



1.1 KEYNOTE ADDRESS

James Locher

THE HONORABLE JAMES LOCHER'S KEYNOTE ADDRESS

This Unrestricted Warfare Symposium provides the opportunity to exchange ideas on how to collaborate more effectively across the government. Ron Luman has identified four areas where we need to be able to work horizontally across our government departments and agencies. We can think of dozens of areas where we need the ability to work in effective, horizontal teams, but we do not have that capacity today.

The U.S. national security system employs many talented experts. Our national security professionals are working incredibly hard and with unsurpassed dedication. However, our organizational deficiencies are wasting much of that talent and hard work. This symposium gives us the chance to discuss progress, but we need to make some fundamental reforms.

The Honorable James R. Locher, III has more than 25 years of professional experience in the executive and legislative branches of the federal government. He is currently the Lead Instructor for the Department of State's Combating Terrorism Program, Staff Adjunct at the Institute for Defense Analyses, and Executive Director of the Project on National Security Reform. Upon leaving government service in June 1993, he was awarded the DoD Medal for Distinguished Public Service, the department's highest civilian award. Mr. Locher graduated from the U.S. Military Academy in 1968, received an MBA from the Harvard Graduate School of Business Administration in 1974, and was awarded an honorary Doctor of Laws degree from Hampden-Sydney College in 1992.

National security reform is the number one national security issue. You might be thinking, “How in the world can he say that? Hasn’t he heard of Afghanistan, Iraq, North Korea, Iran, or combating terrorism and counterproliferation?” National security reform is the number one national security issue because our organizational dysfunction undermines our ability to perform in these other specific mission areas. We are crippled in many respects in terms of our performance:

- We do not have the ability to collaborate across the government, so we cannot produce a unified effort.
- We, in many respects, do not plan. We clearly do not practice integrated planning across the government, so we do not have unity of purpose.
- We have inadequate training for our people to perform these complex missions, and almost everything is done on an ad hoc basis, whether within organizations or processes.

“National security reform is the number one national security issue because our organizational dysfunction undermines our ability to perform.”

This year, I think there is a great opportunity to make progress in the area of national security reform. My project, the Project on National Security Reform, has invested much time and talent working the intellectual side of what is wrong with our system and what needs to be done. George Bernard Shaw said, “Reformers have the idea that change can be achieved by brute sanity.” We are going to bring a lot of brute sanity to this particular subject, but we also understand that there is a vastly important political dimension.

The attendees of this symposium are very committed to the idea of improving our interagency capabilities. I am here not only to inform you but also to recruit you. These changes have to take place. If you did not like the performance of our national security

system in the last seven or eight years, then you are not going to like what is coming in the future if we do not change. The problems that we have recently experienced are evidence of our organizational dysfunction. Unless we solve it, we are going to continue to have many setbacks.

BACKGROUND

The Project on National Security Reform is an independent, non-profit, non-partisan organization working on solutions to interagency dysfunction. We are a private-public partnership consisting of a coalition of think tanks, universities, businesses, consulting and law firms, and government personnel, including 13 working groups and a large network of over 300 participants. Our 2008 report, *Forging a New Shield* [1], was mandated and funded in part by Congress, but an equal amount of funding was provided from private sources. Our funding for Fiscal Year (FY) 2009 is governed by a cooperative agreement with the DoD and the Office of the Director of National Intelligence (ODNI).

As background to the subject of national security reform and the interagency process, we need to start with the National Security Act of 1947, which focused on military unification. It gave almost no attention to the National Security Council (NSC) and surrounded a battle over creation of what eventually became the DoD in 1949. The Navy and the Marine Corps offered the idea of a NSC as a scheme to prevent the creation of a DoD. There was no consideration of this idea on Capitol Hill, and before President Truman had offered this up as a bone, he had stripped the NSC of all its planned authority. The entire burden of integrating across our government was placed upon the President's shoulders.

The NSC then had the World War II concept of national security, focused on diplomacy, military, and intelligence. Since the Kennedy Administration, it has focused on policy. This policy focus is a problem because there is an end-to-end process of policy, strategy, planning, execution, and assessment. We cannot do the policy part well while the rest of the process ends up clogging in departmental stovepipes.

We bifurcated national security in 2001 when we created the Homeland Security Council (HSC), which had some utility at the time but created a lot of organizational challenges. The magnitude of recent setbacks (e.g., 9/11, Iraq, Afghanistan, Hurricane Katrina) has produced an emerging consensus that we urgently need to reform the national security system.

What is the major impetus for reforming the national security system? The primary problem is that the interagency is misaligned with the challenges—and the opportunities—of the 21st Century. We cannot handle complex, rapidly-paced threats and challenges. We are still dominated by our departments and agencies, which are outmoded, bureaucratic, stovepiped, rigid, and highly competitive. We need the ability to work horizontally across our government, but we currently have a vertical government. We do not have the kind of horizontal teams that can integrate all of the expertise and capabilities of our government on a timely basis. Newt Gingrich, who is a member of the guiding coalition of the Project on National Security Reform, said, “We have met the enemy—and it’s our bureaucracy” [2]. I absolutely agree.

“. . . the gap between the demands that are being placed upon the system and the ability and speed of the system to respond is widening. The world is changing faster than our ability to address it.”

We have had many catastrophic setbacks in our ability to formulate, plan, and execute policy. There has been a lot of compelling evidence in recent years that the system is not working: the terrorist attacks of 9/11, the troubled stability operations in Iraq and Afghanistan, and the poor response to Hurricane Katrina. These setbacks are not coincidental. They are evidence of a system failure, but the problems have been long-standing. They actually have origins in the National Security Act of 1947, which was not adequate for what the nation needed at the time, and that inadequacy has grown as the world has gotten more complex. The need for multi-agency work has increased, as has the speed at

which we need to operate. There have been efforts to focus on the problems in the system, but we really have not come up with the fundamental solutions that are required.

As I mentioned earlier, two things have magnified the problems in the system. One is the complexity and the other is the speed of change. We are not able to deal with either. One of the frightening conclusions that emerged from the Project on National Security Reform is that the gap between the demands that are being placed upon the system and the ability and speed of the system to respond is widening. The world is changing faster than our ability to address it.

WHY IS THIS THE BEST TIME FOR NATIONAL SECURITY REFORM?

Why institute national security reform now, and why am I so optimistic about this particular period of time? In the Project on National Security Reform, we have been studying this issue for two years. In early December 2008, we released an 800-pg report, *Forging a New Shield* [1]. Many people from our project have gone into key positions in the Administration. Right at the top, the Vice President, Mr. Joseph Biden, is a big supporter of national security reform and has talked of the need for a new National Security Act. When he was Chairman of the Senate Foreign Relations Committee (SFRC), he held hearings on this subject. He had an advisory group on national security reform, of which I was a member. He is a big believer.

“The stars are aligned to make progress in this area, this particular year.”

National Security Advisor General James L. Jones was a member of the Project on National Security Reform. Secretary of State Hillary Clinton was going to lead national security reform for the Project in the Senate. As a member of the Joint Forces Command Transformation Advisory Group, she became quite knowledgeable about the interagency problems and is a big supporter of reform ideas. We have always had the support of Secretary

of Defense Robert M. Gates and Admiral Michael G. Mullen. Admiral Dennis C. Blair, the Director of National Intelligence, was my deputy in the Project on National Security Reform; he is also deeply grounded in the issues. James B. Steinberg, the Deputy Secretary of State, was part of our guiding coalition, as was Ms. Michèle Flournoy, the Undersecretary of Defense for Policy. We have been working with a wide range of members of Congress. The stars are aligned to make progress in this area, this particular year.

GOALS AND PHASES

The goal of the Project on National Security Reform is the approval of a new system early in the Obama Administration. We see national security reform as having two phases. The first phase, currently underway, focuses on how we are going to operate in the interagency space between the departments and the President. That space is going to be populated by many more organizations in the future, and it is where the most difficult multi-agency work will have to be done in the future.

The second phase focuses on discovering how the departments and agencies need to be reformed to align them with how the government as a whole is going to operate in the field of national security. Therefore, national security reform is probably a 10-year undertaking. Even if we were able to get the interagency reforms approved this year, it would take us 10 years to fully implement them and a lot of attention to make certain that we implement them wisely. Then there are the reforms that are required within each department and agency.

PROPOSED REFORMS

We have three sets of reforms in mind. First are the reforms that can be achieved under existing authority, new executive orders, and Presidential directives. One proposal that the Obama Administration is considering is merging the NSC and the HSC, which can be done under existing law. There is a provision in the HSC statutes that gives the President authority to operate with only one council.

The second set of reforms is on Capitol Hill. National security reform will be imperfect without fixing Congress. Congress never had its own National Security Act of 1947, so it is even more stovepiped than the Executive Branch. One idea that we have been promoting is to create an interagency team on Capitol Hill, which we call the Select Committee on National Security.

Third, we have a new National Security Act in mind. The Executive Branch does not have all the authority it needs to be effective in the 21st Century, so there are some changes that need to be made in statute.

OVERARCHING PROBLEMS

Although the national security system has dozens of organizational problems, I will present five that have been the focus of our work. The first is that our system is grossly imbalanced. We have very powerful departments and agencies that have all of the resources. They are tied in with their congressional patrons. The integrating mechanisms are the NSC and the HSC system which are incredibly weak because they only have advisory responsibilities and are much too small. Two hundred people in the NSC staff have a budget of \$8.6 million. The NSC staff has a personnel system from the 1930s, an organization from the 1940s, a management doctrine from the 1950s, and processes from the 1960s and is supported by technology from the 1970s. The very top of all our government is stunningly broken and small. All of the burdens are on the President's shoulders at a time in which the challenges and threats require an extraordinarily greater degree of integration, but the integrating mechanisms are extremely weak. That is the number one problem.

The second problem is that the components of national security are not managed as a system. One of the proposed responsibilities of the Executive Office of the President is to manage this whole system. What is the strategic guidance? What are the macro-resource allocation tradeoffs that need to be made? What is our organizational strategy? How are we going to manage the human capital dimensions? How are we going to assess the performance from a system-wide perspective, not from a

departmental perspective? All of these system-wide management tasks are currently not performed, which denies us an important set of contributions.

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For example, there is no strategic guidance from the President. The strategy documents that are issued are not truly strategy documents; they are statements of goals. Often, because we have so many strategy documents, we have not been able to resolve the conflicts amongst them. They do not drive anything in the departments and agencies. No one is picking up the national security strategy and understanding what they should be doing. This lack of strategic guidance from the President denies us unity of purpose. In the absence of that strategic guidance, each department and agency figures out, to the best of its ability, its own way forward.

Because the system does not work well, we are doing a lot of things down in the stovepipes. The White House often finds that if it wants the national perspective to be applied, it has to be handled in the Executive Office of the President. The Executive Office then becomes seriously overburdened and can become a bottleneck because it can only handle a few issues. Centralized issue management is not really a strength. However, because of the system's inabilities, we see that tendency for issues to be brought back to the NSC to address.

Our resources are not aligned with strategic objectives. We still put the President's budget together on an input basis, as well as what the departments and agencies would like to do, but it is not aligned with what the President thinks are the strategic objectives and the missions he would like to accomplish.

The fifth overarching problem originates in Congress, which is focused on the parts. It cannot provide a whole-of-government approach; consequently, it has a tendency to reinforce the divisions in the Executive Branch. If you collaborate in the Executive

Branch, you are certain to be punished when you get to Capitol Hill. Congress has to make some fundamental changes.

In addition to these overarching problems, we face a number of other problems, including the following:

- **No effective means for delegating the President's authority:** Today, under law, the entire responsibility for integrating across departments and agencies is on the President's shoulders. Two techniques have been used to delegate his authority.
 - One approach is to appoint a lead agency. As it turns out, no self-respecting department is going to follow another department on a particular issue, especially if there are departmental prerogatives involved. Therefore, the lead agency often ends up being the lone agency. One department tries to push the issues but does not have an interagency team supporting it.
 - The second approach is the czar method; those poor czars, they are even worse off than the lead agencies. At least if you are a lead agency, you have one agency that is following you. When you are a czar, you do not have any agency that is following you; you have all of the people on Capitol Hill, supporting their departments and agencies, who are against you. We have no means right now of effectively delegating the President's authority.
- **No means for effective multi-departmental execution:** Whenever we want to do something, we have to do it ad hoc. The coalition provision authority in Baghdad is a great example of an ad hoc approach for execution.
- **No government-wide strategic planning, and, beyond that, no strategic visioning:** The top of our system is completely consumed by today and tomorrow. In part, this tunnel vision comes from the organizational dysfunction. The people at the top must devote all their energy just to handling today's issues, and to do that, they must work

incredibly hard. People burn out on the NSC staff in less than two years. They are done. They have been worked so hard that we have to put them out to pasture and get somebody else.

- **No interagency culture:** We are dominated by the cultures of the various departments and agencies so unlike the DoD that we do not have a joint culture to help us carry out tasks in the interagency.
- **Lack of trust between the departments and agencies:** This is a huge tax on the system and creates enormous friction.
- **Limited detailed integrated planning:** Because many agencies do not plan, we cannot practice fully integrated planning.
- **Minimal regional interagency planning, coordination, execution, or oversight:** At the regional level, the only entities who are trying to create interagency mechanisms are the combatant commands. They are only a shadow of what is really required.
- **Specialists instead of leaders:** We are a government of specialists; we are not a government of leaders. We have spent much of our time developing technical expertise, advancing by becoming technical experts. During the Cold War, when things were slower moving, we could muddle through with non-leaders in leadership positions. In today's world, we are hugely dependent upon visionary leaders who can mobilize organizations to address the changes that are coming.
- **No interagency human capital plan and poor information sharing:** The government knows a tremendous amount. However, it cannot apply the knowledge. Much of this is a cultural problem and our lack of trust.

RECOMMENDATIONS

In the Project on National Security Reform, we have made 38 recommendations, and they are grouped into several themes.

NEW APPROACHES FOR NATIONAL MISSIONS

Our number one theme is that we need to adopt new approaches that are focused on national missions and outcomes. We are overly focused on what departments want to achieve. Let us get ourselves up one level from that. What is it that the nation requires? What are those national missions and outcomes? This is going to require a lot more emphasis on integrated effort, collaboration, and agility. We had a tendency in the past to consult Cabinet Secretaries, who are highly competitive. I have spent most of my career watching the Secretary of State and the Secretary of Defense continuously be at war with each other. That era is over.

No department can carry out a single national security mission by itself. In many instances, we need seven or eight major departments working as an effective team. We need people at the top with incredible skills of collaboration. As I mentioned, our current scope of national security is very narrow and needs to broaden out to pick up the economic and energy issues. The environmental issues need to be a part of our consideration of national security. We propose merging the NSC with the HSC and creating a new position in the Executive Office of the President, one we call the Director for National Security.

The titles are not important. We often use titles to indicate that we have created something that is now different from what we had in the past. What we are really trying to achieve is to shift the role from a National Security *Advisor* to a National Security *Manager*. The President needs somebody who can help him make this system decisive, integrated, agile, fast, and focused on the national mission. We believe that General Jones' position needs to shift into being more powerful, being the manager that the system really needs.

UNITY OF PURPOSE

Our second major recommendation is to create unity of purpose. The Executive Office of the President, the NSC staff, and the HSC staff really need to focus on high policy, grand strategy, and strategic system management—all of the things they are not

doing today. We are proposing a huge shift in the core competencies required at the top of the system to stop the key players from focusing on issue management—which consumes them today—and more on actions directed from the White House and the Executive Office of the President.

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We have proposed instituting a National Security Review, like the Quadrennial Defense Review (QDR), to be performed every four years at the *national* level. The President would sign an annual National Security Planning Guidance that would go out to all of the departments and agencies that play in the national security system with a clear statement of the President’s strategic objectives, missions he would like to see accomplished, and whatever other guidance he would like to provide.

To further unify system management, there should be an official at the NSC: the Executive Secretary. We are proposing that the Executive Secretary be given the responsibility for supporting system management.

If we are going to take the people who are now managing the issues and have them focus at a much higher level, who is going to take over issue management? We propose that we decentralize management of issues and achieve unity of effort through two processes:

- **Shift to interagency teams:** We propose that the President select five to seven priority issues—on which we have not been able to make adequate progress in the current arrangements—and create an interagency team to tackle them.
- **Create interagency crisis task forces:** During crises, we have proposed creating interagency task forces with a unified chain of command, as opposed to the current

multiple chains of command that sometimes work at cross-purposes. It will be a bit of a challenge for us to adjust our thinking about how to implement this. However, as we go forward in our government, we need to have that unity of effort.

INTERAGENCY TEAMS

I will tell you how our proposed redefinition of the role of “interagency team” differs from an interagency team today. Currently, committees dominate our government interagency process. I do not know if any of you have attended meetings at the NSC Principal committee level, or Deputy’s committee level, or what we currently call policy coordinating committees, but the people who come from the departments and agencies are there primarily to defend departmental interests. They often are given explicit instructions, when they come from their department and agency, that they are not to yield on the department interests. I have attended hundreds of these meetings at the policy-coordinating level, but I also attended 200 Deputy’s committee level meetings, and there is a strong tradition that the people around the table feel an obligation to defend their departmental perspective.

Clearly, they have expertise that is important to bring forward, but what we really need is people who are figuring out how that departmental expertise and their capabilities fit into solving the national problem. We end up brokering among the various departments and agencies with an outcome that has been watered down, may not quite solve the problem, and can be—even when it is agreed to—undermined in its execution through departmental means.

The idea of teams is a concept used extensively in business because business faces the same challenges as the government—it has to deal with complexity and often has to take action rapidly. Businesses recognize that their functional stovepipes do not give them the mechanism that is required to bring all of the expertise of the corporation together, focus on a single problem, and rapidly provide the leadership of the corporation with an integrated

perspective. We are proposing interagency teams that take the same approach. They have authority as well as a clear statement of purpose. They are staffed by people who are going to be rewarded for contributing to the team. Right now, the personnel incentives in our system reward those people who defend departmental prerogatives.

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When I used to attend those meetings, representing DoD, I was given explicit instructions from the DoD. There were three standing rules back in the first Bush Administration: (1) do not tell them anything, (2) do not let them interfere with our operations, and (3) do not let them get their hands on our money. If I did not abide by those rules (which I did not), and somebody found out about it, I would be punished. Therefore, we are looking for mechanisms where we train people to be part of a team. They need to be trained in team dynamics and conflict resolution. They should focus on what it is that the nation requires. Then we need to have formal leaders who have authority to bring efficiency to decision making.

ELEMENTS OF INTERAGENCY TEAMS

In the leadership role, we are proposing that the President designate a senior National Security Executive, perhaps a former undersecretary. The presidential envoys are the National Security Executives that we had in mind (e.g., those who had been selected such as Special Envoy Senator George Mitchell and Air Force Major General J. Scott Gration, who was just named as a Special Envoy for the Sudan).

The leader would be able to create a small, select team with only the skills needed to contribute to the team’s mission. The team would perform its mission under a charter developed by the National Security Advisor and team leader and approved by the President. We would like teams to be suspended once they have completed their mission.

The teams will have to go through intensive training. Even in the business world, much training is needed to prepare people to transition from being elements of functional stovepipes to team members focused on a corporate mission.

The essential element is a charter, signed by the President, that would include a precise statement of the team's mission, clear objectives, and authority of the team to direct action, control resources, and other key aspects of its mandate. The new Administration has shown interest in this concept.

LINKING RESOURCES TO GOALS

The next major recommendation theme focuses on how to link resources to goals. We are proposing that all national security departments and agencies have six-year budget projections based on National Security Planning Guidance and that there be a joint President's Security Council. We have renamed the merged NSC and HSC as the President's Security Council, signifying that it is something different from what we have had in the past. In the end, it will probably still be called the NSC, but we think the NSC will drive those joint reviews with the Office of Management and Budget (OMB) so that we focus on what it is we are trying to achieve and make certain that the resources are moving in that direction.

"We have a huge problem with the flow of information and knowledge."

We have also proposed production of an integrated national security budget, which would be shown to Congress. This gives us the opportunity to make those tradeoffs across budget categories.

The next thing we need is to align our personnel incentives with strategic objectives. We think there should be a human capital strategic plan to create a National Security Professional Corps, like the Joint specialty officers in the DoD, full of people who have decided they want to specialize in interagency tasks. They

will go back for multiple assignments. We will make certain that their education prepares them for that work.

Then, we will establish an interagency personnel system. We will use promotion incentives. You may not be promoted to a senior level in any department or agency until you have successfully completed an interagency assignment or an assignment in a different department or agency. We will also require that, before you go to particular jobs, you will have to undergo certain education and training. For example, people who are going off to embassy staffs are referred to as country teams. They are not country teams; they are feuding fiefdoms. All of the problems of Washington go out to the embassies. We propose that no one relocate to an embassy staff who has not been through some sort of team training. We will have education requirements much like the Joint officer management system that was imposed in the Goldwater-Nichols DoD Reorganization Act of 1986.

“They are not country teams; they are feuding fiefdoms.”

We have a huge problem with the flow of information and knowledge. We are proposing that, at the NSC, we have a Chief Knowledge Officer. We will have a single security classification and access regime to consolidate security clearance and approval procedures. Each one of these organizations has their own classification system and clearance procedures. However, if we are going to manage this as a national security system, we will have to break down a lot of these barriers. Establishing a consolidated security clearance system will require substantial work but is essential.

With respect to Congress and creating select committees on national security, our idea is to have those committee members be the chairmen and ranking members of the committees with national security jurisdiction or their designees. They would be people who would bring that committee perspective. Again, they would have to be trained on looking at whole-of-government and how this all fits together. We think this would be hugely beneficial

on Capitol Hill, and it would give the national security community in the Executive Branch somebody to talk to in Congress.

We need much more flexibility from Congress on funding matters concerning contingency funds, transfers of money between departments and agencies, and reprogramming. The two foreign policy committees on Capitol Hill—the SRFC and the House Foreign Affairs Committee (HFAC)—are broken, and we need to make certain that we really have a good voice from them on Capitol Hill; they need to be empowered to formulate and enact annual authorization bills. It goes back to the inadequacy of the soft power part of our work.

OBAMA ADMINISTRATION'S REFORM INTENTIONS

What has the Obama Administration had to say about its agenda on national security reform? In early February 2009, General James L. Jones gave an interview to *The Washington Post* [3], as well as a speech at the 45th Munich Security Conference [4], in which he mentioned some of the items on the Administration's reform agenda. One is that the National Security Advisor's role will be expanded; they are going to merge the NSC and the HSC. President Obama has signed a Presidential Study Directive to determine exactly how this needs to be done. They are going to expand the membership of the single NSC, recognizing that national security is much broader and we need a lot more expertise around the table to help the President, but they have decided that they would invite participation on an issue-by-issue basis.

They will look at what expertise we need around the table. When the meeting gets too large, it does not serve the President's needs, and then he is not likely to ask the NSC for help. The council needs to hold a smaller meeting but with the right expertise to assist the President. Especially in the nontraditional national security departments and agencies, they are discussing having an assistant there who will work on national security matters, maybe in agriculture, education, or other areas. They have talked about a common alignment of world regions. Because of our departmentalism, we have allowed each department to decide how it wants

to carve up the world, so there are a lot of inefficiencies when we have to work on an interagency basis. They are planning to spend more time monitoring implementation at the NSC, so they have discussed appointing a director. General Jones has talked about creating action groups, which are like the interagency teams that we have proposed.

THE WAY AHEAD

What is the way ahead for the Project on National Security Reform? What are we doing now? We completed our study, but we are still charging ahead, trying to assist people considering the reforms we have proposed, both in the Executive Branch and Congress. We are now very much engaged in assisting the Executive Branch in thinking about how they could implement some of these reforms under existing authority. We are drafting legal instruments, amendments to the rules of the House and the Senate in the new National Security Act.

We have initiated a major collaboration effort. We have our recommendations, but we need to drill down in those recommendations in much more detail. We need to reach out to stakeholders. We need to be thinking about implementation, so we have formed 30 to 40 issue teams that have about 15 members from across the government and from outside government, people who have expertise. They are in the process of drilling down into those recommendations, getting stakeholders involved, and doing some thinking about implementation. Then, we will publish the results of those teams' work. We are continuing to publish our supporting documents, which we think will inform those that have to make these decisions.

That is the story for the Project on National Security Reform, where we are and what we are hoping to achieve to complement the efforts of this symposium and those who are motivated to make our government more effective in the challenges that are confronting us.

Q&A SESSION WITH HONORABLE JAMES LOCHER, III

Q: *Looking at the need for combining interagency teams with presidential advisory teams, do you see the teams funded separately?*

James Locher – Currently, there is no way of funding these teams separately. All funding has to go down through the departments. If, in the future, we are going to do things primarily through interagency teams, maybe they need a separate funding line. It is like the combatant commands in the DoD. They still have executive agents that fund them, but there is the question of whether the President will want the ability to fund something through an interagency team or will ask Congress.

The relations between the Executive and the Legislative Branch are not good. There is not a lot of trust there. The contingency funding arrangement has slowly been eroded, in part because there have been some abuses in the past. I think the President has a contingency fund of about \$25 million. Therefore, we are thinking carefully about what the grand bargain might be between the Executive Branch and Congress in which we can really create that partnership and explain to Congress in the 21st Century why the Executive Branch needs more flexibility.

We also have the Executive Branch honoring the role of Congress in national security. When I was in the DoD, we often would not want to think about an important issue because we were afraid Congress would find out we were thinking about it. We were afraid that the other branch of government would somehow be able to examine our thinking on these issues.

This is why we have talked about a partnership. In today's world, we need a much different arrangement. I think the congressional part of this will be most difficult. They have no mechanism—Congress can reform the Executive Branch, but we do not have anyone who can mandate reforms on Capitol Hill. We have spent a lot of time on the Hill talking to people about the need for these changes. If we were able to create a select committee on national security, it could become the catalyst for

all sorts of reforms in the House and in the Senate, but we have a lot of work to do on this particular subject.

Q: *I am struck by the similarities between the Project on National Security Reform and the work done in 2003–2004 that led to the Intelligence Reform and Terrorist Prevention Act of 2004 and the creation of the National Counterterrorism Center (NCTC), where counterterrorism experts had a senior clearance. Have you taken a lessons-learned approach to looking at the similarities in terms of what NCTC has or has not accomplished—maybe because it is in the middle of an analogous 10-year process—compared with the direction you want to move the Project?*

James Locher – Yes. Recently, we have made a lot of changes in government. We created the ODNI. We created NCTC. We created the Department of Homeland Security (DHS). Most of those reforms, however, only focused on one element of organizational effectiveness. We focused on the structural aspects in creating these organizations, but, to a great extent, they are structural shells. They do not have all of the elements that make organizations effective. In the Project on National Security Reform, we have spent a lot of our time thinking about all of the elements of organizational effectiveness and what is the most fundamental element. It is something we call shared values.

It is an agreed vision. It is an agreed statement of our missions. It is an agreement of the principles under which we are going to operate. If you think about it, in the interagency, we do not have shared values. Even in various departments, you do not have shared values. If you think about the DHS, it does not have shared values. If you think about the intelligence community, it does not have shared values. We have looked at some of these things in the past. Does the Director of National Intelligence have the authority he needs? No. He has been given a lot of responsibility, but he does not really have the authority that is required.


At NCTC, there is a strategic operational planning directorate. Does it have the authority it needs? No, it does not because the departments and agencies were able to push back. NCTC was supposed to do an integrated plan, and, because they got a lot of pushback from the departments and agencies, they ended up doing

a catalog, not a plan. The people who first served out at NCTC, as they went back to their home departments, were treated like they were absent without leave (AWOL). As a consequence, the next group that goes to NCTC to serve in the strategic operational planning directorate will not be quite as enthusiastic as the first group. The human capital part of that has not been fixed.

In part, there is the argument that we cannot reform a small part of the system when the overall system remains unreformed. When the departments and agencies are still focused on their own perspectives, when we are not thinking about what the nation needs, and when we have very weak integrating mechanisms, then it is not, in my view, possible for the strategic operational planning directorate at NCTC to be successful. In this larger environment, it cannot make progress because the system as a whole is not yet prepared for these kinds of changes. We have been trying to study these issues to the best of our ability.

The Director of National Intelligence, Admiral Dennis C. Blair, would like us to do a study on ODNI later this year to think about what is the concept for ODNI and what is the concept of operations for the intelligence community as we go forward. I do not know whether we will complete that, but we have tried to think about all of those elements of organizational effectiveness, shared values, processes, structure, organizational skills, the core competencies, required staff skills, our future organizational strategy, necessary resources, and personnel systems. We considered all of those elements in terms of levers that help us move this agenda forward.

Q: As I have been listening to your presentation, there is one word that I have not heard you say, which is accountability. Shared values and leadership will take you some distance, but, in the end, are you going to see the Attorney General being eaten up by Congress because the DHS messed things up or the Secretary of Commerce being eaten up by Congress because the State Department messed things up on international trade? It is true that the government works very hard in pursuit of shared values, but it is also true that, at some point, the government works in ways that make it difficult to know who is to be held accountable.

 **James Locher** – Part of the problem you have today is that it is not clear who is responsible for anything. Responsibility is divided across a lot of places. Let us say, though, we had a National Security Executive who was responsible for an interagency team with a crosscutting vision. Then we know who to go to. The Departmental Secretaries are a little bit like the Secretaries of the military departments. They played huge roles in the past, but their role is somewhat less today because of the fact that we need the ability to work across departments and agencies and we need something like the combatant commanders.

That is what these National Security Executives are. They give us the ability to do joint things in the interagency arena. If you think about it, the situation is similar to what happened as a result of the attack on Pearl Harbor in 1941. Many of you may not have known it, but prior to Pearl Harbor, the Army and the Navy refused to operate with unity of command. We had known since the time of Napoleon the importance of unity of command. Because of service jealousies and in the interest of maintaining their independence, however, they operated under the principle of mutual cooperation. We were defending the Hawaiian Islands under that principle. You can imagine, when you operate by that principle, a lot of things can slip. There was a huge outcry over Pearl Harbor that forced President Franklin Roosevelt to create unified commands.

The European Theater completely unified under President Eisenhower. Because of service jealousies, we ended up with both General Douglas MacArthur, Allied Commander of the Southwest Pacific Theater, and Admiral Chester Nimitz, Commander in Chief of the Pacific Fleet and Pacific Ocean Areas. In the interagency, though, we are still operating under the principle of mutual cooperation. It denies us the ability of really figuring out who has the responsibility and who can be held accountable for these complex operations. This needs to be clarified because, until that is the case, Congress, who is confused, will continue to go after the Secretary of Commerce for something that the State Department did.

We can only hold people accountable when we can be much more precise as to who has the responsibility. Not only do they have the responsibility, they have the authority that commensurates with their responsibility.

Q: *Are you looking for the presidential appointment of an interagency team soon?*

James Locher – In part, we have proposed that idea. These presidential priority teams were the idea behind selecting an area where the President would like to make rapid progress, where he has an interest, and where we are likely to see him ensure that the team is going to be successful that we could try and see what works. We are working in one area to try to develop this. We think that if we are successful in interagency teams, it will spread like wildfire and that you will see a regional interagency combatant command. It could be this teaming concept.

We have been pushing this idea: let us try this, let us develop it, let us see what the problems and benefits are and figure out what kind of authority we need from Congress—there are limits to what authority the President can give the head of an interagency team today—and how we are going to get it. I was very pleased when then-President-Elect Obama announced his National Security team; in their press statement, they talked about whole-of-government and the ability to collaborate; they used the term “team.” They continuously referred to themselves as a “national security team.”

Given the background of all of these senior people, their understanding of these problems, there is a good chance that you could have the kind of collaboration and cooperation that you could go off in one area, be in an interagency team, and really learn from it. I think we have the right environment for that.

Q: *Is the concept broad enough to include the Treasury Department and the Fed? In my experience, the DoD has not been successful in reaching out to the Treasury.*

James Locher – In that regard, we proposed in the Project that any economic issues that have security implications would be

addressed in the single council, and General Jones has endorsed that idea in his comments. In the Project, we debated the scope of national security for 18 months. In part, we knew it was too narrow today, but if you broaden it too far, it becomes meaningless. We tried to think about how it needs to be broadened, and we ended up with a fairly flexible approach that implied the Department of Education is not a national security department but does have a role to play on occasion, as does the Department of Agriculture (USDA).

We need to develop little cadres in those departments that, when we need to turn to them, are able to play a role. General Jones mentioned having assistants for national security in those departments who could remain linked into what the NSC was doing. We would expect the Secretary of the Treasury to be around the NSC table when there are economic or financial issues that require his expertise. I think the Obama Administration understands that that is how they have to proceed; they are not going to look at this rigid membership, and those are the people who are invited.

They are going to look at that full spectrum of expertise that they have in the government and figure out on a particular issue who needs to be involved. One of the case studies that we started to develop was of the Asian financial crisis that had some security implications, but the two communities really never discussed these issues. They remained very separate. We were making decisions on the economic crisis without worrying about what the security implications were. We see the need for all of that to be pulled together. Much of our work will be thinking about what statutory authority is required for different departments and agencies for them to be able to play their role.

I have often heard people from the Treasury Department say that people would like us involved in NSC matters, but we really do not have a statutory base for doing that. We are looking at the issue of what we need to have in the DoE's statutory provisions—or the USDA or the Treasury Department—that permits them to play the role that is required in particular circumstances.

Q: *In this process of national security reform, have you considered the role that industry, the defense industry particularly, can play in this process?*

James Locher – One thing that we have been trying to think about, especially on the homeland security side, and somewhat on the international security side as well, is that we need to be much more inclusive. Our federal government has a tendency to think about just our departments and agencies. On the homeland security side, we need to do a much better job with the state and local communities, but there is the business-industry-nongovernment world that needs to be brought more into this. In that regard, one of the proposals we have on homeland security is to create a homeland security collaboration committee that would work for the NSC and would have people from the states, local communities, outside of government, business, and nongovernmental institutions, and we would formulate policy and begin to do planning.

We are reaching out and having more of that involvement because, in today's world, even the whole-of-government is not the correct term. It really needs to be "whole-of-society" or "whole-of-nation." We are trying to move in that direction.

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