"National Security Bureaucracy for Arms Control, Counterproliferation, and Nonproliferation
Part I: The Role of the Department of State"
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Andrew K. Semmel
AKS Consulting

INTRODUCTION

Mr. Chairman, Members of the Subcommittee, thank you for the opportunity to discuss management and organizational issues in the T-cluster of bureaus in the Department of State. I will focus my remarks on the Bureau of International Security and Nonproliferation (ISN), the organizational unit that was created in 2005 following the merger of the Arms Control and the Nonproliferation bureaus and offer some suggestions for improving the conduct of our nonproliferation and arms control policy.

The ISN bureau has the principal responsibility in the Department of State for managing our arms control and nonproliferation policy. As such, the bureau has the lead, or has a leading role, in the Department for managing major U.S. nonproliferation issues, including Iran and the DPRK nuclear programs, the Indian civil nuclear cooperation initiative, redirection or former weapon scientists, interdiction policy, nuclear smuggling, and our participation in nonproliferation and disarmament treaties and in international organizations, among others.

Mr. Chairman, this hearing is timely. Many observers, inside and outside the U.S. Government, believe we may be a critical juncture, some say a tipping point, in global efforts to prevent the spread of weapons of mass destruction and missiles and the materials, technology and expertise associated with them. While much progress and innovation has taken place over the past few years, the trend lines are not very promising and we may be falling behind where we need to be. The next administration will be tested the first day it takes office. It will need to prepare itself for the long haul with a policy agenda, an organizational structure, skilled leadership and adequate staffing to rally our country and our friends and allies to the cause -- if they hope to reverse this trend.

LEADERSHIP VOLATILITY

Mr. Chairman, I served as the Deputy Assistant Secretary of State from the spring of 2003 thru December 2007. My primary responsibilities included nuclear nonproliferation,

nuclear energy, our participation in relevant international treaties and institutions, and the Department's role in the cooperative threat reduction program, known sometimes as the Nunn-Lugar program. This was a broad policy umbrella which covered a host of front-line issues for which I had a measure of responsibility.

Before taking the position in the State Department, I spent most of my government career here in the United States Senate. When I began my State Department tenure in the former Bureau of Nonproliferation, I was one of just two Deputy Assistant Secretaries of State; when I left the Department, I was one of three Acting Deputy Assistant Secretaries in the Bureau of International Security and Nonproliferation (ISN). Both my rank and title changed after the 2005 merger that created the International Security and Nonproliferation bureau.

During my tenure, I served under five different Assistant Secretaries, or about one Assistant Secretary, on average, every 11 months. Three served in an Acting capacity, only two, including the current occupant, were confirmed by the Senate. The current occupant has taken on duties of the Under Secretary for Arms Control and International Security, a slot that is technically vacant. When I left the Department in December, all four occupants in the Front Office of the International Security and Nonproliferation bureau held Acting or temporary positions, and three were political appointees.

Some of this volatility amounts to normal organizational change but much of what occurred in the ISN bureau exceeded normality. There is a price to pay with leadership instability and frequent change. Repeated leadership transitions make formulating and implementing our arms control and nonproliferation policies more difficult at home and abroad. It weakens the bureau's voice in the Department and in inter-agency fora; it creates confusion and uncertainty among the permanent staff whose expertise and experience are vital for continuity and clarity; and it does little to strengthen our posture in negotiations with counterparts from other countries.

This also meant that it was not always easy to get the attention of senior Department and White House officials, though we had some successes; it was difficult to battle on all fronts in inter-agency fora since we were frequently out-gunned or, in some cases, deemed out of the policy mainstream, though again we won some policy battles; it was difficult to negotiate with foreign counterparts with U.S. lead negotiators in Acting rather than permanent or Senate-confirmed positions, though we prevailed on many of these skirmishes. It was also difficult to secure the funding needed to manage our programs, or to obtain the authority to staff adequately our key offices to carry out our nonproliferation mission. On this, I believe we rarely prevailed in the internal deliberations of the Department and the inter-agency. Many of the ISN offices with direct responsibility for our nonproliferation activities were compelled to recruit and rely on temporary help, interns, short-term scholars, Foreign Service and Civil

Service retirees, and others. This is not the optimal strategy for managing an issue-area that ranks among the most important and acute foreign policy and national security threats to the United States. I should add that, in many respects, the Congress was often more receptive and responsive to our needs than were the inner workings of the administration.

ARMS CONTROL AND (AC) AND NONPROLIFERATION (NP) Merger

Mr. Chairman, I was directly involved in the merger of the Arms Control and Nonproliferation bureaus that took place between 2004 and 2005. I was a member of the Senior Management Panel appointed by the Under Secretary for Arms Control and International Security in September 2005 that was tasked with recommending decisions on implementing the reorganization. I recall at the time that virtually no one in the ranks of the Nonproliferation bureau – Front Office and staff members, Foreign Service and Civil Service -- wanted this merger to take place. I was told by senior members of the Arms Control bureau that they, too, did not seek or desire the merger. It's true that the functions of the two bureaus overlapped in many ways and that other countries had combined these two policy functions into a single organizational unit. A case could be made, and was made, for the merger on these grounds of minimizing duplication and redundancy, and on the benefits of streamlining and cost-savings. A case was also made that the Department had to be realigned to address the security demands of post 9/11 world.

Many believe, as I did then and now, that once the State Department Office of Inspector General began its investigation and before it reported its findings and recommendations that the outcome was predetermined. Once the decision was made to combine the two bureaus in 2005, the task was to insure that the new bureau was going to be, at minimum, no worse or preferably better, than the organizational structures it was designed to replace. Many of us counseled that we ought to follow a basic Boy Scout camping motto: when you leave a campsite, be sure that it is no worse than when you found it or better than when you first arrived. Through the first two years of the merger, there is doubt that we measured up to that standard.

There were a number of anomalies resulting from the merger that have a bearing on the efficacy of current organization. Let me mention a few of these:

- The combined workforce size of the new ISN bureau resulted in substantially fewer full time equivalent (FTE) personnel (about 16% less) than the combined workforce of the two bureaus prior to the merger. This happened despite the fact that the new bureau took on added responsibilities by creating two new line offices to deal with WMD terrorism and interdiction policy. Several offices were severely truncated in size and remain under-staffed; one office has been cut nearly in half even though its nominal

responsibilities increased. Paradoxically, ISN's sister bureau, the newly named Verification, Compliance and Implementation (VCI) which had received a critical review by the Office of the Inspector General and a recommendation to be severely reduced in its FTEs and responsibilities was, nonetheless, expanded in size and function.

- Despite the fact that the Office of the Inspector General reported that the Nonproliferation bureau was over-worked and well-led, and the Arms Control bureau was under-employed and had low morale, the leadership on the new ISN bureau was drawn almost exclusively from the Arms Control bureau; three of the four ISN Front Office leaders -- and the Special Assistant -- were chosen from the AC bureau by the then Under Secretary for Arms Control and International Security to lead the bureau. In that process, the function of arms control was deflated while the role of the Arms Control leadership was elevated.
- While staff within the two bureaus (VCI staff was invited as well) was offered the opportunity to change their current jobs and seek new positions and responsibilities within the newly configured ISN bureau, one of the results was staff flight through early retirement, employment outside the bureau, and through other means, thereby depriving the bureau and the Department of a rich lode of experience and expertise, particularly in multilateral diplomacy.
- The Senior Management Panel appointed by the Under Secretary for Arms Control and International Security and tasked to make recommendations on implementing the decision to merge the two bureaus, was composed (initially) of four political appointees with limited experience with Foreign Service and Civil Service personnel rules and procedures, was compelled to operate in near secrecy, and was required to function without the direct benefit of the Department's human resources expertise. The exclusion of career personnel deepened perceptions of partisanship. This management approach was inconsistent with the Inspector General's recommendation.

A more comprehensive description of the dynamics and presumed motives behind the merger and the steps that were taken to implement the merger can be found in an article by Dean Rust published in the June 2006 issue of Arms Control Today. It provides a detailed account of the merger.

The bottom line is that the 2005 merger of the Arms Control and the Nonproliferation bureaus did little, thus far, to strengthen the voice of the Department on nonproliferation and arms control issues.

WHAT TO DO?

Over the past several years, the Department and the Administration have accomplished much to be proud of in preventing the spread of WMD and much that advances and protects

our security and national interests. It has done so during a particularly stressful time following the tragedy of 9/11, now during two simultaneous wars, and under serious budget and staffing constraints. It accomplished this progress in good part because of the quality, experience and professionalism of the personnel serving in the bureau.

So, how might the conduct of our nonproliferation and arms control policy be improved? There is no easy solution, to set formula, and no panacea. Much depends on the clarity and coherence of the policies espoused by the leadership and their mind set. Much also will be shaped, over time, by the organizational structure constructed to carry out that policy. For this reason, the Subcommittee may wish to explore several avenues for improving the conduct of nonproliferation and arms control policy. There are several broad approaches worth exploring, including:

CULTURAL CHANGE. It is axiomatic that the State Department has a strong preference for service in the geographic bureaus and foreign country posts; contrariwise, it deems service in functional or transnational bureaus and international organizations with less favor. The Department's regional bureaus are not always well staffed to manage the technical issues involved in nonproliferation and arms control negotiations. Our foreign country posts are not often manned with officers knowledgeable or experienced in arms control and nonproliferation issues. Finally, it is fair to say that the Department and the Foreign Service harbors a strong preference for conducting U.S. diplomacy through bilateral, rather than through multilateral channels which are often viewed with disfavor, or seen as feckless. This attitude has been especially pronounced in recent years, but it has been a cultural attribute of the Department for years.

Partly because of this, the Department's personnel systems are tilted in favor of rewarding service in regional and country mission assignments. This makes it difficult to entice Foreign Service Officers to serve parts of their entire career in functional bureaus such as ISN. Foreign Service Officers who serve repeated assignments in functional bureaus are generally not promoted as rapidly and frequently opt to terminate their careers early, thus depriving the Foreign Service and the Department and the United States government of the expertise and experience they have accumulated over the years. In my few years in the Department, I have seen several high quality FSOs prematurely leave the Department because of this skewed reward structure.

Changing these cultural biases is very difficult -- but worth doing -- and would take a long time to implement because they are part of the core make-up of the Department. There have been some attempts to rectify this imbalance but none that I have seen have been sustained or particularly effective. The Foreign Service Institute has introduced some training courses in multilateral diplomacy and some courses on nonproliferation policy. The

Department's T-Group set up separate internal Task Forces on the Foreign Service and on the Civil Service to address these and related personnel issues, but it remains to be seen how serious their effort are taken by senior policy and management personnel in the Department.

SEPARATE ENTITY. If changing the cultural biases of the Department is difficult to achieve, a more risky, but potentially more rewarding option, would involve a fundamental change in organizational structure. Some observers believe that reducing the gap between our high priority nonproliferation and arms control goals and our current organization for advancing those goals can best be achieved with a separate independent or semi-independent entity—inside or outside the Department --that is guarantees a seat at the table in important decisions. A separate agency, modeled perhaps after the former Arms Control and Disarmament Agency (ACDA), would work in tandem with the State Department but possibly report directly to the Secretary of State and the President, with inter-agency coordination managed by a senior member of the National Security Council. This type of re-structuring would elevate the role of the agency and its head above the Under Secretary or Assistant Secretary, and could give the agency more clout in inter-agency and international negotiations. Some proponents argue that an independent agency would help bring balance to the conduct of diplomacy by giving more weight to multilateral diplomacy and that it would yield greater influence over its funding needs.

There have been two major reorganizations involving the structure and management of arms control and nonproliferation policy in the State Department in the past ten years. Each was heralded as necessary. One can clearly argue that realigning our organizational structure to meet the security demands of the post-9/11 world is needed and that structural change is, in any event, inevitable and necessary, even if disruptive and time-consuming. However, the next administration will want to weigh carefully the possible costs of undertaking a third major realignment, whatever its intrinsic merits, as it begins to organize itself for the future. There is only so much carrying capacity that any new administration can handle.

If the new Administration's nonproliferation and arms control policy goals are ambitious and if it seeks a fundamental shift in U.S. policy, it faces a difficult paradox: creating a new entity to manage the nonproliferation agenda may be necessary to further a bold agenda, but the time and energy that would be required to bring about this change would likely divert the time and energy necessary to implement the ambitious agenda it seeks to advance. On the other hand, it will be difficult to achieve new and ambitious goals if the current organization for dealing with nonproliferation and arms control arrangement is not strengthened.

ORGANIZATIONAL REFORM. A less risky and less arduous option for improving the conduct of our nonproliferation and arms control diplomacy is to implement smaller-scale organizational, personnel and process-related changes. The Congress took one such step last

year when it created a full-time senior-level position in the White House to undertake sole responsibility for weapons of mass destruction and terrorism so that what must be done gets done. This position has not been filled to date but it illustrates the kind of reform that could have significant impact. It further demonstrates that any change, legislative or otherwise, will only be as effective as the senior leadership want it to be.

I have already alluded to the kinds of organizational and personnel changes that could improve the conduct of our nonproliferation and arms control policy. These include:

(1) More programmatic funding to enable the bureau and the Department's T-Group address a broader array of proliferation-related issues abroad. Current spending for nonproliferation and arms control in the 150 NADR account amounts to less than one percent of the Department overall state budget.

(2) Increasing funding would be meaningless with staff augmentation to design and implement programs efficiently. The ISN bureau needs authorization for additional permanent or Full Time Equivalent (FTEs) personnel and fewer temporary or part time staff to manage key issue-areas. In at least one office, and perhaps others, the number of part-time, contract, and TDY persons out-number the combined number of career Foreign Service and Civil Service officers.

(3) The FSI should add more courses on multilateral diplomacy and on nonproliferation and arms control to its training curriculum.

(4) Difficult as it may be, there should be a serious and sustained attempt to alter the reward structure of the Foreign Service. The Foreign Service should require the Foreign Service to include assignment(s) in functional bureaus a necessary part of the Foreign Service career path.

(5) The Department should consider resurrecting the Foreign Service Reserve Officer program, or something similar, to recruit specialists for skills difficult to fill. Physical and natural scientists – physicists, biologists, engineers, and chemists -- have skills and expertise needed to tackle the complexities of nuclear, chemical and biological proliferation and arms control.

(6) On a larger scale, consideration could be given to re-writing the mission statement of the Under-Secretary for Arms Control and International Security to place him/her on a par with the Under Secretary of State for Political Affairs in order to strengthen the internal trade-offs involving the nonproliferation/arms control agenda.

These types of incremental changes, and others, have considerable merit and should be considered, but some caution is in order. It would be a mistake, in my judgment, to assume

that perfecting an organization structure or smoothing a decisional process or devising a flawless personnel system, will in and of themselves be a panacea for good policy. They can help, often in significant ways, but rearranging the deck chairs on the Titanic will not stop the ship from sinking. Getting the attention of the Secretary or the President, having a seat at the decision table, or implementing a fair and balanced personnel system can improve the policy process and policy itself, but it cannot be a substitute for good policy.

POLICY PRIORITY. Most decision theory claims that well-crafted and tidy organizational structures and smooth and effective policy processes are more likely to generate good quality decision outcomes than are poorly organized or managed structures and capricious decision processes. There is something to this linkage. It is especially valid when decisions are developed inductively up through organizational chains, or if there is a vacuum in leadership or policy direction. But there is nothing inevitable about it. More likely, it is not the organization structures alone that are responsible for a record of successes or failures, as important as they can be, but the policy preferences, style, and policy mind-sets of the senior leaders. The next administration will have to first determine its nonproliferation and arms control agenda, then shape the structure and chose the personnel to implement it.

Organizational change, institutional reform, and improvements in personnel policies are important and can improve the conduct of nonproliferation and arms control polices but it is the policy and the management of policy by senior leadership that shape organizational behavior, not the other way around. As statisticians might put it: most of the variability in success or failure of policy lies with the quality of the policy itself. But, it doesn't account for all variability. Congress can play a constructive role by focusing its oversight attention on our nonproliferation and arms control policy, as well as giving careful consideration to the organizational structure and personnel policies that underlie it.

CONCLUSION

Mr. Chairman, this panel has laid out a number of changes for improving the conduct of our nonproliferation and arms control policy, some large and some incremental, some that would require legislation and some that can be accomplished under existing authorities. If the next administration wishes to re-direct and strengthen the U.S. nonproliferation and arms control policy agenda, as I believe it should, it would do well to elevate the status and role of the organization(s) responsible for conducting our policy by ensuring that they are amply resourced, appropriately organized and led, and staffed with quality and experienced personnel with the right skills. This will require greater support from the Secretary of State and the President – and from the Congress -- and may entail the creation of a more independent or separate entity devoted to nonproliferation and arms control. More modest institutional

changes, some of which are mentioned in my statement, can help improve policy development and implementation and should be seriously considered.

Sorting through the maze of options is a difficult chore. It would be wise to create a bipartisan blue ribbon task force to think through and make recommendations on what our nonproliferation and arms control policy agenda should be, and how that agenda should be structured and managed to optimize chances of successful implementation. This should be done as soon as possible so that its findings and recommendations are available for consideration by the incoming administration.

President Bush, Secretary Rice, Secretary Gates, and virtually all foreign policy and national security observers agree that the danger of WMD and missiles falling into the wrong hands poses a grave threat to the United States. This threat will continue into the future. It will likely grow. We must do everything we can to prevent this from happening. U.S. diplomacy and U.S. diplomats man the front lines and constitute our first line of defense for gaining the cooperation of other countries and international organizations essential in this effort. When they are successful, more drastic policy options can be avoided; if they fail, resort to more coercive and costly options are more likely. Our first line of defense needs to be strengthened.

Thank you very much.