

**Testimony of
Dr. Gordon Adams**

Distinguished Fellow
Project on Budgeting for Foreign Affairs and Defense
Stimson Center

Professor of International Relations
School of International Service
American University

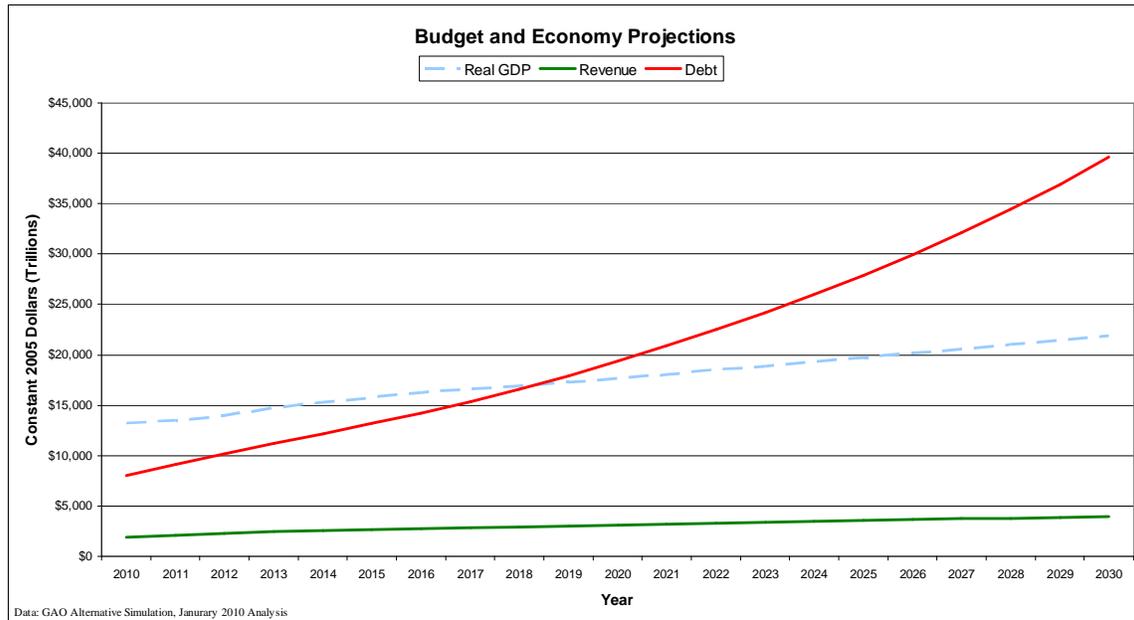
**Interagency National Security Reform: The Road
Ahead**

**Before the
Subcommittee on Oversight and Investigations of the
House Armed Services Committee**

June 09, 2010

Dr. Snyder, Congressman Wittman, and Members of the Committee, thank you for the opportunity to appear today on the critical subject of reforming the interagency national security machinery. I am glad this HASC subcommittee is tackling this difficult subject. My testimony today draws on work we have been doing at the Stimson Center's project on budgeting for foreign affairs and defense, which I direct, my own experience in the executive branch, and research I have done on budgeting across the Departments of State and Defense, as well as USAID.¹

Problems within and across these agencies continue to make it difficult to design and execute a coherent approach to an increasingly complex world. That complexity arises from the international environment, on one hand, and from our own fiscal struggles, on the other. We cannot cope with that world unless we do better making the interagency process work. If the need for more integrated policy does not force us to improve, inescapable budget discipline will. As you know, our debt, presently at 61% of GDP, is projected to grow by the end of the decade to nearly 100% of GDP. Grappling with this reality will force us to be more efficient and to discipline agency spending.



Three premises inform the perspective I will offer today.

- The interagency reform agenda depends on having greater clarity about agencies' missions. Strong, mission-driven organizations can collaborate. Without agency mission clarity, collaboration is significantly more difficult.
- Budgets are policy. Collaboration in defining priorities and in matching resources to those priorities is an essential part of the answer to our interagency dilemmas.

¹ The Stimson project work is publicly available on the blog *Budget Insight* (<http://budgetinsight.wordpress.com/>). My own research is available in Gordon Adams and Cindy Williams, *Buying National Security: How America Plans and Pays for Its Global Role and Safety at Home* (NY: Routledge, 2009)

- Process and structure are as important as good leadership. The best process cannot make up for poor leadership, but even the best leadership cannot exercise its will if the process and structures are wrong.

Using these perspectives as a foundation, I want to diagnose interagency collaboration today, offer a set of pragmatic, actionable reforms that this committee and the Congress should consider to improve that process, and note some areas of caution in the process of reform.

The importance of strong agencies with clear missions and authorities

“Interagency” and “whole of government” are buzz words that arose after the September 11th attacks and in direct response to the interventions in Iraq and Afghanistan. Both of these operations, as well as counterterrorism missions elsewhere, raised important issues about agencies’ capacities and their ability to work together. Since the interagency ‘problem’ grew directly out military missions, the ‘requirement’ was driven by what the military thought it needed and did not have. Specifically, DOD was frustrated by the absence of a significant, flexible, well-funded civilian capacity at the State Department and USAID, able to take responsibility for post-conflict reconstruction and stabilization after U.S. combat operations concluded. Yet operations in Iraq and Afghanistan are not the best guidelines for future reform in the interagency space. Interagency needs of the future cannot be extrapolated from these cases because future commitments likely will not be the result of a sizeable deployment of US military forces.

Instead, future commitments likely will require the military to provide secondary support to a civilian mission. The question of agency strength and mission therefore is critical both to today’s missions and those of the future. There cannot be an interagency process that is truly “whole of government” absent stronger mission statements for the civilian agencies that are clear and adequately resourced.

SELECTED NON-INTERNATIONAL AFFAIRS FOREIGN ASSISTANCE PROGRAMS	
Departments	Programs and Offices
Agriculture	Foreign Agriculture Service; CCC Export Credit Guarantees; Foreign Market Development Programs
Commerce	International Trade Administration, Bureau of Industry and Security
Homeland Security	CBP Container Security Initiative and Office of International Affairs and Trade Relations; Federal Law Enforcement Training Center
Energy	National Nuclear Security Administration; High Energy Physics Program
Justice	Legal Attaché Program; DEA Organized Crime and Drug Enforcement Task Force; INTERPOL
Education	International Education and Foreign Language Studies (Overseas); International Affairs Office
EPA	Office of International Affairs; Office of International Programs
Health and Human Services	CDC Global AIDS, Immunization, and Disease Programs; Office of International Affairs
Interior	International Technical Assistance Program, NPS Office of International Affairs, Minerals Management Service
Labor	Bureau of International Labor Affairs
NASA	International Space Program; International Space Science Collaboration Program; Export Control Program
Transportation	Office of International Aviation and Office of International Transportation; FAA's Office of International Aviation; FHA's Office of International Programs; Saint Lawrence Seaway Development Cooperation

Part of the interagency problem, then, is civilian agencies’ weakness in strategic planning, mission definition, capacity building, institutional coherence, and resources.

This weakness is partly structural. For the past 60 years, we have created new program agencies to implement new program areas, from USIA and USAID decades ago to MCC and PEPFAR in recent years. International affairs activities now form a complex diaspora spread throughout all of the civilian departments of government.

Moreover, existing government agencies not traditionally part of the foreign policy process have become significant international actors as globalization causes more and more problems to transcend state boundaries. The Secretary of State does not influence many of these programs and activities, making it difficult to coordinate even just civilian institutions.

Another part of the problem is normative. ‘Whole of government’ now is invoked as a prescription rather than a description, and as though the chances of a mission’s success go up with each department or agency involved. Reflexively applying the ‘interagency’ and ‘whole of government’ concepts to all of our overseas activities is wrong. Some circumstances are properly managed by just one department. Managing this complex environment and improving collaboration across the government depends on better understanding the circumstances under which ‘interagency’ and ‘whole of government’ approaches are appropriate. There are areas where there is a need for the expertise of agencies that are primarily domestic in focus. In these circumstances they might operate under the development guidance of USAID. There are also areas where these domestic missions relate to international activities and these agencies have policy equities. In these cases, they might be part of the interagency process led by the Department of State and guided by foreign policy objectives.

Structure and norms do not explain all of the civilian agencies’ weakness, however. There also is not a strong tradition of genuine strategic planning in the civilian foreign policy agencies. The long term is not typically a focus of agency policy and resource planning; missions do not typically drive program or budget decisions. This is in strong contrast to DOD. Although far from perfect, planning discipline has become part of DOD’s institutional routine.²

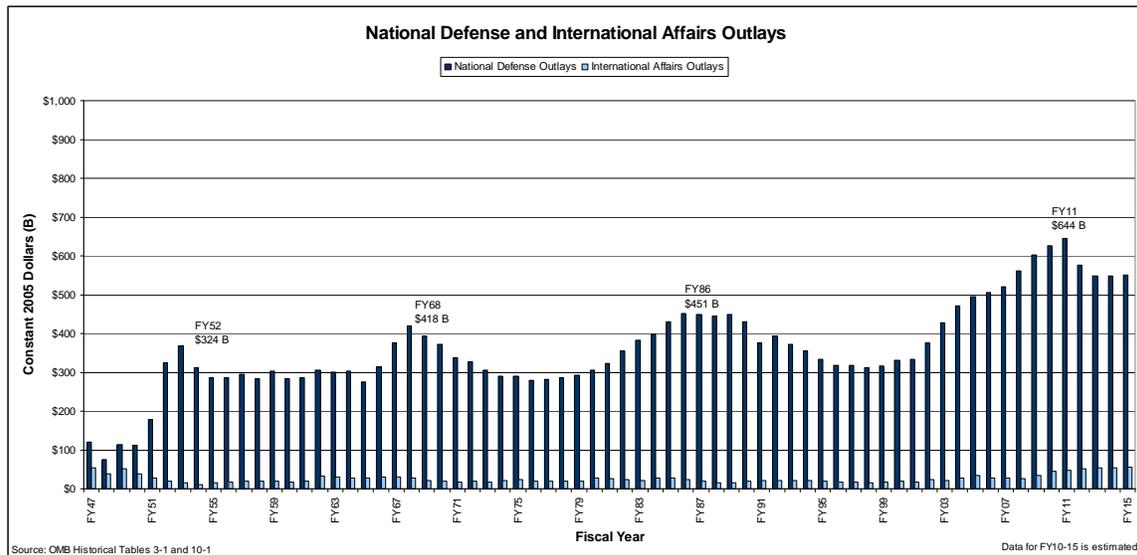
Interagency reform proposals need to address this contrast in culture. Otherwise, ‘coordination’ simply will mean synchronizing the civilian agencies’ missions in line with DOD’s established strategic plan and the significant resources matched to it. This year’s quadrennial plans provide an example of both the problem and the potential solution. The Defense Department has provided some input to the ongoing Quadrennial Diplomacy and Development Review, but made no mention of the State Department’s foreign policy leadership in the Quadrennial Defense Review’s strategic assumptions and planning scenarios.

Despite this imbalance, it is important for the QDDR exercise to institutionalize planning discipline in the State Department because only through such discipline can a clear sense of missions emerge. This, in turn, will drive the need for resources (human and fiscal) and appropriate authorities and flexibility at State and USAID.

² For a discussion of the contrast between DOD and civilian foreign policy agencies see Gordon Adams, “The Politics of National Security Budgets,” Stanley Foundation Brief, February 2007.

The Problem of Resources Linked to Missions

The budget process inside agencies is the point at which strategy and mission meet resources. It is the key indicator of policy priorities. That indicator, however, must be read appropriately. The fact that DOD resources (funding and personnel) far outstrip those of the State Department and USAID does not mean that a funding rebalance between the two is needed. Rather, missions should drive requirements and resources, not some arbitrary algorithm.³ They presently do not. This year (FY2010) the Department of Defense's real outlays (\$626.4; constant 2005 dollars) nearly double what we spent in FY2001 and will exceed any single year's spending since World War II.⁴ This unprecedented amount is being committed despite the Soviet Union's collapse and the ensuing, significant improvement in our security and that of our allies.



Even without using a mechanical algorithm, however, it is clear that the share of spending and resources located at DOD is disproportionate to the changes in the global environment. This has skewed both the shaping and the implementation of foreign policy and national security missions. DOD has combined these resources with its strong commitment to strategic planning, crafting a number of missions for the future, testing its force structure against scenarios involving those missions, and developing the capacity to execute those missions in the field. This difference in resources and capacity has led to an imbalance of impact on policy and strained interagency relationships in the field.

One example of this strain and imbalance is the Defense Department's Combined Joint Task Force – Horn of Africa (CJTF-HOA). CJTF-HOA includes substantial development elements rather than just military assistance. Yet a GAO investigation released in April determined that “some personnel lack needed skills for (1) applying funding to activities, (2) understanding African cultural issues, and (3) working with

³ Nor should either department's fiscal resources be pegged to an arbitrary share of GDP or of the federal budget, as some have proposed.

⁴ Office of Management and Budget, Historical Tables 3-1 and 10-1.

interagency partners at U.S. embassies.”⁵ On the basis of this and other findings, GAO found the severity of the situation sufficient to warrant a recommendation that AFRICOM “evaluate...whether the task force should be retained.”⁶

The relationship between Chiefs of Mission and Combatant Commanders can become problematic in such circumstances. Such tensions are sometimes described as part of our interagency problem. In reality, it may simply be a reflection of the disparity in resources. The solution may be less one of interagency coordination than it is one of recalibrating the responsibility for the mission and resourcing it adequately on the civilian side.

The interagency dimension

Not all problems can be resolved by strengthening the civilian toolkit and disciplining the military one. Relationships at the interagency level need attention and reform as well because clarity of mission depends on clarity in overall strategic policy. The National Security Strategy and a draft version of a Presidential Study Directive on development do not provide detailed guidance on mission, agency responsibility, authorities, and structure, though. This guidance is needed to identify which agencies are responsible for which missions and how they should resource those missions in their personnel and budget planning. Also absent from these documents is any indication of which decisions are going to be made to reform or institutionalize interagency processes.

The outline of that reform, however, is apparent. The National Security Staff and OMB lack a clear coordinating mechanism. Both in overall budgeting and in specific crises, the National Security staff and OMB do not systematically link policy decisions and resource implications. This often leaves the White House scrambling for resources and, in turn, creating unanticipated impacts on agency budgets across the government. My experience was that only regular interaction between the two staffs could ensure that such fiscal crises were contained. In the Clinton and George W. Bush administrations, the National Security Staff and OMB created a process that included resources considerations in policy discussions and communicated priorities clearly to OMB, but this process was informal and personality-dependent in both cases. While both the Bush and the Obama administrations have created strategic planning offices at NSC, they have not led a systematic planning effort or solved the problem of coordination in the Executive Office of the President. There is still a need for a more systematic planning capacity at both organizations, interacting at the point of strategy planning and guidance to agencies.

Reform Options

Of course, this subcommittee will not be able to solve all these problems on its own, but exposing them is important and welcome. One step I would recommend strongly is more systematic interaction on the Hill between the defense authorizers and appropriators and their foreign affairs counterparts, including holding hearings like this jointly.

I make the following recommendations for your consideration as you work this agenda.

⁵ “DOD needs to determine the future of its Horn of Africa task force,” GAO (GAO-10-504), April 2010: pp. 21-22

⁶ Ibid, pg. 26

- Discipline defense budgeting by **including defense in the discretionary budget freeze proposed by the administration**. Generous resources in defense have contributed to a general tendency to expand the mission agenda in that department. It is now late in the day to begin such discipline, but I would recommend it strongly, as I did to the Senate Budget Committee this spring.
- Call for the administration to **end the practice of funding operations in Iraq and Afghanistan through a separate title in the budget request**. Even with improved restraint, separate funding has not encouraged budget discipline at DOD or led to more careful priority-setting. This is especially true for Operations and Maintenance accounts, which are highly fungible. After ten budget years of such operations, this spending is eminently foreseeable; it should be foreseen.
- Revisit the functions authorized for the Chairman of the Joint Chiefs of Staff under the Goldwater-Nichols Act (P.L. 99-433) to **strengthen the Chairman's role, in support of the Secretary, integrating Service budgets and plans**. Budgeting is the last, uncrossed frontier of 'jointness' and, because budgeting is policy, it is among the most important.
- **End the annual 'unfunded requirements' exchange** between the armed services committees and the military services. The Secretary has imposed some welcome restraint here, but these letters weaken OSD and the Chairman's efforts to integrate Service budgets and make trade-offs.⁷
- **Impose accountability on Defense Department for meeting its schedule for financial auditability**. Section 1003 of the FY2010 National Defense Authorization Act tasks the Defense Department with being ready for audit by 30 September 2017 and with setting milestones for reaching that goal. It is not, however, required to inform Congress of those milestones or report on its progress towards meeting them, but it should be.
- **Support Secretary Gates' efforts to discipline defense planning and budgeting**. The Department should be asked how it would prioritize missions and budgets if defense is held at a hard freeze, or even forced to decline in the coming years as pressures build from deficit reduction and lower requirements for operations in Iraq and Afghanistan.
- **Ask the Defense Department to clarify the priority it puts on the numerous missions outlined in the QDR**. The QDR presently does not provide a strategic context for its mission discussion, the relative importance of these missions to U.S. national security, the likelihood of events that would trigger these missions, or the true risk associated with different challenges and threats. All missions therefore appear equally important, all are top priority, and DOD is largely responsible for the successful performance of all of them. Hearings on the forthcoming report of the QDR Independent Review Panel provide an opportunity to raise this question.

⁷ For additional discussion on this topic see <http://budgetinsight.wordpress.com/2010/03/15/gates-battles-nominal-requirements/>.

- In a future authorizing bill, amend the QDR authorization (10 USC §118) to **direct the Defense Department to solicit and incorporate inputs from the State Department and Intelligence Community** on the QDR's strategic assumptions and planning scenarios. These assumptions and scenarios drive the tools that the Defense Department develops to support U.S. foreign policy.

There are several other reforms that might be undertaken in cooperation with the Foreign Affairs Committee, as they involved both departments.

- Support the concept of **unifying the international affairs (150) and national defense (050) budget functions**. This can be done by the executive branch and it would encourage this committee and the Foreign Affairs Committee to work more closely together in examining priorities and capabilities between the two departments. At the least, it would make arbitrary cuts in International Affairs by the Budget Committees less likely.
- **Hold joint oversight hearings with HFAC on mission areas where defense, diplomacy, and development responsibilities overlap, especially in the area of security assistance**. A hearing should explore the purposes and objectives of security assistance programs and examine the appropriate roles, responsibilities, and authorities of the two departments in this critical area.⁸ The committee might also consider a joint investigation with HFAC on security assistance, modeled on the excellent 2008 report on Provincial Reconstruction Teams. More generally, hearings such as this could systematically explore the balance and needs in capabilities, resources, and authorities between the departments.
- In the equally critical area of fragile state policy and response capabilities, the two committees could **carry out a joint review and hearings on civilian capabilities, examining the overlap between State's Civilian Response Corps and DOD's Civilian Expeditionary Workforce**.

The Limits on Reform

Reform efforts both in agencies and in the interagency space can overreach. The impulse to reorganize bureaucracies, rather than hold hearings and conduct investigations, is strong. But reorganizations do not always lead to efficient outcomes or save resources, and they often have unintended consequences or lead to fractious outcomes that delay solutions to the problem they were designed to address. Problems at DHS and ODNI are instructive examples.

Centralizing authorities in and around the White House also has its limitations. The experience of the State Department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS), the National Counterterrorism Center's Directorate of Strategic Operational Planning (NCTC/DSOP), and the Office of National Drug Control Policy (ONDP) suggest the potential risks in creating extra-departmental authorities and coordinating responsibilities. S/CRS has not been able to carry out its interagency responsibilities as intended in NSPD-44. NCTC conducted a lengthy interagency

⁸ For additional discussion on this topic see <http://budgetinsight.wordpress.com/2010/05/13/relying-on-the-kindness-of-others-a-risky-partner-building-strategy/> and for one solution to this problem, Paul Clayman, "Building State Department Muscle," *Defense News*, 05 April 2010

planning exercise for counter-terror operations, but did not lead to significant changes in tasking, funding, or capabilities. ONDCP has not been able to operate effectively as a central coordinator for counter-narcotics policy and operations, subject, as it is, to the changing priority given the narcotics problem and the manifest unwillingness of agencies to accept direction from the Office.

Mission clarity will be key to defining what interagency or “whole of government” reforms are needed. For example, if the interagency “space” is given operational responsibility for coordinating contingency operations and the mission is defined as linking military and civilian capabilities in such missions, it risks being based on the assumption that what is needed is a capability that could operate more effectively than we did in Iraq and Afghanistan. But if civilian support for “governance” in fragile states replaces military-intensive “regime change” and “nation-building” operations as the primary model for future missions, the interagency responsibilities and capabilities we need may be substantially different.