

Smart Power: Rebalancing the Foreign Policy/National Security Toolkit

Testimony of

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Bureaucracy**

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Thank you Mr. Chairman for inviting me to testify today. The hearing you are conducting on these issues is timely and important. We have a unique opportunity over the next year to rebuild the civilian instruments of American statecraft to fit the international challenges we face and your hearing will make an important contribution to that effort.

The nature of the foreign policy and national security challenges we face as a nation have changed substantially over the past twenty years. And our decades-old foreign policy and national security institutions are not properly structured to meet these challenges.

The Challenges

While much of our attention will be focused in the next year on Iraq and Afghanistan, the next Congress and the next administration face a number of critical, longer-term national security and foreign policy challenges: **Globalization and the international economy:** rising energy demand, rising prices, and declining supply; food prices and shortages; financial instability and a weak dollar; and persistent poverty in a stretch of countries from southern Africa to parts of Southeast Asia. **Problems of governance:** fragile, weak, failing, and brittle states, incapable of securing their borders, ensuring internal stability, supporting economic growth, providing social benefits. Political instability and civil conflict are the result; effective, efficient, and responsive governance is the goal. **Conflicts of identity:** persistent and inflamed conflicts of religion, ethnicity, and nationality. **Transnational challenges:** terrorist tactics and organizations, infectious diseases, environmental damage and global warming, international crime and narcotics trafficking, all of which escape the boundaries of the nation state and normal policy capabilities. **Rising powers and a changing international balance of power:** the growing global role of China and India and regional power changes in the Middle East (Iran), and Latin America (Brazil).

These challenges have two features in common: None of them can be addressed by one department or agency of the U.S. government alone; they all require action across the government through an integrated strategy. And none of them can be solved by the United States acting unilaterally; they will all demand American leadership in a multilateral context.

The Priority: Rebalance the Foreign Policy Toolkit by Strengthening Civilian Capacity

My testimony today will focus on the first feature: How do we ensure that our foreign policy toolkit is properly balanced, strategically integrated, and adequately funded to be effective in dealing with these challenges. The bottom line of my testimony is as follows:

1. Our foreign policy toolkit is out of balance; we have relied excessively on the military instrument of power, and neglected the critical capabilities of diplomacy and development/foreign assistance. The next Congress and the next administration need to address this imbalance as a high priority.
2. Despite a growing State Department budget over the past eight years, the diplomatic instrument (both core diplomacy and public diplomacy) is

inadequately staffed and funded to play a full part in our foreign and national security policy.

3. Despite roughly doubling our foreign assistance over the past eight years, our development and foreign assistance institutions suffer from a “diaspora.” There are a large number of agencies and departments now involved in foreign assistance, including many that are primarily domestic agencies. Their efforts need to be better integrated and coordinated. They need a more strategic direction. They need more funding and staff. And they need a coordinated budget process to be effective.
4. There are some specific ways to act, and to act early, on these imbalances and weaknesses:¹
 - Invest in additional staffing for State and reshape the career expectations, training, and career path of the Foreign Service to reorient that culture to fit with the challenges we face.
 - Invest in and rebuild USAID, through additional staff, and the integration of at least some of the “diaspora” of foreign assistance organizations into a stronger organization.
 - Strengthen the capacity of both State and USAID to engage in joint strategic and budgetary planning. Create a process for planning and budgeting across all foreign policy agencies, as well as across domestic federal agencies with international programs. Ensure that development and foreign assistance perspectives have a voice at the table in foreign policy and national security decision-making.
 - Restore the authority of the Secretary of State and USAID over U.S. foreign and security assistance programs, while retaining DOD strengths in implementing security assistance.

The State Department

Today our foreign policy tools are out of balance. Where once the nation relied on strong diplomacy and foreign assistance programs, the consequence of weakened civilian institutions, and the outcome of seven years of conflict in the Middle East and Central Asia is an excessive reliance on the military instrument of national power. No less an authority on this imbalance than Secretary of Defense Robert Gates has drawn our attention to this problem in his recent speech to the U.S. Global Leadership Campaign::

¹ These recommendations draw on a number of studies, but particularly Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, Occasional Paper, Cambridge, MA: MIT Security Studies Program, June 2008; and the study underway at the Henry L. Stimson Center as part of the “Foreign Affairs Budget of the Future” project of the American Academy of Diplomacy. They are the responsibility of the author, alone.

Overall, even outside Iraq and Afghanistan, the United States military has become more involved in a range of activities that in the past were perceived to be the exclusive province of civilian agencies and organizations. This has led to concern among many organizations – perhaps including many represented here tonight – about what’s seen as a creeping “militarization” of some aspects of America’s foreign policy. This is not an entirely unreasonable sentiment...[T]hat scenario can be avoided if...there is the right leadership, adequate funding of civilian agencies, effective coordination on the ground, and a clear understanding of the authorities, roles, and understandings of military versus civilian efforts, and how they fit, or in some cases don’t fit, together.²

The place to start in rebuilding our civilian capacity is with the State Department. Despite significant growth in personnel and funding for America’s diplomatic institutions over the past eight years, the State Department still remains below the level of staffing and funding it needs to conduct our nation’s diplomacy.³ Secretary Powell and Deputy Secretary Armitage deserve great credit for their success both in raising State Department funding, and in adding personnel to the Foreign Service. The additional personnel made up for the demands of opening new embassies in Eastern Europe and the former Soviet Union, which had drawn down staff largely from western Europe, the need to staff our rapidly growing presence in Iraq and Afghanistan in a time of conflict, and significant growth in the consular and diplomatic security sectors. But it did not expand our capability to deal with the new demands of the 21st century.

This leaves a substantial need to continue to expand the Foreign Service, particularly to fully staff overseas missions outside the two conflict areas and to deal with the new agenda of multilateral coalition and organizational growth, economic diplomacy, interagency programs and activities, and the expanding need to interact with non-governmental actors and businesses overseas. Through the study we at the Stimson Center are conducting for the American Academy of Diplomacy, we will be proposing substantial personnel additions to the State Department both for core diplomacy and for public diplomacy, potentially expanding that service by more than 30% over the next five years.⁴ The growth we propose will be driven by requirements for adequate mission staffing and new missions.

Simply adding more foreign service officers to the rolls, however, will not be enough to strengthen the State Department tool. In the 21st Century, the State Department is clearly in the midst of an on-going, significant transition to new roles and expanded responsibilities, especially in the area of program development and management. The once dominant culture of “report, negotiate, and represent” that has been core to the

² Speech of Secretary of Defense Robert Gates to the U.S. Global Leadership Campaign, Washington, DC, July 15, 2008

³ State Department operations budgets, excluding contributions to UN organizations and peacekeeping, have risen 70% between FY 2000 and FY 2008, from \$6.2 b. to \$10.5 b. Much of this increase has gone toward increases for Diplomatic and Consular Programs, and Diplomatic Security.

⁴ Combined with the staffing increases the Stimson/American Academy recommends for USAID and public diplomacy, overall staffing for these three areas of diplomacy would grow 40% over the next five years.

Foreign Service is being overtaken, as the time for a wider and more agile engagement arrives.

This means that a new breed of diplomat is beginning to appear and needs to be encouraged, a diplomat with new skills and new career expectations. The transition at State is already well under way through what can be called "mission creep," which is putting our diplomats in the business of doing more strategic planning, thinking about the long term, and designing and implementing programs.

The "foreign-assistance" portfolio now planned and budgeted at State reflects this emerging trend and has led to an expanded operating relationship between State and USAID. A significant part of the assistance for eastern Europe and the Russian periphery is planned and budgeted by the Office of the Special Coordinator for Assistance Programs in the Eurasia Bureau at State. It focuses on long-term governance, the creation of free markets, and the development of civil society. Economic Support Funds, once largely budget support to friendly governments, are now in part planned and budgeted jointly with USAID, which implements country programs with governance and economic development objectives. In fiscal years 2007 and 2008, as well as in the 2009 proposed budget, more than 80 percent of ESF was allocated to long-term investments in governance and economic development, including sizable monies for strategic countries such as Egypt, Pakistan, and Jordan.

Some bureaus and offices at State are now involved in strategy, planning, and implementation in such areas as HIV/AIDS (PEPFAR), counter-terrorism assistance (ATA and the Coordinator for counter-terrorism), counter-proliferation (the international security bureau), democracy support (the DHL Bureau), and peacekeeping training (PM and the GPOI program). These key challenges of the new century required new focus and new programs, at State, at USAID, and at other agencies.

This increasingly strategic, long-term, and programmatic activity at State demands a new Foreign Service professional and a new culture. And they demand closer coordination between State's programs and those of other assistance agencies. I will note below that I do not think we should set back this trend by separating development, foreign assistance, and overall program activity from State. Instead, we should be encouraging a coordinated, cooperative civilian capability that can meet our foreign policy and national security goals.

Internally, for the State Department, this means serious attention to human resources policy, much of which can be changed using existing authorities and regulations. It means recruiting potential diplomats who have broad technical, economic, and programmatic skills, as well as cultural and linguistic knowledge. It means recruiting some of them at mid-career levels, where they can bring those skills to the policy process right away. It means training them differently than we do today. Not only should new diplomats be trained at the outset in their careers; they should have career-long training. In addition to the current core curriculum for diplomats, this needs to include training through a diplomat's career, in strategic planning, technical subjects, budgeting,

economics, management, and especially program development, implementation, and evaluation.

It means rotating these managers of American foreign policy through assignments across the State Department's cones – political, economic, administrative, public diplomacy, and consular – and across the foreign policy community. Foreign Service officers should be incentivized and rewarded for holding a development/foreign assistance post in their careers. And they should be rewarded for taking cross-agency assignments outside the classic foreign policy arena – to Defense, to Treasury, to Commerce, Justice, or Homeland Security. These are big cultural changes coming to State, but they are vitally important if this element of the civilian toolkit is to play its appropriate role.

The same renewal is needed in public diplomacy. The absorption of USIA by State in October 1999 was probably inevitable, but it need not have led to lower priority and attention to America's "soft power." This is recognized today, including the endorsement of a semi-autonomous public diplomacy capability by Secretary of State Rice's Advisory Commission on Transformational Diplomacy. Autonomous or not, staffing needs to grow in the public diplomacy arena, and programs need to grow to match, particularly a stronger overseas public diplomacy presence, significantly increased exchanges, which have a major long-term positive impact on the U.S. image and our relations overseas, and a new generation of public diplomacy officers in touch with the digital and internet age.

Restructuring Foreign Assistance

Let me turn to the second major focus for reform, which is of concern to this subcommittee – the structure and role of foreign assistance. The two most striking features of our foreign assistance architecture are the "**diaspora**" of organizations involved and, until recently, the **absence of strategic planning and budgeting** for our foreign assistance programs. In the five years I spent as Associate Director for National Security and International Affairs at OMB, where I was responsible for budgeting and planning with respect to all of the national security organizations, I was struck by the fact that 90% of the resources for which I was responsible were spent by the Defense Department, but 90% of my time was spent integrating planning and budgeting and resolving internal controversies among the civilian foreign affairs agencies, much of it involving foreign assistance.

The "diaspora" of foreign assistance organizations has, if anything, gotten worse.⁵ In the last five years we have created two new foreign assistance organizations – the Millennium Challenge Corporation and the President's Emergency Program for AIDS Relief. MCC now competes with USAID for funding, while the PEPFAR Coordinator is relatively autonomous from State and USAID, and is the fastest growing foreign

⁵ As the CSIS Smart Power Commission put it: "Diplomacy and foreign assistance are often underfunded and underused [and] foreign policy institutions are fractured and compartmentalized." Center for Strategic and International Studies, Commission on Smart Power, *A Smarter, More Secure America*, Washington, DC: 2007, pp.8,9.

assistance account in the 150 budget.⁶ There are more than 15 agencies and departments providing some kind of foreign assistance within the 150 account alone. Equally significant, there are at least 20 other federal departments whose budgets are not part of 150, but which are actively engaged overseas, most of them on our embassy platforms. There are at least six programs and budgetary “spigots” that support post-conflict stabilization and reconstruction programs; at least ten that promote governance and democracy; and four that provide humanitarian and disaster relief.

This diaspora alone is enough to weaken the strategic integrity of our foreign assistance and the impact it could have overseas. But it has also weakened the core foreign assistance institution – USAID – leading to sharp staffing reductions. Over the past thirty years, USAID’s American workforce has shrunk from 4,300 to 2,200. At the same time, the resources for which it is responsible – both its own development funds and the programs it implements for the State Department - have more than doubled to \$13.5 b. in FY 2007, according to the USAID Administrator. To cope with this disparity between capacity and responsibilities, USAID changed character. First, through the hiring of more than 1,200 personal services contractors it augmented its staff with non-direct hire employees. Second, it has become largely a contract management agency, with programs being implemented by a growing number of outside contractors.

It now suffers from a dramatic shortage of staff, especially staff with the technical capabilities needed to oversee a growing portfolio of programs and significant changes in its responsibilities in the new century. It must now work more closely with the Department of Defense and other U.S. agencies in carrying out assistance programs that directly support security interests in Iraq, Afghanistan and other areas. It needs the capacity to mobilize the U.S. private sector to assist in promoting development, especially in middle-income countries. It needs to be able to work with other donors to assure coordination and burden-sharing that will optimize use of limited development resources. And it needs to work more closely with government officials and other decision-makers in recipient countries to assist in guiding them toward effective development progress.

There is a crying staffing need at USAID, one that must be acted on in order to strengthen its capacity and ensure it can effectively plan and implement a development and foreign assistance program.⁷ The study we are carrying out for the American Academy of Diplomacy will make the case for a requirements-driven expansion of USAID staff that

⁶ See Carol Lancaster, *George Bush’s Foreign Aid: Transformation or Chaos?*, Washington, DC: Center for Global Development, for an excellent discussion of the consequences for overall foreign assistance of the PEPFAR program.

⁷ It is important, however, to put this argument for more staff in the context of the new realities of development. U.S. bilateral development assistance, in fact, the development assistance of all of the advanced countries in the world, is rapidly becoming a secondary player in the flow of resources to the developing world. The Hudson Institute estimated that in 2003, U.S. official development assistance, as measured by the OECD, was \$16.3 b., while assistance from private sector organizations (non-profits, religious organizations, foundations, universities) amounted to \$22 b., remittances to more than \$40 b., and private capital flows to over \$50 b. Carol Adelman, Jeremiah Norris, and Jean Weicher, “America’s Total Economic Engagement With the Developing World: Rethinking the Uses and Nature of Foreign Aid,” Washington, DC: Hudson Institute, June 28, 2005.

could roughly double the size of its overseas direct-hire workforce over the next five years.

Merely adding staff at USAID, however, will not be adequate to strengthen our foreign assistance tools. The time is ripe to move quickly to address the diaspora of organizations, putting USAID, and the State Department, front and center in planning, budgeting, and coordinating the development and foreign assistance programs of the federal government. I strongly recommend that these organizational and management reforms happen quickly, within the framework of existing legislation. The goal should be to bring greater coherence to U.S. development and foreign assistance activities, to strengthen the organizations responsible for those activities, and to elevate development and foreign assistance as elements of American statecraft.⁸

Organizationally, that means making USAID the central actor in development and foreign assistance policy. If Congress is going to consider the reauthorization of the Millennium Challenge Corporation this year, it might want to consider merging that program into USAID, as a first step in consolidating our foreign assistance capabilities.

At the very least, as Congress examines the reauthorization of the Millennium Challenge Corporation and the PEPFAR program, it should consider bringing both of these programs into a larger foreign assistance agency - a reformed USAID.

The real challenge faces the next administration. The President needs to give high priority in the first six months to ensuring there is organizational coherence and strong leadership over foreign assistance programs. I strongly recommend that he instruct the Secretary of State to name an experienced and knowledgeable official to the authorized second Deputy Secretary of State position (which has never been filled). The Undersecretary for Management at State should report to the Secretary through this Deputy. The Office of the Director of Foreign Assistance would also report to this Deputy, and would be responsible for operating the budget planning process at State/USAID. This Deputy should be dual-hatted as USAID Administrator, and should be responsible for overall budgeting and management of State/USAID, and in charge of the coordination of budget planning for the foreign assistance agencies as a whole.

As a Deputy Secretary, s/he would be subject to Senate confirmation, accountable to the Congress, and clearly in charge of both management and budgeting at State/USAID. Forging a link between strategic planning, foreign assistance, and the management of foreign policy operations has been needed for decades and is essential if State and USAID are to be empowered to play a central role in our statecraft.

As Administrator of USAID, this official would be responsible for ensuring that foreign assistance programs and development have a high priority throughout the State Department. As Deputy, s/he would have a seat at the policy table at NSC; in any case, as a matter of principle, the USAID administrator should be a regular member of the NSC

⁸ It will be important to tackle the basic foreign assistance legislation – the Foreign Assistance Act of 1961, as amended. A complete rewrite of that legislation, however, will take some time, while the institutional changes proposed here need to happen swiftly.

Principals Committee. This step alone would greatly enhance the voice of development and foreign assistance in the making of U.S. foreign policy.

Strategic Planning and Budgeting for Foreign Assistance

One of the most crucial elements in this proposed reform in the foreign assistance architecture is the need to build on the changes now underway with respect to strategic planning and budgeting at State/USAID. For decades, strategic planning and budgeting has been a core weakness of our diplomacy and foreign assistance programs. By contrast, strategic planning and budgeting has been a core strength of the Department of Defense.⁹ Aligning this capability more closely between the two departments is an urgent necessity.

And it is important that this capability be developed in a coordinated way between State and USAID. If the U.S. is going to have a powerful, effective civilian foreign policy toolkit, a more integrated strategic planning and budgeting capability is urgently needed, one that meets the needs of development as a goal of U.S. international engagement, while it also connects our foreign assistance to our foreign policy and national security purposes. Our development and foreign assistance strategies and our relations with the developing world need to be better coordinated, not set off against each other. And development needs to have an important place, in a coordinated mechanism, as a key objective of U.S. statecraft.

I think it very important not to separate out “development” from “other foreign assistance.” In the face of the challenges of the 21st century and given the evolution of U.S. foreign assistance institutions and programs that has already taken place, this is a false choice. For some, “development” seems to have a narrow focus, meaning programs that target “poverty reduction.” over the “long term.” But if an expanded definition of “development” means programs that focus on the long-term improvement of economic, social, and governmental conditions in recipient countries, a significant share of U.S. foreign-assistance programs already meet the test. Promoting “development” in this broad sense is clearly in our national interest and should be part of our national strategy and closely coordinated with our overall diplomatic objectives.

Nor is it a question of “long term” (development) versus “short term” (diplomacy). Both perspectives need to coexist with equal priority. Moreover, neither State nor USAID is exclusively focused on one or the other. The interlocked nature of our foreign assistance programs can be seen in the operations of State and USAID today. In FY 2007, for example, roughly 22% of U.S. foreign assistance could be said to have development (in a broad sense) as its primary goal. At the same time, 44% of U.S. foreign assistance could be said to have a foreign policy or strategic purpose, connected to U.S. foreign policy goals such as support for democracy in Eastern Europe and the former Soviet Union, counter-narcotics, counter-terrorism, peacekeeping training, foreign military training and

⁹ For a discussion of the differences between the defense culture and the diplomatic/foreign assistance cultures in the U.S. see Gordon Adams, “The Politics of National Security Budgets,” Policy Analysis Brief, The Stanley Foundation, February 2007

education.¹⁰ In truth, both goals are part of our statecraft and the development goal ought to be considered an integral part of our overall foreign assistance investment.

Today, as I have noted, we already see “mission creep” inside State, where diplomats are increasingly planning, budgeting, and managing a growing portfolio of programs in the areas that pose the greatest challenge to our foreign policy and our national goals: counternarcotics (State programs began in the 1970s), anti-terrorism, democracy support, peacekeeping operations training, assistance to the periphery of Russia and eastern Europe. Many of these programs have both short and long-term dimensions, and are implemented both by State and USAID, and other U.S. government agencies. Rather than make an artificial distinction between these programs and “development,” it makes sense to recognize this reality, staff it properly, and coordinate its strategy and budgeting with the full range of assistance programs.

Nor is USAID an agency exclusively focused on the “long term” issue of development. In fact, USAID was born very much in the context of the Cold War, and the development objective was repeatedly justified as part of U.S. containment strategy vis-à-vis the Soviet Union. Today, a larger part of the USAID portfolio comes from non-USAID funding which it implements with both short and long-term objectives in mind, as part of broader U.S. foreign policy. And today, USAID finds itself deeply engaged in programs to strengthen governance, and contribute to post-conflict reconstruction and stabilization, a very “short-term” objective indeed.¹¹

Rather than an abstract debate over a theoretical separation, I think it is important to recognize that U.S. foreign assistance programs fulfill multiple, important goals, and are on a timing continuum, some paying off in the short term and some in the longer term. Both are valuable; both need to be coordinated as part of a strategy. Having watched State and USAID struggle with the issue of strategic planning and budgeting for 15 years, I welcomed the creation of the Office of the Director of Foreign Assistance as an important first step toward such a capability. While flawed in execution, the work of this Office, discussed earlier today by Richard Greene, provides valuable knowledge and the beginnings of a process that should not be lightly discarded.

In its first round, it was very top down, inadequately incorporating the views and recommendations of embassies and field missions. It was not sufficiently transparent to the Congress or interested parties outside the government. The “framework” with which the F organization worked was more mechanical and less supple than it needed to be,

¹⁰ The remainder is the substantial commitment we have made to the Millennium Challenge Corporation and the President’s Emergency Program for Debt Relief.

¹¹ In fact, arguably, given its potential capabilities and the growing involvement and experience of the USAID offices of Transition Initiatives, Foreign Disaster Assistance, Conflict Management and Mitigation, and Military Affairs, USAID is increasingly integrated into near-term policies and activities of the U.S. government. The Office of Military Affairs explicitly addresses “areas of common interests between defense and development, with a focus on improving civilian-military field readiness, programs and coordination. Program areas of common interest include, but may not be limited to humanitarian assistance, the global war on terrorism, strategic communications, conflict prevention and mitigation, counterinsurgency, post-conflict reconstruction and stabilization, and transformational development.” USAID, *ADS Chapter 101, Agency Programs and Functions*, 10/17/2007 Revision, p.95

though it had the merit of laying out clear, discrete strategic objectives. It did not have adequate reach to the broader range of foreign assistance programs, especially at MCC, PEPFAR, and Treasury, nor into the broader range of foreign assistance provided through domestic agencies. And it did not succeed in meeting the goal of longer-term planning, badly needed in our foreign assistance and diplomatic agencies, though greater efforts in that direction are being made today.¹²

That said, the work of the Office of the Director of Foreign Assistance represents the first even semi-institutionalized effort I have ever seen at State/USAID to apply strategic planning to a substantial part of the U.S. foreign assistance portfolio. This is a worthy objective.¹³ All of these weaknesses are fixable; none of them are fatal. Already in its second year there have been improvements in transparency, less rigidity in the framework, and substantially greater involvement of the field. Eliminating this office and its process and going backwards or artificially pulling foreign assistance programs apart would, in my view, be a mistake. It would waste valuable months, even years of time before an effective alternative emerged, if ever. The experience of the Department of Homeland Security should provide some caution here.

I would urge that this model be built on, as an integral part of the transformation of both State and USAID. It needs to make fewer data calls to embassies and missions overseas, and give greater attention to the input of country teams. It needs to focus more on the long-term than it has to date. It needs to continue to build more transparent relationships with the Congress, and the foreign assistance and development communities. And, I would recommend, it needs to give regional bureaus and offices at State and USAID a greater role in preparing budget proposals and vetting budget submissions from the country teams. State and USAID regional offices both need stronger strategic planning and budgeting capabilities than they have today.¹⁴ And if they are not to be merged, they at least need tight coordination

In essence, rather than an elaborate reconstruction of U.S. foreign assistance organizations, I propose building on the trends amply underway in the structures, processes, staffing, and operations of both the State Department and USAID to create a better coordinated, more powerful civilian capacity than way we have today. A capacity that can more effectively balance the military capabilities and assume greater responsibility for tasks being carried out by the military in increasing amounts.

Coordinating the Activities of Other Federal Agencies

The planning and budgeting authorities of the Secretary of State should extend beyond the focus on programs of State and USAID to incorporate a focus on the entire portfolio

¹² For an interesting discussion of these weaknesses, see Gerald F. Hyman, "Assessing Secretary of State Rice's Reform of U.S. Foreign Assistance," Carnegie Paper No.90, Carnegie Endowment for International Peace, February 2008.

¹³ For an expansion of these views, see Gordon Adams, "Don't Reinvent the Foreign Assistance Wheel," *Foreign Service Journal*, March 2008, pp.46-50 and Gordon Adams, "Getting U.S. Foreign Assistance Right," *Bulletin of the Atomic Scientists*, May 2, 2008.

¹⁴ The experience of INL and the EUR/ACE Bureaus at State, both of which have strong strategic planning and budgeting capabilities, is valuable in this regard.

of foreign assistance activities. In the case of those programs in Function 150, the State Department's strategic planning and budgeting process described above, should include regular hearings with the Secretary of State and the dual-hatted Deputy Secretary examining the proposed foreign assistance plans and budgets of all other Function 150 agencies.

Much greater attention also needs to be given to the broader diaspora of foreign assistance programs in domestic agencies, including Homeland Security, Justice/FBI, Health and Human Services/Centers for Disease Control, Labor, Education, the Environmental Protection Agency, and other departments and agencies. Given the sensitivities of having one Cabinet secretary coordinate planning for other departments, it may make sense to create a Senior Directorate for Foreign Assistance at the NSC, and a working group at NSC co-chaired by that Senior Director, OMB, and the Deputy Secretary of State/USAID Administrator. That working group could be the setting for a regular examination of foreign assistance programs across the government and greater coordination of strategic and program planning.

Restoring the Authorities of the Secretary of State

There is one other important issue I want to raise, as part of the effort to strengthen the civilian toolkit, and that is the growing involvement of the Department of Defense in the direct delivery of foreign and security assistance, under its own statutory authorities. Ironically, when the Department of Defense was created in 1948, one of the motivations was to ensure a strong role at the national security policy table for national defense, which tended to shrink away in peacetime, deferring to the powerful Department of State. One of the most striking trends during the past two decades, however, has been the growing role of the Defense Department in the diplomatic arena and as a provider of foreign and security assistance to friendly and allied nations.

While DOD and the military have traditionally been the implementers of such programs as Foreign Military Financing (FMF) and International Military Education and Training (IMET), policy-making for these programs, the selection of countries, and the funding for these programs has been done under the authority of the Secretary of State inside the State Department, in consultation with the Defense Department. By the end of the 1990s, however, DOD already managed a number of security assistance programs of its own, accounting for well over \$1 billion annually.

Since the attacks on September 11, 2001, a larger assistance portfolio has emerged that is directly planned, budgeted, overseen, and implemented by the Defense Department, though many of these programs parallel existing authorities and programs at the Department of State. These new programs include:

- *Iraq and Afghanistan Train and Equip* – a major security force training and equipping program for these two countries, funded through DOD.
- *Section 1206* of the National Defense Authorization Act – a global train-and-equip program designed to build the capacity of foreign militaries.
- *Coalition Support Funds* – reimbursements to countries supporting U.S. efforts in Iraq and Afghanistan.

- *Defense Combating Terrorism Fellowship Program* – a counter-terrorism education and training program for foreign militaries and defense officials.
- *Commander’s Emergency Response Program (CERP)* – funds used by military commanders in Iraq and Afghanistan for reconstruction and stabilization.
- *Train and equip the Pakistan Frontier Corps* – a Pakistani paramilitary force operating in the tribal areas along the border with Afghanistan.
- *Section 1207* (now Section 1210) – DOD authority to transfer up to \$100 million annually to the State Department for stabilization and reconstruction activities.

Over the past seven budget years, more Congress has appropriated over \$47 b. for these new security and foreign assistance programs, nearly \$35 b. of that for the Iraqi and Afghani T&E program, alone (See Table). At the same time, State has been appropriated \$41.4 b. for its traditional security assistance portfolio.¹⁵ There is no doubt that DoD has been playing an increasingly significant role in the planning, funding and execution of our foreign assistance programs.

Table I

New DoD Security Cooperation and Foreign Assistance Programs			
Name	FY 2002-FY 2009 DoD Total (\$ in millions)*	FY 2009 Pending Request (\$ in millions)	Parallel Traditional SA Programs
Train and Equip (T&E) Funds for Afghan and Iraqi Forces	\$34,749	\$2,666	FMF, IMET, PKO
Section 1206 Authority: Global Train and Equip	\$500	\$750	FMF, IMET, PKO
Commander’s Emergency Response Program (CERP)	\$4,940	\$1,700	USAID-OTI/OFDA and State MRA
Coalition Support Funds (reimbursements to coalition partners)	\$7,395	\$700	ESF
Combating Terrorism Fellowship Program (CTFP)	\$97.9	\$35	IMET

* Data includes FY09 Bridge Fund Appropriation (H.R. 2642).

In addition, the DOD has received, or is seeking, expanded authority to some of its existing portfolio of assistance programs, such as the Combatant Commander’s Initiative Fund and its humanitarian assistance program (OHDACA) to cover stabilization and reconstruction assistance. The DOD has argued that it needs these authorities because the State Department and USAID are inadequately funded, and the traditional programs are insufficiently flexible to respond to evolving security threats in this century.

This trend has major consequences, however. DOD’s expanded policy responsibility for security assistance programs contributes to the atrophy of the civilian agencies’ ability to plan and conduct foreign policy and foreign assistance and could lead to assistance decisions that conflict with broader U.S. strategic and foreign policy interests.¹⁶

¹⁵ This total includes funding for Foreign Military Financing (FMF), the International Military Education and Training (IMET) program, and Peacekeeping Operations (PKO) accounts. In addition, State received \$10.7 b. for counter-narcotics (INL and ACI) and anti-terrorism (ATA) funding over the same time period.

¹⁶ A recent paper published by the National Defense University’s Institute for National Strategic Studies concluded: “The systematic underfunding of State and USAID is the single greatest impediment to the

Moreover, these expanded missions are not at the core of military competence, stress the forces, and could detract from the readiness to perform missions that are more central to military capabilities. Many of DOD's assistance programs, particularly reconstruction assistance, risk creating capabilities in the recipient countries which are not sustainable, once forces are withdrawn. Finally, it is important for the U.S. to ensure that our non-military international presence and engagement is carried out primarily by civilians, not by the military.

I recommend rebalancing these authorities, as part of the effort to strengthen the civilian toolkit. The basic principles are:

First, the Secretary of State has and should continue to have the authority to ensure that security assistance is carried in the framework of overall U.S. foreign policy, including authority over the new programs created at DOD. That includes setting the overall policy, approving the countries which receive assistance and the budget numbers in the requests for such assistance. The Secretary of Defense and the Chairman of the Joint Chiefs of Staff have an important role in making recommendations to the Secretary of State on these issues and the Defense Department also has the critical responsibility of implementing these programs.

This means transferring authority and funding for train and equip (1206) and coalition support reimbursements to the Department of State, with DOD and the military continuing to act as implementer of the training program, as exists today with FMF and peacekeeping training. State would be responsible for policy direction, country choice, and budget levels. It means creating a stronger, well-funded capability at State/USAID to carry out reconstruction operations in areas where security is reasonably assured, based either on the S/CRS or the Office of Transition Assistance capabilities.

Second, in areas where US military forces are engaged in on-going, significant levels of combat operations the Secretary of Defense should have the authority and funding, for the duration of the period of combat, to fund combat-related stabilization and reconstruction assistance. DOD should also have the authority to engage in clearly-defined and purely short-term emergency reconstruction assistance, in consultation with the Country Team and the Secretary of State.

Third, Congress should not make Section 1206 or the CERP program permanent law, funded through defense. Where funding authorities are to be shifted to State, the current execution of these programs can continue to be carried out by DOD under the current temporary authorities. This will allow time to strengthen the capabilities of State and USAID to oversee, set policy, and budget for the security assistance programs and to build the capability for reconstruction assistance.

effective planning and execution of developmental assistance, reconstruction, and stabilization. State cannot be equipped only with good ideas while Defense has all the money and most of the deployable assets. This is a prescription for an unbalanced national security policy, one in which State will not be a mature player or will have to savage its worldwide diplomacy to keep up with operations in conflict areas." Joseph J. Collins, "Choosing War: The Decision to Invade Iraq and Its Aftermath," Occasional Paper No.5, NDU/INSS, April 2008.

Conclusion

I have offered a broad range of proposals and suggestions for reform. They are not cast in stone, but it is vitally important that the Congress and the next administration be thinking now about how to transform the national security planning system and rebalance the toolkit of statecraft. No structures or policy processes are perfect, nor can they guarantee good leadership or 100% successful decisions. But our toolkit is increasingly out of balance today. The civilian institutions urgently need empowerment, reform, funding, and coordination. And the interagency process in place today does not serve the nation well. A strengthened civilian toolkit and a more institutionalized process will provide the next administration with the opportunity to carry out a more balanced and integrated approach to the broad agenda of security problems we face.