CHAPTER SIX

Four Ways to Restructure National Security in the U.S. Government

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The global spread of technologies, commerce, and investments has made it more and more difficult to define the mission of national security in traditional ways. Borders are disappearing. The influence of multinational and non-governmental organizations is growing. Economic crises, environmental pollution, and infectious diseases now all have global effects, and successful responses must integrate foreign and domestic activities. The direct security threats to individuals have also changed, with terrorism and the proliferation of dangerous weapons now as serious as the rise of hostile states. As al Qaeda has demonstrated, it has the ability to attack anywhere in the world by exploiting new communications technologies, global financial networks, and the ease of movements of people. Combating security threats increasingly requires governments to integrate their foreign and domestic activities, coordinate closely their overseas foreign and military policies, and be able to act rapidly anywhere in the world.[1]

Do these changes imply a need to reorganize the American national security structure? Since the end of the Cold War, many steps have been taken to make the executive branch of the U.S. government more responsive to the demands of the new security environment. These steps have been evolutionary in character, apart from the creation of the Department of Homeland Security (DHS) in 2003.

[1] For a discussion of these trends and their implications, see Davis, 2003.

Yet even in this case, the reorganization did not incorporate the FBI's terrorism responsibilities.

The result, in the view of many both inside and outside the government, is a national security structure with many problems. These have been described most dramatically by the National Commission on the Public Service (also known as the Volcker Commission). According to the commission, "Across the government, in one functional area after another, we find the same persistent problems: organizational structures and personnel policies that are inconsistent with and thwart important public missions."[2] These organizational structures create two types of problems. Decisionmaking is impeded by the duplication and overlap in functions, and "accountability is hard to discern and harder still to enforce."[3] Thus, the commission calls for the reorganization of the federal government "into a limited number of mission-related executive departments" composed of operating agencies sharing similar substantive responsibilities and with lean senior management levels.[4] It then outlines a few basic principles to guide the recommended reorganization: organize the government around critical missions; combine agencies with similar or related missions into larger departments; and eliminate duplication.[5] The commission does not, however, go on to suggest how these recommendations could or should be implemented. This chapter undertakes to fill this gap by sketching out four different approaches to restructuring the executive branch of the U.S. government for the mission of national security.

To set the stage, the chapter describes how the national security structure has evolved historically, focusing on the efforts to improve the coordination of various types of national security activities and then on the steps taken to respond to the new demands of the national security environment. In both cases, the result has been a

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[2] Chapter 2 of this volume, p. 57.

[3] Ibid., p. 12.

[4] Ibid., pp. 29, 57.

[5] Ibid., p. 32.

duplication of staffs and coordinating processes. The chapter then describes four approaches to reorganizing the executive branch of the U.S. government to implement the commission's goals:

1. Create a limited number of mission-related departments, one being a Department of Security.
2. Establish a new National Security Department by combining and eliminating staffs in the Department of State and the Defense Department.
3. Retain the Department of State and the Defense Department and reform State.
4. Forgo restructuring of the departments and reorganize the White House staff.

The approaches are derived from different views of what the new national security environment now demands and then from different answers to two organizational questions: Should foreign and domestic activities be combined? Should new mission-focused departments be created or existing departments reformed? The approaches are displayed in terms of their answers in Figure 6.1. The chapter concludes by suggesting ways to evaluate these approaches in terms of their potential benefits and costs and then proposing what the way ahead should be.

Figure 6.1
Characteristics of Structural Approaches

Combine foreign and domestic activities	Create new departments	Reform current departments
Yes	1. Department of Security	4. White House Staff
No	2. National Security Department	3. State Department

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Three of these restructuring approaches are my own creation, drawing on my personal experiences in the government. The approach that involves a reform of the State Department is based on the recommendation of the Commission on National Security/21st Century, commonly known as the Hart-Rudman Commission. The genesis of this proposal lies with James Lindsay and Ivo Daalder, with whom I worked on the Hart-Rudman Commission staff.

Evolution of the Current National Security Organization

Today's national security structure dates back to the 1947 National Security Act, which was enacted to remedy military coordination problems that arose during World War II and that were becoming more urgent with the emerging power of the Soviet Union and the potential spread of communism.

Both to ensure civilian control and to encourage cooperation in the operations of the military services, the act created the Department of Defense (DoD) and the three service departments (Army, Navy, and Air Force). The chiefs of the services were formally recognized and, together as the Joint Chiefs of Staff (JCS), were given coordinating responsibilities and provided with staff. (The position of chairman was added to the JCS in 1949.) The act also created the Central Intelligence Agency (CIA) as well as the Director of Central Intelligence (DCI) to provide the President with a coordinated intelligence product that was independent of the perspectives of the departments. Finally, the act created the National Security Council (NSC), giving it the role of advising the President on the integration of domestic, foreign, and military policies relating to national security and facilitating interagency cooperation.

What emerged from the 1947 National Security Act were new but very weak coordinating processes. Presidents and Congress have acted over the years to enhance the responsibilities and authorities of the Secretary of Defense, the Chairman of the JCS, and the DCI, yet the military services have retained considerable power. The most important of these steps for DoD was the 1986 Goldwater-Nichols Act,

which strengthened the roles of the Secretary of Defense and the Chairman of the JCS and aimed to promote jointness among the military services. In 1992, Congress codified many of the DCI's specific coordinating and budget authorities into law. Nonetheless, we still see a structure of widely dispersed military and intelligence activities and a variety of overlapping authorities and coordinating processes.

By contrast, the role and responsibilities of the NSC Advisor and staff have steadily grown over the years as a result of many different pressures. The President looks to the NSC staff to ensure that his goals and political agenda are served by the government's policies. The staff plays a critical coordinating role, given the growth in the breadth of activities that today constitute national security and the number of departments and agencies involved. The NSC staff also finds itself stepping in when departments are unable to act quickly enough, which is a criticism often leveled against the State Department. The result is a staff that has offices that cover all the regions of the world and the full range of functional issues (economics, counterterrorism, nonproliferation, and so forth) and an NSC Advisor who not only advises the President and coordinates the interagency process, but also has become both a key spokesperson and a diplomatic negotiator on national security policies.

Beyond these steps to improve coordination among the various national security activities, the evolution of the national security organizational structure can be understood as responses to (1) the changing national security agenda as old security threats waned and new threats emerged, (2) various pressures within departments to duplicate the expertise of others, and (3) periodic congressional interests and direction.

With the end of the Cold War, a number of restructuring efforts were made to respond to the new security environment. New offices were created throughout the government to deal with the threats posed by terrorism, weapons proliferation, drug smuggling, environmental change, the spread of infectious diseases, and the desire to promote economic development, human rights, and democracy. Moreover, responding to the new security threats and opportunities

required the involvement of more and more domestic agencies, thereby calling for new and expanded government coordinating processes. In 2003, DHS was created, consolidating activities ranging from border and transportation security to emergency preparedness and protection of the nation's infrastructure.

In the course of their histories, the national security departments and agencies have each developed strong and independent centers of power that to this day continue to exercise considerable influence in the decisionmaking processes. In the case of the State Department, the regional bureaus play a predominant role; and in DoD and the intelligence community, the military services predominate.

One reason, then, for the organizational steps that have produced duplication has been the desire to introduce perspectives other than these dominant ones in the different departments. For example, in the State Department, the regional bureaus tend to give priority to keeping good relations with governments overseas rather than raising issues that create problems, e.g., counterterrorism, human rights, or even trade. This has led to pressures within the executive branch and especially in Congress to create separate functional offices (and advocates) within the State Department. In the cases of trade and arms control, entirely new entities were created outside the State Department: the Office of the U.S. Trade Representative (USTR) and the Arms Control and Disarmament Agency (ACDA).

Within the past few years, countervailing pressures have led to the reintegration of ACDA and the U.S. Information Agency (USIA) into the State Department, and the Director of U.S. Agency for International Development (USAID) now reports through the Secretary of State to the President. But the combination of bureaucratic and congressional pressures meant that in the end, the reintegration involved very little rationalization of responsibilities. Indeed, an entirely separate bureau for arms control verification was established in order to secure the support of Senator Jesse Helms, Chairman of the Senate Foreign Relations Committee.

In DoD, two parallel efforts have produced duplication. One involves the steps on the part of the Secretary of Defense to increase his influence over the military services by expanding his own staff;

creating cross-service processes for program acquisition, programming, and budgeting; and establishing departmentwide agencies. The other involves congressional efforts to introduce "jointness" into the policymaking processes of the military services. The result is the existence of multiple staffs with shared responsibilities for the same policies and programs. Congress has also intervened when the department was viewed as not giving sufficient priority to certain activities, such as the creation of a separate bureau with its own budgetary authority for special-operations/low-intensity conflict.

A lack of trust within the government has also given rise to widespread duplication. Each department, agency, and even office wants to have its own experts. So, for example, Middle East experts reside not only in the regional bureaus of the State Department but also in the functional bureaus, in USAID, in at least three offices in the Office of the Secretary of Defense (OSD), in the Joint Staff, in the staffs of each of the services, in all the intelligence analytical offices, and in the Treasury Department. State and DoD have parallel offices for most policy issues, e.g., NATO, nonproliferation, arms control, and security assistance; and offices for these exist as well in OSD, the Joint Staff, and the military services. State and Treasury have parallel offices on international development. Two separate systems for controlling exports exist, one in State for military items and one in Commerce for dual-use items. Most departments and agencies negotiate directly with their counterparts overseas, leaving the State Department with a diminishing set of responsibilities.

The national structure that has emerged is the result of ad hoc and evolutionary steps. No fundamental restructuring occurred at either the beginning or the end of the Cold War. So it is hard to argue with the Volcker Commission's view that today's system of government "has evolved not by plan or considered analysis but by accretion over time, politically inspired tinkering, and neglect." Nor is it easy to disagree with the assertion that the organization and operations of the federal government are "a mixture of the outdated, the outmoded, and the outworn. Related responsibilities are parceled out

among several agencies, independent of each other or spread across different departments."[6]

At the same time, it is important to note that in most cases, good reasons for the organizational steps existed at the time they were taken, even though the consequences were not always the intended ones. Moreover, within the government and the country as a whole, value is seen in policymaking processes with multiple centers of expertise and analysis, and even overlapping responsibilities, since these bring to bear a variety of perspectives and encourage differences in views.

Reorganization Approaches

Much has been written about the new national security environment, both the threats and the opportunities. In such an environment, the nation must be able to, among other things, act quickly, integrate foreign and domestic activities, apply military power at home and abroad, and interact with government and non-governmental organizations. In terms of structuring the government and its decisionmaking processes, two central questions emerge:

- Are there compelling reasons to combine foreign and domestic activities into single departments and decisionmaking processes, or can we live with the historic divisions?
- Do departments need to be created with new missions, or is it enough to reform the existing departments and coordinating processes?

Let us consider four possible approaches to providing answers to these two questions. Each of the approaches adopts a view of what the national security environment calls for in terms of defining the missions of the executive departments and then seeks to advance the

[6] Ibid., p. 12.

goals of eliminating duplication, enhancing accountability, and improving the decisionmaking processes.

The first approach fundamentally restructures the executive branch of the U.S. government, integrating into one department all foreign and domestic activities involved in dealing with threats that present serious and direct dangers. The second approach would retain the current organizational division between domestic and foreign security, keeping in place the Department of Homeland Security, but would create a new single Department of National Security by consolidating the activities of the Department of State and DoD. In the third approach, State and DoD would remain responsible for international diplomacy and military operations, respectively, but State would be fundamentally reformed. The fourth approach would forgo any restructuring of the executive departments and instead seek to improve the decisionmaking processes by reorganizing the White House staff.

Create a Limited Number of Mission-Related Departments, One Being a Department of Security

The first approach is based on a view that the new security environment calls for policies, and therefore the operations of the executive departments, that closely integrate foreign and domestic activities. A single department would be responsible for security. Its mission would be defined narrowly as preventing and responding to threats that present serious and direct dangers. Other departments would serve other "national goals"—for example, a Department of Economic Well-Being, a Department for Health and Public Safety, and possibly others.

Each new department would be responsible for policies involving both domestic and foreign activities and for conducting all implementing operations, including negotiations with foreign governments and interactions with state and local governments. Thus, the present main function of the State Department, negotiating with foreign governments, would disappear. Experts on foreign countries would reside in each of the new departments. Ambassadors would

report directly to the President. Each of the new departments would provide staff and funding to the embassies.

The Department of Security would bring together planning and operations to prevent and respond to such security threats as the rise of hostile states, terrorism, weapons proliferation, drug smuggling, and cyber attacks. (See Table 6.1 for the responsibilities that would and would not be assigned to the new Department of Security.)

As for the other departments that would be created in this approach, the Department of Economic Well-Being would bring together Treasury's bureaus for multilateral development, for economic and tax policies, and for domestic finance; Commerce's offices other than security; State's economic offices; USTR; and USAID. The Department of Health and Public Safety would bring together the departments of Health and Human Services (HHS), Housing and Urban Development (HUD), Education, and Veterans Affairs; the Social Security Administration; DHS's offices for domestic emergencies; and Justice's anti-crime offices. Places would still have to be

Table 6.1
Responsibilities of the Department of Security

Department/Agency	Current Responsibilities Included	Current Responsibilities Not Included
Department of Defense	All	
Central Intelligence Agency	All	
Department of Homeland Security	Counterterrorism, critical infrastructure, counterdrug activities	Disaster relief
Department of Justice/FBI	Counterterrorism, counterdrug activities	Law enforcement
Department of State	Counterterrorism, counterdrug, nonproliferation, political-military	Economic/trade, environment, human rights
Department of Energy	Nonproliferation, nuclear weapons	Domestic energy
Department of Commerce	Export controls	Trade promotion
Treasury Department	Terrorism and financial intelligence	International affairs, domestic finance, economic and tax policy

found in these or another new department for other agencies and departments such as the Environmental Protection Agency, the Departments of Agriculture and Transportation, and the State Department offices involved in public diplomacy, environment, promoting democracy, and refugees.

Establish a New National Security Department by Combining and Eliminating Staffs in the Department of State and DoD

The second approach is based on the view that in the new security environment, a division between domestic and foreign security responsibilities is appropriate, given the differences in the threats to Americans at home and abroad and in the methods needed to respond, e.g., law enforcement and military operations. What is needed, however, is a closer integration of overseas activities involving foreign policy and military operations. In this approach, the mission-related executive departments would be divided on the basis of domestic and overseas activities. DHS would encompass the counterterrorism activities of the Justice Department and the FBI. A single National Security Department would be created for international security activities, bringing under one roof the Department of State and DoD. The current roles and responsibilities of the DCI and the intelligence community would not change.

Consolidating State and DoD into a single Department of National Security would reduce duplication and enhance accountability. A single policy bureau would be created for each of the regions of the world (Europe, Near East, Africa, Asia) and for each of the main functional areas (economics, global issues, terrorism, nonproliferation). As the State Department has the lead in these today, the OSD staff would be folded into its bureaus, as would be experts in these areas from the Joint Staff and the military services. Regional and functional experts would exist only in the respective policy bureaus. Intelligence analysis would be housed in a single bureau, consolidating all DoD intelligence staffs and folding in experts from the State Department. Strategic planning would also be consolidated into a single staff, drawing together the current personnel from State, OSD, JCS, and the military services.

Steps would be taken to rationalize the structure and eliminate duplication among the other staffs of the Secretary of Defense, Chairman of the JCS, the secretaries and chiefs of the military services, and the combatant commanders. Only one civilian and one military staff would be designated for each of the defense functions. Responsibility would be given for weapons acquisition to OSD (Acquisition) and the Joint Staff; for program planning and budgeting to OSD (PA&E/Comptroller) and the Joint Staff; for operational planning to OSD (Policy) and the combatant commanders; and for personnel recruiting and training to OSD (Personnel Readiness) and the service secretaries, in consultation with the chiefs.

Beyond steps to combine and rationalize the Department of State and DoD, the logic of this approach would be to bring into this new department international activities from other departments—Treasury (International Affairs bureaus), Justice (FBI's International Operations Branch), and Commerce (Bureau of Industry and Security), as well as USAID and USTR.

Retain the State Department and DoD and Reform State

The third approach is based on the view that in the new security environment, responsibility should remain divided not only between domestic and overseas security activities but also between foreign policy and military operations. In a time of expanding international challenges, managing either the State Department or DoD is a formidable undertaking; combining the departments would be overwhelming. The mission-related departments in this approach would be defined, as today, in terms of the conduct of diplomacy (State) and of military operations (Defense). But the State Department would be reorganized according to the Volcker Commission's principle, to "create as few layers [as possible] between the top leadership and the operating units."

In 2001, the U.S. Commission on National Security/21st Century—known as the Hart-Rudman Commission—recommended a major restructuring of the State Department. It argued that "the State Department's own effort to cover all the various aspects of national security policy—economic, transnational, regional, security—has

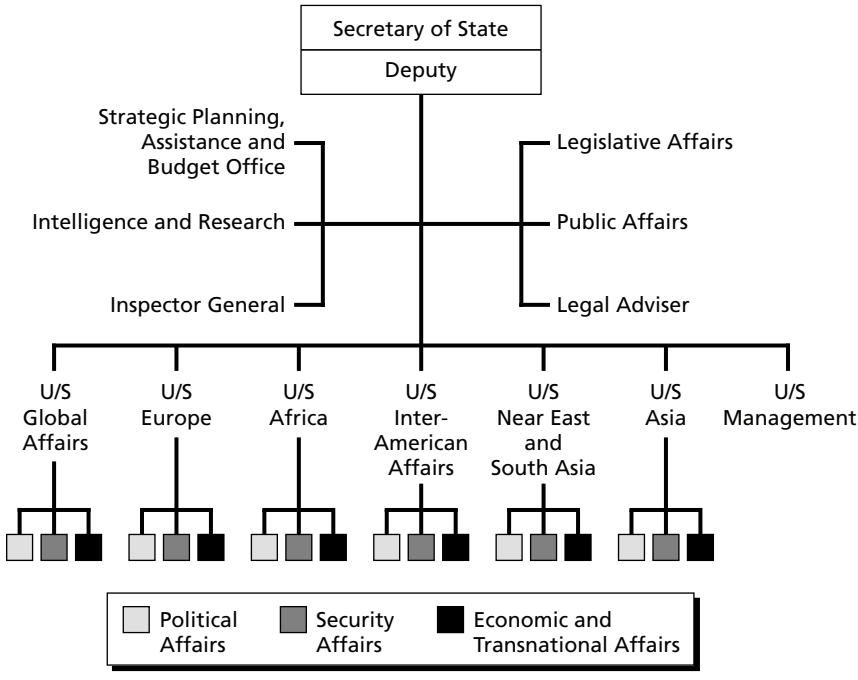
produced an exceedingly complex organizational structure." But "more fundamentally, the State Department's present organizational structure works at cross purposes with its Foreign Service culture." According to the commission, this is the case because the department's senior officials have functional responsibilities, whereas the foreign service expertise lies in terms of foreign countries and cultures. The result is an organizational structure that makes it difficult to develop a distinct State point of view or to speak for the department with one voice, thereby reducing the department's influence inside the government, in its interactions with Congress, and in its representation abroad.[7]

This approach adopts the Hart-Rudman recommendations, whereby responsibilities under the Secretary and Deputy Secretary of State would be divided among six substantive under secretaries overseeing the regions of Africa, Asia, Europe, InterAmerica, Near East/South Asia, and Global Affairs. Responsibilities of the Under Secretary for Management would not change (see Figure 6.2). The substantive under secretaries would be responsible and accountable for all foreign policy activities in their areas. They would orchestrate diplomatic strategies and crisis responses, oversee various assistance programs, provide a single point of contact for Congress, and represent the State Department overseas and on the Hill. Three functional bureaus would support each of these under secretaries: economic and transnational affairs, political affairs, and security affairs. USAID would be fully integrated into the State Department, with its programs divided among the under secretaries. This reorganization would rationalize the Secretary of State's span of control, individual accountability would be improved, and duplication of staffs would be reduced.

To the extent that the State Department could begin to function effectively by being able to integrate regional and functional perspectives into coherent policies, this reorganization could set the stage for

[7] U.S. Commission on National Security/21st Century, 2001, Chap. III, pp. 52–62 (available at http://www.nssg.gov/PhaseIIIFR.pdf). The author was Senior Study Group Advisor for the institutional redesign phase of the commission's work.

Figure 6.2
Proposed Organization of the Department of State



SOURCE: U.S. Commission on National Security/21st Century, 2001.

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pulling back into the department those responsibilities that have migrated elsewhere, e.g., international trade negotiations and international development programs. This could be a small step toward achieving another of the Volcker Commission's goals, that of bringing together in a single department similar activities.

Forgo Restructuring of the Departments and Reorganize the White House Staff

The fourth approach, like the first approach, views the new security environment as calling for a closer integration of foreign and domestic activities. But it contends that the breadth of government activities that contribute to the nation's security does not fit well into a limited

number of executive departments. So this approach assigns to the White House staff responsibility, on behalf of the President, for achieving coordination, discipline, and accountability.

Today, three separate interagency coordinating processes and staffs in the White House have responsibility for aspects of national security policy: the National Security Council (NSC), the National Economic Council (NEC), and the Homeland Security Council (HSC). Coordination among the three is achieved by having overlapping membership in the councils, by having certain staff members (those responsible for international economics and counterterrorism) report to more than one of the assistants to the President, and by mandating through executive orders a sharing of responsibility, e.g., for defining requirements for foreign intelligence collection between the assistants for national security and those for homeland security.

The coordinating processes for economic and homeland security policies were created separate from NSC to give them political visibility and priority. But they make coordination more difficult, and they reinforce divisions between foreign and domestic activities, when often the need is to achieve closer integration, e.g., in the war on terrorism and in international financial crises. Multiple processes also present obstacles to achieving discipline.[8]

One way of remedying these problems would be to broadly define the activities that constitute national security and give the NSC responsibility for coordinating all their aspects, both foreign and domestic. Responsibility for setting priorities and ensuring discipline in the policymaking process would fall to the National Security Advisor. To be successful, this would require that his or her primary attention be given to managing the process, as an honest broker, rather than to operational activities, such as negotiating with foreign governments or acting as a public spokesperson.

To achieve the Volcker Commission's goal of accountability, the Assistant to the President for National Security would be confirmed by the Senate and available to testify before Congress. Today, this is

[8] For the arguments in favor of combining domestic and foreign coordinating responsibility for the war on terrorism in the NSC staff, see Davis et al., 2004.

the case for another member of the White House staff, the Director of the Office of Management and Budget (OMB). Such a requirement has the potential for undercutting the National Security Advisor's role as a personal adviser to the President, since it would mean having to share his or her advice publicly. But the alternative in this approach would be to place considerable power in the hands of a person who is not accountable to the American people, except through the President.

A Way Ahead

Cataloging the problems in the current U.S. government structure—and there are many—is reasonably easy to do. The approaches defined in this chapter address the problems specifically identified in the Volcker Commission report. To respond to the new security environment, domestic and foreign activities would be integrated in the creation of an entirely new Department of Security in the first approach and in a single White House security staff in the fourth approach. To address the problems of incoherence and immobilism in decisionmaking, as well as duplication, new departments focused on the mission of security would be created in the first and second approaches. To remedy the deficiencies caused by overlapping responsibilities and the lack of accountability, the Department of State would be reformed in the third approach. To improve coordination, discipline, and accountability within the government, the White House staff would be reformed in the fourth approach.

So, by design, each approach would improve the performance of the executive branch of the U.S. government. Quantifying the different benefits and costs of each approach is, however, very difficult, because the goals are so intangible. We can say that by eliminating duplication, all four approaches achieve a reduction in overall personnel and in administrative budgets.

There would also be certain costs to restructuring: personnel turbulence, financial expenditures, reduced effectiveness in decisionmaking until new processes are in place, and so forth. There would be

other costs that are harder to define, such as overcoming the resistance of bureaucracies that are comfortable with existing processes and bases of power, of individuals in positions potentially vulnerable to change, of employee unions facing job losses, and so on. It would also be costly to gain political support for restructuring, as all but the reorganization of the White House staff would require congressional approval. None of these costs can be easily defined or quantified.

Therefore, any evaluation of restructuring proposals must be based on very subjective judgments. Given the uncertainties, it would be prudent for the burden to fall on those making the case for change. And that case needs to be made not simply in terms of a cataloging of problems. Some calculus must be made of "expected" benefits outweighing the "certain" costs.

Several questions are crucial to such a calculus of benefits and costs. How critical to successful national security policies in the future is the degree of integration of foreign and domestic activities *within departments*? How much difference would *streamlining the decision-making processes* actually make to the effectiveness of future national security policies? For each of these, further research would perhaps be useful. For example, one could examine case studies of good and bad decisionmaking and consider whether the new structure in the four approaches might have made a difference. Another avenue of research might be to engage former policymakers in a systematic consideration of the advantages and disadvantages of each of the approaches, drawing on their personal experiences.

Absent an affirmative answer to one or both of these questions, it is hard to make the case for the fundamental restructuring of the departments in the first approach, or even the consolidation of the Department of State and DoD in the second approach.

There is, however, a case to be made for undertaking both of the other restructuring approaches to improve the performance of the executive branch of the government. For the State Department to assume an effective role in policymaking within the U.S. government and in its representations to Congress and with foreign governments, it must be fundamentally reformed. Otherwise, DoD and the NSC staff will continue to exercise primary leadership on foreign policy,

replicating the problems that have been evident in the recent failure to design a comprehensive political and military plan for postwar Iraq. There is also the need for better integration of foreign and domestic security activities throughout the U.S. government to enable it to respond effectively to the broad range of future threats. To this end, the President should create a single White House staff and give it responsibility for coordinating all national security policies both at home and abroad.