Security Staff. Congress will need to give special attention to providing the proper authority and resources.

The plans required by the first and second near-term steps would not cover the full national security reform agenda. A third near-term step that this subcommittee should undertake is to commission a ten-year road map for the entire national security reform agenda. National security reform will be a ten-year undertaking at a minimum. To be successful, it will require the expertise and engagement of many organizations outside of government. As noted above, the new National Security Strategy recognizes the importance of such collaboration, calling for “strategic partnerships with the private sector, nongovernmental organizations, foundations, and community-based organizations.” The road map will be imperative to align all of this activity and to create the proper sequencing of reforms, including the path to legislation. The road map should be a relatively simple, accessible document created with three purposes in mind: (1) *communication* – providing a tool to inform and build alignment among key stakeholders in the government, private sector, and nongovernmental organization communities; (2) *guidance* – providing a framework to assist change management planners as they address specific aspects of implementation; and (3) *scorecard* – providing a set of categories for assessing and periodically reporting credible, reliable information about how reform is advancing.

At present, four national security components perform quadrennial reviews: the Departments of Defense, State, and Homeland Security, and the Office of the Director of National Intelligence. What is missing is a national-level quadrennial review to examine national security from a whole-of-government perspective and to establish national goals and priorities. A fourth near-term step would be to require the president to conduct a Quadrennial National Security Review to establish the security goals and priorities of the United States. Without a national-level strategic planning document, national security efforts will continue to be dominated by the priorities, plans, and programs of the individual departments and agencies.

Each major national security mission requires the contributions of many departments and agencies. This is why a whole-of-government approach has become imperative. Because resource decisions are made on an agency-by-agency basis, the Executive Branch is unable to allocate resources from a whole-of-government, mission-oriented perspective and to make tradeoffs that maximize progress toward desired outcomes. Many, including PNSR, have advocated the creation of an integrated national security budget that permits more informed decision-making. In letters dated May 21, 2010, to Speaker Pelosi and Majority Leader Reid, Admiral Mullen wrote:

“We are living in times that require an integrated national security program with budgets that fund the full spectrum of national security efforts... The diplomatic and developmental capabilities of the United States have a direct bearing on our ability to shape threats and reduce the need for military action. It is my firm belief that diplomatic programs as part of a coordinated strategy will save money by reducing the likelihood of active military conflict involving U.S. forces.”

I have attached to my statement a copy of Admiral Mullen’s letter to Speaker Pelosi. Secretary Clinton also recently joined the call for an integrated national security budget. During a question-and-answer session at the Brookings Institution on May 27, she said:

“We have to start looking at a national security budget. You cannot look at a defense budget, a State Department budget, and a USAID budget without . . . falling back into the

old stovepipes that I think are no longer relevant for the challenges of today. So we want to begin to talk about a national security budget, and then you can see the tradeoffs and the savings.”

An appropriate near-term step for this reform would be to require the director of the Office of Management and Budget to submit illustrative, integrated budgets for two mission areas – combating terrorism and development – with the President’s Budget Request for FY2012.

One of the most, if not the most, important reforms advanced by the Goldwater-Nichols Act was joint officer management. By creating incentives, requirements, and standards for joint officers, those provisions significantly improved the performance of joint duty and led to creation of a joint culture. Congress acted on the joint officer issue because it had concluded, “For the most part, military officers do not want to be assigned to joint duty; are pressured or monitored for loyalty by their services while serving on joint assignments; are not prepared by either education or experience to perform their joint duties; and serve only a relatively short period once they have learned their jobs.” Analyses of the situation in interagency personnel matters reveal similar problems. A sixth near-term step with enormous potential would be to establish an interagency personnel system to create the proper incentives, education, and training for personnel assigned to interagency positions. This reform is being studied on Capitol Hill and could begin the major transformation that is needed.

Today, the national security community has inadequate mechanisms for providing comprehensive assessments of organizational performance and identifying the need for organizational innovation. The antiquated national security system evidences this void. A seventh near-term step would be to establish a Center for Organizational Performance at the National Defense University or another institution that would undertake comprehensive assessments of organizational performance in the national security community. As a center for excellence on all matters dealing with the organization of the national security community, the Center would conduct research and analysis, collaborate with other government organizations and private organizations, and make recommendations for organizational innovation.



The Department of Defense fully appreciates the whole-of-government approach that current national security missions require. Unfortunately, the military education system has not kept abreast of the need for more education on operating with interagency partners. An eighth near-term step would be to require the secretary of defense and chairman of the Joint Chiefs of Staff to submit a plan on how they intend to improve the curricula of the military war colleges to provide an appropriate level of education on interagency affairs and national security reform.

The Christmas Day terrorist incident revealed continuing challenges to the performance of the National Counterterrorism Center (NCTC). With the full cooperation of NCTC, PNSR recently completed an eight-month study of NCTC's Directorate of Strategic Operational Planning (DSOP). The study documented many obstacles that DSOP faces in pursuit of its mission. Both NCTC and DSOP represent important organizational innovations, but in their initial formulation, they were not properly empowered. A ninth near-term step would be to require the director of NCTC to submit a plan for overcoming obstacles to improved performance by NCTC, especially by DSOP.

There is no congressional committee or subcommittee that has clear jurisdiction over multiagency national security activities. Given the whole-of-government approaches needed for today's national security missions, there is no place where Congress can address and oversee the most important national security issues. Eventually, Congress will need to create a mechanism for examining these critical issues. In the interim, a tenth and final near-term step would be for this subcommittee to hold joint hearings with a subcommittee of the House Foreign Affairs Committee (maybe the Subcommittee on International Organizations, Human Rights and Oversight, as it aligns with this subcommittee in its oversight and investigations jurisdiction) to examine interagency issues. Topics that could be addressed include: (1) the National Security Strategy; (2) the Provincial Reconstruction Teams in Iraq and Afghanistan; (3) the Commander's Emergency Response Program (CERP); and (4) the strategic communications programs of departments and agencies.

In conclusion, I once more commend Chairman Snyder and Ranking Member Wittman for holding this hearing and for searching for pragmatic, near-term steps that the subcommittee

can use to compel the start of the bold transformation that the nation desperately needs. The national security system must be modernized to meet the challenges of the 21<sup>st</sup> Century. The task will be monumental, but there is no alternative. Without sweeping changes, the nation will experience repeated failures, wasted resources, and continued decline in America's standing and influence. We can and must find the resolve and political will to create a modern national security system.

### Specific Organizational Goals Prescribed by the National Security Strategy

1. “must maintain our military’s conventional superiority, while enhancing its capacity to defeat asymmetric threats” – page 5
2. “diplomacy and development capabilities must be modernized, and our civilian expeditionary capacity strengthened, to support the full breadth of our priorities” – page 5
3. “intelligence and homeland security must be integrated with our national security policies, and those of our allies and partners” – page 5
4. “must adapt to advance our interests and sustain our leadership” – page 7
5. “national strategy must take a longer view” -- page 7
6. “must ensure that we have the world’s best-educated workforce, a private sector that fosters innovation, and citizens and businesses that can access affordable health care to compete in a globalized economy” – page 10
7. “strengthening national capacity – a whole of government approach” – page 14
8. “must update, balance, and integrate all of the tools of American power” – page 14
9. “must integrate our approach to homeland security with our broader national security approach” – page 14
10. “are improving the integration of skills and capabilities within our military and civilian institutions, so they complement each other and operate seamlessly” – page 14
11. “are improving coordinated planning and policymaking and must build our capacity in key areas where we fall short” – page 14
12. “achieve integration of our efforts to implement and monitor operations, policies, and strategies” – page 14
13. “foster coordination across departments and agencies” – page 14
14. “ensuring alignment of resources with our national security strategy” – page 14
15. “adapting the education and training of national security professionals to equip them to meet modern challenges” – page 14
16. “reviewing authorities and mechanisms to implement and coordinate assistance programs, and other policies and programs that strengthen coordination” – page 14
17. “must tap the ingenuity outside government through strategic partnerships with private sector, nongovernmental organizations, foundations, and community-based organizations” – page 16
18. “must continue to adapt and rebalance our instruments of statecraft” – page 18
19. “must also enhance our resilience – the ability to adapt to changing conditions and prepare for, withstand, and rapidly recover from disruption” – page 18
20. “must...strengthen public-private partnerships by developing incentives for government and the private sector to design structures and systems that can withstand disruptions and mitigate associated consequences” – page 19
21. “must build a stronger foundation for economic growth” – page 28
22. “calls for . . . a broad conception of what constitutes our national security” – page 51
23. “must be effective cooperation between the two branches of government” – page 51



**CHAIRMAN OF THE JOINT CHIEFS OF STAFF**

WASHINGTON, D.C. 20318-9999

21 May 2010

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
United States House of Representatives  
Washington, D.C. 20515

Dear Madam Speaker,

As the Congress moves to finalize the budget for FY 2011, I want to offer my strong support for fully funding the Department of Defense and related agencies. I also want to reinforce the views expressed in Secretary Gates' letter of April 21 and Secretary Clinton's letter of April 20 (copies attached) to Senator Kent Conrad, requesting full funding of the Department of State and USAID. We are living in times that require an integrated national security program with budgets that fund the full spectrum of national security efforts, including vitally important pre-conflict and post-conflict civilian stabilization programs.

Diplomatic programs are critical to our long-term security. I have been on record many times since 2005 expressing my views of the importance of fully funding our diplomatic efforts. As Chief of Naval Operations, I said that I would hand over part of my budget to the State Department, "in a heartbeat, assuming it was spent in the right place." Diplomatic efforts should always lead and shape our international relationships, and I believe that our foreign policy is still too dominated by our military. The diplomatic and developmental capabilities of the United States have a direct bearing on our ability to shape threats and reduce the need for military action. It is my firm belief that diplomatic programs as part of a coordinated strategy will save money by reducing the likelihood of active military conflict involving U.S. forces.

I am told that the Senate Budget Committee reduced the international affairs budget by \$4 billion, and I respect and appreciate the tough choices the committee had to make. I would ask that as you finalize the spending outlines for FY 2011, you underscore the importance of our civilian efforts to the work of the Defense Department, and ultimately, to our Nation's security. Because of the increasingly integrated nature of our operations, a \$4 billion decrement in State and USAID budgets will have a negative impact in ongoing U.S. military efforts, leading to higher costs through missed diplomatic and developmental needs and opportunities. A fully-integrated foreign policy requires a fully-resourced approach. Our troops, Foreign Service officers and development experts work side-by-side in unprecedented and ever-increasing cooperation as they execute our strategic programs. We need to continue to

grow the important capabilities that are unique to our non-military assets, ensuring they have the resources to enhance our security and advance our national interests, in both ongoing conflicts as well as in preventative efforts.

As always, I appreciate your strong support of our men and women in uniform, and appreciate your considering my perspective as you finalize the FY 2011 budget.

*The more significant the cuts, the longer military operations will take, and the more and more lives are at risk.*

Sincerely,



M. G. MULLEN  
Admiral, U.S. Navy

Copy to: Representative John Boehner  
Minority Leader

Attachments  
As stated



SECRETARY OF DEFENSE  
1000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1000

APR 21 2010

The Honorable Kent Conrad  
Chairman  
Committee on the Budget  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

I am writing to express my strong support for full funding of the President's FY 2011 foreign affairs budget request (the 150 account) which, along with defense, is a critical component of an integrated and effective national security program.

I understand this year presents a challenging budget environment, with competing domestic and international pressures. However, I strongly believe a robust civilian foreign affairs capability, coupled with a strong defense capability, is essential to preserving U.S. national security interests around the world.

State and USAID partners are critical to success in Afghanistan, Pakistan and Iraq. Our military and civilian missions are integrated, and we depend upon our civilian counterparts to help stabilize and rebuild after the fight. As U.S. forces transition out of war zones, the U.S. government needs our civilian agencies to be able to assume critical functions. This allows us, for example, to draw down U.S. forces in Iraq responsibly while ensuring hard-fought gains are secured. Cuts to the 150 account will almost certainly impact our efforts in these critical frontline states.

In other parts of the world, the work performed by diplomatic and development professionals helps build the foundation for more stable, democratic and prosperous societies. These are places where the potential for conflict can be minimized, if not completely avoided, by State and USAID programs -- thereby lowering the likely need for deployment of U.S. military assets.

In formulating his request for FY 2011, the President carefully considered funding needs for the budget accounts for both foreign affairs and national defense, taking into account overall national security requirements as well as economic conditions. I believe that full funding of these two budget accounts is necessary for our national security and for ensuring our continued leadership in the world. I hope you will take this into account when acting upon the President's FY 2011 budget request.

Sincerely,



cc:  
The Honorable Judd Gregg  
Ranking Member



THE SECRETARY OF STATE  
WASHINGTON

April 20, 2010

The Honorable Kent Conrad, Chairman  
Committee on the Budget  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

I am asking your help in supporting the State and USAID budget request for FY 2011. I appreciate the difficult budget environment that confronts the Congress, but I strongly believe this budget request is critical to advancing U.S. national security and our interests around the world.

Our request totals \$52.8 billion – a \$4.9 billion increase over 2010. Of that increase, \$3.6 billion goes directly to “frontline states” – Afghanistan, Pakistan, and Iraq. All other State and USAID funding grows by \$1.3 billion or a 2.7 percent increase, and allows us to tackle the transnational problems of poverty, food insecurity, climate change, and disease that pose serious threats to American interests.

Our diplomatic and development tools enhance American leadership, strengthen our alliances, and build new partnerships to confront pressing global challenges. Full funding in FY 11 will allow us to continue making tangible progress in securing the hard fought gains achieved in Iraq, and to continue supporting and deploying hundreds of civilians in Afghanistan and Pakistan to help stabilize dangerous but improving situations.

The recent attacks on United States personnel and facilities from Juarez, Mexico, to Peshawar, Pakistan, reinforce what we already know – America’s diplomats and development professionals are on the front lines, protecting, and securing our vital national security interests around the world.

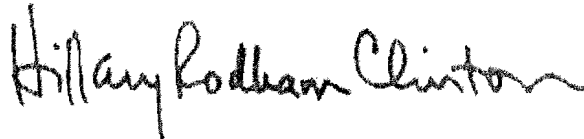
Congress has rightly demanded that we use all the tools in our national security tool belt; that we put more diplomats and development experts on the ground, shoulder-to-shoulder with our troops; and that we do everything possible to secure America’s interests around the world. We are doing our part at the State Department and USAID, but we need your help with the FY 11 request. Our

missions are increasingly integrated with those of our Defense Department counterparts, as we have seen demonstrated time and again in Iraq, Afghanistan, and other parts of the world. Cuts to the civilian components can no longer be seen in isolation or having little impact on our national security strategy.

Our investments in development and diplomacy are smart, cost-effective, and squarely in the best interests of American taxpayers and our national security. They are also relatively small compared to the cost of active military engagement, and they can end up delivering impactful savings. In Iraq, for example, our \$2.6 billion request for State and USAID will allow the Defense Department budget to decrease by about \$16 billion – a powerful illustration of the return on civilian investments.

I ask for your strong support of our budget request and you have my pledge that we will work diligently to ensure that this funding is used as efficiently and effectively as possible.

Sincerely yours,

A handwritten signature in black ink, reading "Hillary Rodham Clinton". The signature is fluid and cursive, with the first name "Hillary" being the most prominent.

Hillary Rodham Clinton