Planning and Resource Allocation for Statecraft and Security

CINDY WILLIAMS
PRINCIPAL RESEARCH SCIENTIST, SECURITY STUDIES PROGRAM,
MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Since the terrorist attacks of September 11, 2001, U.S. policy makers on both sides of the political aisle have emphasized the importance of employing a wide range of domestic and international tools—including diplomacy, foreign assistance, intelligence, and homeland security measures as well as the military—to improve national security.[1] Annual budgets for national defense, homeland security, and international affairs grew by some 70 percent in real terms, to more than three-quarters of a trillion dollars in fiscal year (FY) 2008.

Yet seven years after 9/11, federal budgets and actions still tilt wildly toward the military instrument rather than nonmilitary international measures like diplomacy and foreign assistance, or homeland security measures like protecting critical infrastructure and improving preparedness to respond to disasters. They also continue to be shaped in large measure by political and institutional forces that have little to do with national interest or strategic aims.

One reason is weak arrangements for planning and resource allocation in the White House and Congress. Despite the lessons of 9/11, the federal government continues to plan and allocate resources for security and foreign affairs as though the various tools of security and statecraft had little connection to each other. The Executive Branch crafts a plethora of strategy documents related to national security and homeland security, but there is very little top-level coordination of priorities and future spending plans among the Department of Defense (DOD), the Department of Homeland Security (DHS), the State Department, the U.S. Agency for International Development (USAID), and the other agencies with important roles in security and foreign engagement.

Absent top-down planning and coordination, traditional patterns of funding flourish. Military measures take precedence over nonmilitary ones. Activities that lead to jobs at home are advantaged over those that do not. The development of vaccines and drugs to combat biological terrorism is

favored over measures to prevent trafficking in dangerous pathogens or improve public health capacity.

Following a brief discussion of the size and composition of federal spending for security and foreign engagement, this article describes some of the problems created by the failures to set priorities, conduct strategic planning, and allocate budgets in a coherent fashion. It explores the political and institutional forces that shape federal budgets for the toolkit of statecraft and security, and identifies improvements to White House and congressional organizations and processes that could counter those forces. The paper ends with suggestions for further research.

U.S. Spending for Security and Foreign Engagement

Within the federal budget, three broad categories pay for security and foreign engagement. The first is the national defense account, identified in the budget as "budget function 050." National defense includes funding for the Department of Defense, the nuclear programs of the Department of Energy (DOE), and smaller military-related programs in other agencies. The national defense budget pays to raise, equip, train, and maintain the military, conduct wars and other military operations, and deter attacks on the United States and its allies. It also pays most of the nation's bills for the collection, processing, and dissemination of intelligence. Including $186 billion for military operations in Iraq and Afghanistan, the national defense budget for fiscal year 2008 was $693 billion (see Table 1).

Table 1. Budgets for Security and Foreign Affairs Budget Authority in Billions of Current Dollars			
	FY 2001	FY 2008 Estimate	FY 2009 Funding to Date
National Defense			
Excluding Iraq and Afghanistan	318	507	541
Iraq and Afghanistan	0	186	66[a]
Total National Defense	318	693	607
Homeland Security			
Total Homeland Security	17	65	66
Homeland Security in DoD	4	17	18
Homeland Security Net of DoD	13	48	49
International Affairs	20	44[b]	42[c]
Total Security and Foreign Affairs	351	785	698
Source: Author's calculations based on White House and DoD budget documents. [a]Includes emergency supplemental appropriation of June 2008; additional budget authority of $100 billion is anticipated for FY 2009. [b]Includes $4.8 billion from June 2008 emergency supplemental appropriation. [c]Includes $3.7 billion from June 2008 emergency supplemental appropriation.			

The second budget category related to security and statecraft is international affairs, which shows up in the federal budget as "budget function 150." This category includes funds for economic and military assistance to other countries, the conduct of foreign affairs and diplomacy by the State Department, contributions to international organizations like the United Nations, and foreign information programs like the Voice of America. The international affairs category represents spending for nonmilitary global engagement—international efforts that offer the prospect of security through conflict prevention. Including supplemental appropriations related to the operations in Iraq and Afghanistan, the budget for international affairs for FY 2008 came to $44 billion, just one-sixteenth the size of the national defense budget.

The third category of federal spending for security and statecraft is homeland security. Homeland security includes activities to prevent terrorist attacks on the United States through such measures as border protection and air passenger screening; protect institutions, people, and infrastructure through gates, guns, guards, and their cyber equivalents; and prepare to respond to and mitigate the consequences of attacks that do occur. Currently no single budget function groups those activities together, but the White House Office of Management and Budget (OMB) reports annually on

budgets for homeland security activities across federal government in a chapter of the *Analytical Perspectives* volume of the budget.

No simple formula can tell U.S. leaders how spending should be allocated among or within the three categories. Global engagement funded through the national defense and international affairs budgets serves multiple objectives: protecting national sovereignty and territorial integrity and sustaining a suitable level of relative power in the world, supporting alliances, ensuring the safe conduct of international commerce, helping other countries to become more capable partners in the global economy, and lending a helping hand to those that need it. Many homeland security measures also serve multiple purposes: improving resiliency in the face of naturally occurring disasters such as hurricanes or the global outbreak of pandemic disease as well as keeping citizens and infrastructure safe from the threat of direct attack.

The United States wants and needs a strong military, vigorous civilian international engagement, and prudent homeland security. Achieving U.S. objectives on the world stage and providing for security in the future will require continued substantial investment in all three categories. Nevertheless, U.S. resources are finite. The nation's current financial and economic woes will likely spark a tightening of the belt in every area of federal spending. Fiscal problems related to rising health care costs and the eligibility for retirement of large numbers of baby boomers make continued growth of budgets across the three categories unlikely.

Setting strategic priorities among the competing demands of military, nonmilitary international, and homeland security measures is critically important if the nation is to get the most from the enormous financial investment it makes in security and statecraft. Thus, it is crucial that the nation integrate its efforts across the three categories and be more explicit about considering the possible tradeoffs among them.

The Politics of Budgeting for Statecraft and Security

Institutional forces and domestic politics are important factors in federal budgeting for statecraft and security. The Department of Defense enjoys natural advantages over the Departments of State and Homeland Security in the competition for resources. Within the Department of Defense, investments in equipment typically hold better political cards than activities related to people or sustainment. State and local interests shape important decisions related to homeland security, while a preference in dealing with biological terrorism or pandemic flu for medical technologies and research over public health solutions may be reinforced by a "double-helix triangle" akin to the "iron triangle" that links the armed services, military contractors, and Congress in the defense world.[2] This section highlights those forces.

DOD Has Political and Institutional Advantages in the Contest for Budgets

The Department of Defense has enjoyed powerful advantages over the Department of State and other civilian foreign affairs agencies for decades. Since the creation of the Department of Homeland Security in 2003, DOD's advantages have grown increasingly apparent in the world of homeland security as well.

Size and Employment Base

DOD is advantaged in the budget game by its sheer size. Its budget makes up more than half of the federal government's discretionary spending, compared with less than two percent for the Department of State and less than four percent for DHS.[3] That fact alone gives the department an institutional heft in the White House and Congress that the other departments cannot come close to matching.

In domestic politics, DOD's size and its nationwide activities proffer great advantages. With some 1.4 million active-duty service members, 850,000 paid members of the Guard and Reserve, and 650,000 civilian employees, the department is the largest employer in the United States. Current and former employees, including some 25 million living veterans, translate into an organized nationwide constituency for military budgets.

Goods and services provided to the military spell employment for about 5.2 million non-government workers across the country, thus expanding the domestic constituency.[4] Even more important than the size and reach of DOD's domestic footprint is the base of firms that build and sustain their defense markets by lobbying Congress. Despite a major shift in articulated national security strategy, congressional lobbying has helped U.S. defense firms keep most of their Cold War production lines open for the nearly 20 years since that war ended—a boon to defense budgets.[5]

In contrast, the civilian foreign affairs agencies are small and lack a natural domestic base of supporters to lobby on their behalf. The Department of State employs only 25,000 people, most of them overseas or in Washington and New York.[6] State spends very little with service or hardware firms that could press its interests with the administration or Congress.

USAID and the other federal agencies responsible for much of the nation's foreign economic assistance may enjoy somewhat stronger domestic support than State, but that support is nowhere near that of Defense. USAID does spend money for goods and services within the United States, though its budget is a tiny fraction of DOD's.[7] The economic assistance agencies get some support in Congress from the farm lobby, because food aid translates into federal support for U.S. crops. In addition, concerted action by religious groups and the non-governmental organizations that deliver aid appears to have been influential in decisions to forgive billions of dollars of debt owed to the United States by poor countries and to increase U.S. spending for HIV/AIDS relief and other global health initiatives. Nevertheless, the fact that the first budget promise the Obama campaign was willing to drop in the face of impending financial meltdown in October, 2008 was the doubling of foreign assistance serves as stark evidence of the weak domestic support in this area.[8]

DHS's nationwide footprint is substantially larger and more dispersed across the country than that of the diplomatic and foreign assistance communities, but falls far short of the size and reach of DOD's. Including the 42,000 uniformed members of the Coast Guard, the department has about 200,000 full-time-equivalent employees (see Table 2). The majority of them work in locations across the United States in positions related to border and aviation security, immigration and customs, or as uniformed members of the Coast Guard.[9] As employees of a new department that lacks the compelling history of the armed services, however, their combined voice in domestic politics is limited.

Table 2. Number of Employees in Components of the Department of Homeland Security Thousands of Full-Time Equivalent (FTE), 2009 Plan	
Component	Employees
Departmental Operations	1.9
Customs and Border Protection	54.9
Immigration and Customs Enforcement	19.0
Transportation Security Administration	51.4
Coast Guard	48.9[a]
Secret Service	6.7
FEMA	6.9
Citizenship and Immigration Services	10.6
Federal Law Enforcement Training Center	1.1
Other	2.0
Total DHS FTE	203.5
Source: Department of Homeland Security, *Budget in Brief: Fiscal Year 2009*, pp. 137-138. Figures may not add to total due to rounding. [a]Includes uniformed and civilian members	

Single Department with a Focused Mission

DOD enjoys internal advantages as well. One is that it is a single department with a relatively focused mission. In contrast, the civilian foreign affairs community includes the Department of State, USAID, the Export-Import Bank, the Millennium Challenge Corporation, the President's Emergency Plan for AIDS Relief, as well as elements of Treasury, Health and Human Services, Labor, Homeland Security, and several other federal departments.[10]

Similarly, DHS is by no means the only player in homeland security. At least six other federal departments spend more than $500 million annually on homeland security, and the DOD's homeland security budget is more than one-half the size of DHS's (see Table 3).[11] Nor is homeland security the only mission of DHS. Fully 36 percent of the department's budget pays for non-homeland security activities in diverse areas like boating safety and the adjudication of citizenship applications. Within the White House and Congress, the oversight of policies and budgets of the many players on the civilian side of statecraft and security falls to diverse entities, complicating the efforts of those players to develop a coherent plan or secure their budgets.

Table 3. Homeland Security Funding by Agency Budget Authority in Billions of Current Dollars		
Homeland Security Funding	**FY 2008 Estimate[a]**	**FY 2009 Request**
Department of Homeland Security	32.7	32.8
Department of Defense	17.4	17.6
Department of Health and Human Services	4.3	4.5
Department of Justice	3.5	3.8
Department of State	2.0	2.5
Department of Energy	1.8	1.9
Department of Agriculture	0.6	0.7
National Science Foundation	0.4	0.4
General Services Administration	0.4	0.1
Other Agencies[b]	1.9	2.0
Total, Homeland Security Funding	64.9	66.3

Source: Budget of the United States Government, FY 2009, *Analytical Perspectives* (Washington, DC: The White House, February 2008), Table 3-1.
Notes: Totals may not add due to rounding.
[a] Includes funding in FY 2008 emergency supplemental appropriation request.
[b] Includes those agencies whose FY 2008 budgets are less than $0.3 billion.

Internal Organizations and Processes

Another set of DOD advantages stems from its internal organizations and processes.[12] Since the 1960s, the Secretary of Defense has used a planning, programming, and budgeting system to exercise centralized control of resource allocation, instill budget discipline, link budgets to strategies and plans, consider cost-effective alternatives to service plans, and recognize the multi-year costs and consequences of decisions. The existence of a mature, structured, relatively disciplined, and forward-looking system for developing budgets serves the department well when it comes time to justify those budgets before the White House and Congress. The department's history of attempting to estimate the costs and measure the effectiveness of programs also helps.[13]

In the civilian agencies involved in statecraft and security, such organizations and processes are generally weak and immature. The Department of State has no effective forward-looking process comparable to DOD's planning, programming, and budgeting process.[14] State F, the foreign assistance office established in recent years within the department, is meant to develop coherent links between foreign assistance strategy and budgets in State and USAID, but the organization is

new and understaffed, and its oversight does not extend to the many foreign assistance programs that lie outside of those two agencies.[15]

DHS did establish a forward-looking planning, programming, and budgeting system shortly after opening its doors in 2003, but the system and the organizations surrounding it are weak.[16] In addition, the department's poor showing in early attempts to estimate the costs of investment projects like the secure border initiative and to measure risk and consequences sparked criticism and opened its budgets to congressional adjustments.[17] On the other hand, Health and Human Services (HHS), the department with the third-largest budgetary stake in homeland security, has mature and forward-looking processes to link budgets to policy, and those processes put the department in a strong position to defend its rapidly mounting budgets for addressing bioterrorism and pandemic disease.[18]

Internal Culture

Another area of internal strength for DOD is a culture that emphasizes education and experience related to resource allocation processes and budgets, and that rewards individuals for becoming adept at explaining budgets to outsiders.[19] In contrast, State Department culture rewards knowledge about other countries, cultures, and languages.[20] USAID and other elements of the foreign assistance community tend to reward technical expertise and project management, not an understanding of budgets, resource allocation processes, or how to deal effectively with the White House and Congress.[21]

It is too soon to tell how cultures will evolve within DHS. The department was created from 22 disparate agencies, each with its own culture, and it seems clear that those agencies have not gelled into a cohesive whole. The seven main operating components—Secret Service, FEMA, Coast Guard, Transportation Security Administration, Immigration and Customs Enforcement, Customs and Border Protection, and Citizenship and Immigration Services—all jealously guard their individual budgets. Some key personnel in the department's new, central organizations have experience in DOD or in the Department of Energy's nuclear laboratories. Those people may work to instill a culture that rewards skills in planning, budgeting, and explaining budgets effectively.

Political Symbolism

Finally, some of the current budget clout of DOD and the homeland security community stems from the political symbolism of terrorist attacks and ongoing wars. With soldiers and marines involved in tough action overseas, few politicians want to propose cuts or oppose increases in defense. On the contrary, players on opposite sides of the political aisle vie to identify areas in which the other party has not spent enough—new equipment instead of hand-me-downs for the National Guard, improved body armor and armored vehicles, increases in the size of the ground forces, and more. Similarly, should another terrorist attack occur, no political figure wants to be blamed in retrospect for having failed to back a homeland security measure that might have saved lives. Thus most are inclined to support new or expanded programs for port security, aviation security, counterterrorism law enforcement, and other domestic security measures, regardless of the technical merits or potential cost effectiveness of those programs.[22]

DOD's Advantages Bear Results

DOD's advantages are evident in its budgets and also in a dramatic expansion of jurisdiction in recent years. After rising during the 1950s, international affairs spending fell by about 80 percent in real terms during the 1960s. Throughout the Cold War, it never returned to former levels. In contrast, national defense outlays held relatively steady from 1960 until 1990, increasing during periods of war and again during the Reagan era buildup and then returning to near-1960 levels as the wars and the buildup ended. With the end of the Cold War, international affairs budgets dropped again, shedding about 25 percent between 1990 and 1999, even as the number of U.S. embassies rose. National defense budgets declined from the peak levels of the Reagan years, but only barely below the level of the 1960s, even though the Cold War threat no longer existed.

After 2001, spending for national defense and international affairs both grew by about 70 percent in real terms, including the costs of wars and reconstruction operations in Iraq and Afghanistan. Spending for homeland security tripled. But national defense still outspends international affairs by a factor of 18 to 1 and nondefense homeland security by a factor of 14 to 1. More importantly, DOD has greatly expanded its jurisdiction in both formerly civilian areas.

For example, DOD's regional combatant commanders have taken on diplomatic roles formerly held by the State Department.[23] In addition, DOD expanded and strengthened its role in providing security assistance to other countries. Decisions about programs to train and equip foreign militaries were formerly the purview of the State Department. During the current decade, DOD instituted several new security cooperation programs, including activities to train and equip the Iraqi and Afghan militaries and similar programs in other countries, reimbursements to coalition partners in the wars in Iraq and Afghanistan, and the Commander's Emergency Response Program (CERP) that provides money to military commanders to spend as they see fit for reconstruction projects. Decisions about the new programs are exercised by DOD with only minimal consultation from State. The combined budgets for those new programs totaled nearly $40 billion during the period from FY 2002 to FY 2008.[24] Including those programs, DOD's share of spending for foreign development assistance climbed dramatically, from 3.5 percent in 1998 to nearly 22 percent in 2005.[25]

DOD has also vastly expanded its homeland security activities. Much of the Defense Department's current $18 billion homeland security budget pays for security at U.S. military bases, but DOD has also strengthened its jurisdiction and substantially increased its budgets for research and development on vaccines, drugs, and other biological countermeasures.

Investment in Equipment and Technology Is Advantaged in DOD and Homeland Security

For DOD, investment in technology and equipment translates into jobs that are concentrated at production plants or in engineering and technology firms in locations around the country. Expanding and protecting the jobs is crucial to the election prospects of congressional representatives from districts that surround those plants and firms, and those representatives gravitate toward the congressional committees and subcommittees with jurisdiction and influence over military investment. Defense firms with major equipment contracts also work with program offices of the armed services to widen support in Congress by extending subcontracts in numerous districts.[26]

Contracts for services also give the military an important base of generalized support, but few service contracts concentrate jobs in individual districts or states in the way that major hardware contracts do. The benefits to military investment budgets of the concentrated iron triangle of individual congressional districts, specific military contractors, and the armed services are a hardy perennial of U.S. national security politics.[27]

The presence of the iron triangle may be a key factor in the size and allocation of the emergency supplemental appropriations that fund the incremental costs of the wars in Iraq and Afghanistan. Procurement spending attributed to the wars nearly doubled between 2006 and 2007, and equipment purchases account for about one-third of combined emergency supplemental appropriations for the wars during fiscal year 2008. DOD and Congress justify those purchases as "reset" equipment to replace items that were damaged or destroyed in the wars. Army reset spending to date far outstrips the total cost of equipment in theater, however, and OMB officials indicate that the purchases are front-loaded to occur a year or more before equipment in theater is damaged.[28] Wartime spending for readiness, operations, upkeep, and personnel does not enjoy such advance funding.

Some experts see evidence of new iron triangles that favor technology and equipment in the nation's homeland security budgets.[29] For example, the Pandemic and All-Hazards Preparedness Act of 2006 expands incentives for bringing medical countermeasures to the point of product development and procurement.[30] The act is likely to improve prospects for biotechnology firms in Massachusetts and North Carolina, two states with major stakes in biotechnology.[31] It thus seems no coincidence that the two lawmakers credited with the act's introduction and passage are Senator Edward Kennedy of Massachusetts and Senator Richard Burr of North Carolina.

The federal government spends substantially more to develop and stockpile vaccines, medicines, and medical equipment to counter biological threats than to improve public health capacity to ameliorate the consequences if a biological attack or a pandemic occurs .[32] The existence of a "double-helix triangle" linking Congress, biotechnology firms, and executive branch homeland security offices would help to explain why federal biodefense budgets seem to be stacked in favor of technological solutions at the expense of other types of measures.[33] Other triangles may help to explain a seeming preference for the development and fielding of monitors to detect pathogens, at the expense of

public health networks that could help health-care providers identify the outbreak of a disease in the clinical setting and pool information about its progress in and across communities. More research is needed on the extent and consequences of iron triangles in the homeland security area.

Homeland Security Grants to State and Local Governments Enjoy Broad Support

While technology and equipment enjoy certain advantages in the contest for homeland security dollars, grants to state and local governments have their own sources of political support. Every state's congressional delegation has a stake in the size and allocation of the intergovernmental transfer.

Before 2001, federal spending for local domestic security programs was quite limited.[34] That changed with 9/11 and the anthrax attacks of October 2001. Spending for state and local grants provided through the Office of Domestic Preparedness (first in the Justice Department and later in DHS) to help police and firefighters plan, train, and purchase equipment for responding to disasters climbed from $91 million in fiscal year 2001 to $2.7 billion in 2003.[35] Additional programs provided billions of dollars through new block grants to states and hospitals to bolster public health preparedness.

The Bush White House recognized a need for first responder grants in the first year after 9/11, but tried to avoid a long-term commitment of federal funds for police and firefighters. The administration also hoped to avoid grants for public health preparedness, and did not include such programs in its initial plans after 9/11. The states saw things differently. The National Governors Association pressed Congress to add at least $2 billion for public health systems and $1 billion for first responders.[36] Congress agreed; the Public Health Security and Bioterrorism Preparedness and Response Act of 2002 provided $1.5 billion in public health grants and about $1.2 billion to expand stockpiles of medical countermeasures.[37] Since then, the administration has generally worked to reduce the size of the grant portfolio. Congress has acted to buttress it.

Congress also takes an interest in how the grants are allocated. Initial block grants were distributed based on population, with a minimum share of the total pool going to the states with the smallest populations. The Bush administration argued that any grant money should be allocated to states and local entities based on the risk they faced. Representatives and Senators from small states and states

whose levels of risk are less apparent generally prefer the initial allocation, while those who think their states are at higher risk support the risk-based approach. The administration's early attempts to allocate the grants according to risk brought counterintuitive results and were met with harsh criticism, however.[38]

The arguments for continuing some intergovernmental transfer are compelling. No individual state or local entity can marshal the resources or the clout to induce the coordination required among first responders from multiple communities. The immediate consequences of a terrorist attack are felt and must be dealt with at the local level, but the economic and political consequences are national, so some of the burden of paying for response is a national one. The federal government can serve as an insurance company by pooling the risk of disaster for many policy holders and paying out to those who are actually struck.

On the other hand, some observers see first response and public health as local responsibilities that should be dealt with and paid for at the state and local level. Where to draw the line is a question deeply rooted in issues of intergovernmental authority, responsibility, risk sharing, and burden sharing in the U.S. federal system. Whether the grants should continue indefinitely, how large they should be, and how they should be allocated seem important subjects for further research. A research agenda that sets these questions in a wider framework of federalism and intergovernmental responsibility would be especially welcome.

White House and Congressional Organizations and Processes

With political and institutional forces pulling budgets in multiple directions that may have little to do with the aims of security and global engagement, arrangements that can help policy makers shape coherent budgets that reflect national interests and goals are crucial. Unfortunately, federal organizations and processes for strategic planning and resource allocation for statecraft and security are not up to the job. This section focuses on problems and potential solutions in the White House Executive Office of the President (EOP) and in Congress.[39]

Organization of the Executive Office of the President

Within the EOP, three institutions share principal responsibility for advising the president on national security, homeland security, and foreign engagement. The National Security Council (NSC) advises the president on national security matters. The Homeland Security Council (HSC) advises on strategic and policy matters related to homeland security. OMB is concerned with oversight and administration of the entire federal budget. (In addition, at least during the Bush administration, the Office of the Vice President took an active role in some areas of security and statecraft.)

Both the NSC and the HSC are chaired by the president. The Assistant to the President for National Security Affairs (also called the National Security Adviser) leads the day-to-day affairs and sets the agenda for the NSC. The Assistant to the President for Homeland Security and Counterterrorism performs those functions for the HSC. The memberships of the two institutions overlap to a large extent, but it is striking that neither the assistant to the president for homeland security and counterterrorism nor the secretary of homeland security has a regular seat at the NSC table. That means that the administration's two top homeland security officials would not necessarily be in the room should an NSC meeting take up discussion of a U.S. military attack with important implications for homeland security.

In theory, the HSC advises the president on domestic security matters while the NSC is concerned with international ones. In reality, in any sensible approach to national security, the two are deeply intertwined and require an integrated international and domestic approach. Moreover, the HSC lacks the staff and institutional heft needed to bring coherence to the homeland security issues involved in countering terrorism, protecting lives and infrastructure, and preparing to mitigate the consequences of deliberately or naturally caused disasters.[40]

The HSC was created in the immediate aftermath of 9/11, and it still lacks the public transparency and internal funding mechanisms of other parts of the Executive Office of the President.[41] It seems time to reexamine the council's usefulness. The next president should strongly consider abolishing the HSC as a separate institution and folding its staff and functions into the NSC.

OMB's budget examiners are organized into four resource management offices (RMOs). The RMOs are generally aligned to the organization of the executive branch. The RMOs are partitioned into divisions, which in turn are organized into branches. Responsibility for national defense and international affairs is concentrated within the National Security Program RMO. Although oversight of DHS rests with a single homeland security branch within the Transportation, Homeland Security, Justice, and Services Division of the General Government Programs RMO, oversight of homeland security budgets outside DHS falls to numerous other branches of multiple RMOs. At least 18 branches share substantial responsibility for biodefense.[42]

OMB's organizational structure encourages examiners to look not at the overall picture of security and global engagement, but agency by agency. Some of this is unavoidable. For example, biodefense is at the same time an international issue, a domestic security challenge, and a public health concern; it would not be easy to consolidate responsibility for all three into a single OMB office. In one area, however, consolidation makes good sense: shifting the homeland security branch into the National Security Programs RMO would put 75 percent of federal homeland security spending and all but two or three percent of spending for security and statecraft under the purview of a single OMB program area director.

No group within the EOP has the mandate, skills, outlook, and time to conduct the resource-based, long-term planning, risk assessment, gap analyses, and tradeoff studies that are needed to instill strategic relevance and coherence to activities that cut across the various cabinet departments and agencies involved in security and foreign engagement. In the absence of such top-level studies, Congress and the executive branch have assigned individual agencies or offices to lead on various aspects of crucial missions. Rather than streamlining, the resulting tangle of lead roles complicates coherent planning and resource allocation and causes confusion on the ground in operations like stabilization and reconstruction in Iraq and Afghanistan.[43]

In key missions that bring together important players from multiple agencies, some planning and resource allocation functions simply cannot be devolved to lead agencies; they belong in the White House. To improve the capacity of the EOP to deal with this area, the next administration should expand the EOP to create dedicated cells of trained specialists within the NSC staff and OMB to conduct long-term planning, risk assessment, gap analyses, and tradeoff studies, and to identify key

long-term federal priorities constrained by realistic future budgets in cross-cutting missions of security and statecraft.

Processes in the Executive Office of the President

To offset the powerful tugs on budgets from institutional forces and domestic politics, the White House needs a national security strategy that identifies the nation's most pressing problems and risks. It needs to work to allocate resources by weighing the benefit of each endeavor and realigning resources to their most productive use.

Yet the EOP lacks permanent processes to identify top priorities and oversee the alignment of agency policies and programs to those priorities. The EOP periodically prepares a national security strategy and a homeland security strategy that articulate policies at the top level, but those documents usually just list the various areas of effort, with little regard to priorities or to the resources involved. In recent years, new strategy and policy documents have proliferated, but they also typically fall short in establishing priorities or in identifying tradeoffs among the various tools of security and statecraft. The documents often are not well understood by those who must implement them, and they sometimes arrive with no money to carry them out. Moreover, there is currently no formal document that links strategy and resources for national security, homeland security, and statecraft.

One thing that makes this hard is a lack of consensus about the relative value of the various tools of statecraft and security. An ounce of prevention is worth a pound of cure. Does that mean the United States should double or triple its efforts to help Russia secure its nuclear and biological materials and devices? The best defense is a good offense. Does that mean that the nation should limit spending for protective measures and domestic preparedness, in the hope that terrorist networks can be broken up by the FBI and future terrorists can be stopped far from U.S. shores by the military? The Bush administration's homeland security strategy expressed a preference for preventing terrorist attacks over protecting infrastructure or preparing to deal with the consequences, but it is not clear how to reflect that preference in federal spending choices.

Scholarly research is needed to examine these questions within the frameworks of existing theories of security, politics, and international relations. What can realism tell us about the relative usefulness to

the United States of offense, defense, and prevention? The relative usefulness of prevention, protection, and preparation to respond within the bailiwick of homeland security? How would the same issues look through the lens of a liberal paradigm? If the United States espouses a grand strategy of restraint, what should that mean for homeland security?

In the meantime, the new administration should take the following actions to improve its articulated strategies for national security and homeland security and to strengthen the linkages between strategy and resources:

- The new cells established between the NSC and OMB should conduct top-level, long-term risk assessment and gap analyses to identify key long-term priorities.
- Within the first year, the EOP should update, integrate, and streamline the strategy documents and presidential directives for national security and homeland security. A single overarching strategy for promoting the nation's security should clearly set and articulate priorities within and among the various elements of national security, homeland security, and international affairs. They should include a prioritized list of critical missions and should identify the role of the federal government. The overarching, prioritized strategy should be updated at least every four years.
- Within the first year, the NSC and OMB should jointly conduct, with interagency support, a Quadrennial National Security Review (QNSR). The QNSR should establish top-down priorities for national defense, homeland security, and statecraft, within budgetary constraints. It should draw genuine long-term links between the strategy articulated in the streamlined strategy document and the resources the administration plans to devote to national defense, homeland security, and statecraft. The QNSR should start with the administration's overarching strategy; articulate a prioritized list of critical missions; and identify the major federal programs, infrastructure, and budget plan that will be required to implement the strategy successfully.
- Within the first year, NSC and OMB should work together to develop a national security planning guidance (NSPG) that provides detailed guidance for agency actions and programs. The document should consider resource tradeoffs and constraints with respect to a small handful of important crosscutting policy areas. An NSPG should be prepared every two years, and each successive NSPG should focus on a few crosscutting missions. The first one should include

biodefense and pandemic preparedness and reconstruction and stabilization as two of those crosscutting missions.

- The QNSR and the NSPG should inform OMB's fiscal guidance to federal departments and agencies. Cabinet secretaries and agency heads with roles in national defense, homeland security, and statecraft should be directed to use the QNSR and the NSPG to inform their planning and resource allocation processes. The NSC and OMB should use the QNSR and the NSPG as the basis of an annual review of agency future-year program and resource planning documents.

Organizations and Processes in Congress

Congress's budgetary and oversight responsibilities give lawmakers a role in resource allocation for security and global engagement. The legislative body lacks an institutionalized, integrated approach in these areas, however. In the absence of an integrated approach, domestic politics, pork-barrel politics, and institutional pressures fill the void.

Members of Congress rely heavily for information and analysis on three nonpartisan support agencies: the Congressional Budget Office (CBO), the Congressional Research Service of the Library of Congress (CRS), and the Government Accountability Office (GAO). The three agencies produce important work on various aspects of national defense, homeland security, and international affairs. The three have done relatively little in the way of studies that assess the likely benefits, costs, and risks of broad alternatives that cut across those areas, however. Such studies could improve lawmakers' understanding of the broad resource allocation choices the executive branch makes.

Multiple authorizing committees and appropriations subcommittees share jurisdiction for national defense, homeland security, and international affairs. It is unrealistic to imagine that jurisdiction for all aspects of security and statecraft would ever be consolidated under a single authorizing committee and a single appropriations subcommittee in the House and the Senate.

To improve the coherence of congressional resource allocation, the various committees and subcommittees of jurisdiction should consider conducting regular joint hearings of national security, homeland security, and international activities. In particular, the armed services, foreign relations/foreign affairs, and homeland security committees should hold joint hearings on the administration's QNSR, informed by the CBO and CRS reports. Other important topics for cross-

committee hearings include national risk-management plans, the coherence of the overall federal homeland security effort, the relationship between the federal effort and state and local responsibilities in homeland security, and the restructuring of security assistance.

To improve the links between strategies and resources, Congress should consider the following changes:

- Mandate that the executive branch conduct a Quadrennial National Security Review (QNSR) and prepare a biennial National Security Planning Guidance (NSPG). The QNSR should be submitted to Congress and available to the public; the NSPG may be classified.
- Request that during the first year of each presidential term, CRS provide lawmakers with a report on the issues for congressional consideration that are likely to be raised by the QNSR.
- Request that CBO prepare an assessment of the administration's QNSR.
- Ask CBO periodically to conduct a study of the costs, risks, and other implications of the administration's plans for key security missions that cut across departments and agencies, and of alternatives to those plans.

The Path Forward

Seven years after 9/11, the federal government continues to plan and allocate resources for security and foreign affairs as though the various tools of security and statecraft had little connection to each other. There is very little coordination of priorities and future spending plans among the Department of Defense (DOD), the Department of Homeland Security (DHS), the State Department, the U.S. Agency for International Development (USAID), and the other agencies with important roles in security and foreign engagement.

Absent such top-down planning and coordination, traditional patterns of funding flourish. It is easy to allocate by giving the same percentage increase to every activity each year as a baseline, and then let the irrational forces of institutional or domestic politics to take over the rest of the job of allocation. To counteract those forces, improve the coherence of interrelated activities in multiple departments and agencies, and help leaders make budget decisions based on explicit criteria of

national interest, the new administration and Congress need sound arrangements for planning and resource allocation. Today's arrangements are not up to the job.

The new administration and Congress should adopt the changes discussed in this chapter. In addition, scholarly research is needed, as discussed below:

1. The existence of a "double-helix triangle" linking Congress, biotechnology firms, and executive branch homeland security offices would help to explain why federal biodefense budgets seem to be stacked in favor of technological solutions at the expense of other types of measures. Other triangles may help to explain a seeming preference for the development and fielding of monitors to detect pathogens, at the expense of public health networks that could help health-care providers identify the outbreak of a disease in the clinical setting and pool information about its progress in and across communities. More research is needed on the extent and consequences of iron triangles in the homeland security area.
2. Shortly after 9/11, the federal government provided grants to help state and local governments prepare to deal with the consequences of a terrorist attack. Those grants continue, but are the subject of controversy. Whether the grants should continue indefinitely, how large they should be, and how they should be allocated seem important subjects for further research. A research agenda that sets these questions in a wider framework of federalism and intergovernmental responsibility would be especially welcome.
3. Scholarly research is needed to examine the relative usefulness of national defense, national security, and international affairs spending in the frameworks of wider theories of security, politics, and international relations. What can realism tell us about the relative usefulness to the United States of offense, defense, and prevention? The relative usefulness of prevention, protection, and preparation to respond within the bailiwick of homeland security? How would the same issues look through the lens of a liberal paradigm? If the United States espouses a grand strategy of restraint, what should that mean for homeland security?

[1] For example, the George W. Bush administration's national security strategy called for using "the full array of political, economic, diplomatic, and other tools at our disposal; see The White House, *National Security Strategy of the United States of America* (March 2006). The Bush administration also saw intelligence and homeland security as key elements in making the nation more secure after September 2001. On the campaign trail, Senators Barack Obama and John McCain both called for using all instruments of national power to make the nation secure. Both identified

intelligence, homeland security, diplomacy, public diplomacy, foreign assistance, and building sustainable democratic institutions in foreign countries as important tools of national security; see John McCain, "An Enduring Peace Built on Freedom, *Foreign Affairs* (November/December 2007); Barack Obama, "Renewing American Leadership," *Foreign Affairs* (July/August 2007); Obama's speech to Chicago Council on Global Affairs (April 23, 2007); McCain's speech at the Los Angeles World Affairs Council (March 26, 2008); and national security/military issue papers on candidates' web sites as of September 29, 2008.

[2] Gordon Adams, *The Iron Triangle: The Politics of Defense Contracting* (New Brunswick, NJ: Transaction Press, 1981).

[3] Discretionary spending flows from annual appropriations, in contrast to mandatory spending, which is determined by amounts and eligibility rules set in permanent law, as is the case for Social Security, Medicare, and other entitlement programs.

[4] Paul C. Light, "The New True Size of Government," Research Brief Number 2 of the Organizational Performance Institute of New York University, August 2006, p. 9 (http://wagner.nyu.edu/performance/files/True_Size.pdf).

[5] Harvey M. Sapolsky, Eugene Gholz, and Caitlin Talmadge, *US Defense Politics: The Origins of Security Policy* (New York, NY: Routledge, 2009), p. 74.

[6] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, p. 6.

[7] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, p. 6-7.

[8] Early in the 2008 presidential campaign, Senator Barack Obama promised to double U.S. spending for foreign assistance; see Barack Obama, "Renewing American Leadership," *Foreign Affairs* (July/August 2007). During the Vice Presidential debate on October 2, 2008, Senator Biden, when asked which of its campaign promises an Obama administration would have to retract due to the harsh economic climate, named only one: the promise to double spending for foreign aid.

[9] Department of Homeland Security, *Budget in Brief: Fiscal Year 2009*, "Budget Request" summary tables at the end of each section in Chapter III, "Summary Information by Organization," pp. 21-130.

[10] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 2-5.

[11] Cindy Williams, "Strengthening Homeland Security: Reforming Planning and Resource Allocation," Report for the 2008 Presidential Transition Series of the IBM Center for the Business of Government (Washington, D.C.: IBM, 2008), pp. 12-13.

[12] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 7-12.

[13] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 7-9.

[14] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, p. 73.

[15] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, p. 73.

[16] Cindy Williams, "Strengthening Homeland Security: Reforming Planning and Resource Allocation," Report for the 2008 Presidential Transition Series of the IBM Center for the Business of Government (Washington, D.C.: IBM, 2008), pp. 15-22. Changes made to DHS processes in 2008 during the building of the FY 2010 budget offer hope that the situation will improve, however.

[17]

[18] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, pp. 18-19.

[19] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 9-10.

[20] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 10-12.

[21] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 11-12.

[22] Harvey M. Sapolsky, Eugene Gholz, and Caitlin Talmadge, *US Defense Politics: The Origins of Security Policy* (New York, NY: Routledge, 2009), p. 146.

[23] Dana Priest, *The Mission: Waging War and Keeping Peace with the American Military* (New York, NY: Norton and Company, 2004), Chapter 3, "The CinCs: Proconsuls to the Empire," pp. 61-77.

[24] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, Table 4.4 on page 66.

[25] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, pp. 57-75.

[26] Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007, pp. 6.

[27] Gordon Adams, *The Iron Triangle: The Politics of Defense Contracting* (New Brunswick, NJ: Transaction Press, 1981; Aaron Wildavsky, *The New Politics of the Budgetary Process, Second Edition* (New York, NY: HarperCollins, 1992), pp. 18, 400-408; Winslow T. Wheeler, *The Wastrels of Defense: How Congress Sabotages U.S. Security* (_____, US Naval Institute Press, 2004).

[28] "Replacing and Repairing Equipment Used In Iraq and Afghanistan: The Army's Reset Program" (Washington, DC: Congressional Budget Office, September 2007); Amy Belasco, *The Cost of Iraq, Afghanistan, and Other Global War on Terror Operations Since 9/11* (Washington, DC: Congressional Research Service, updated July 14, 2008), pp. 30-31.

[29] Author interviews during 2006-2008 with current and former congressional and executive branch staff.

[30] Public Law 109-417, December 19, 2006.

[31] Both states consistently rank near the top in nationwide comparisons of biotechnology strength, including number of biotechnology firms and employment concentration in the sector. See for example Jack Rogers and Bill Trüb, "2008

Business Facilities Rankings Report," July 2008 (www.businessfacilities.com/bf_08_07_cover.php); Ernst & Young, *Beyond Borders: Global Biotechnology Report 2008*, May 2008.

[32] "Federal Funding for Biological Weapons Prevention and Defense, Fiscal Years 2001 to 2009" (Washington, DC: Center for Arms Control and Non-Proliferation, April 15, 2008).

[33] Another possible explanation is that Americans simply prefer technology and equipment over other possible solutions.

[34] Harvey M. Sapolsky, Eugene Gholz, and Caitlin Talmadge, *US Defense Politics: The Origins of Security Policy* (New York, NY: Routledge, 2009), p. 153.

[35] "Management of First Responder Grants Has Improved, But Challenges Remain" (Washington, DC: Government Accountability Office, February 2005), pp. 1-2.

[36] Letter to the Senate Leadership urging them to appropriate at least $2 billion directly to the states and territories to enhance the capacity and preparation of state and local health systems to respond to bioterrorism and requesting a minimum of $1 billion in state grants for public safety, emergency response, and other related costs (National Governors Association, December 5, 2001).

[37] The act was also referred to as the Frist-Kennedy Act for its Senate cosponsors. Public Law 107-188, June 12, 2002.

[38]

[39] Much work is needed within individual departments and agencies as well; see Gordon Adams, "The Politics of National Security Budgets," Stanley Foundation Policy Analysis Brief, February 2007; Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008; and Cindy Williams, "Strengthening Homeland Security: Reforming Planning and Resource Allocation," Report for the 2008 Presidential Transition Series of the IBM Center for the Business of Government (Washington, D.C.: IBM, 2008).

[40] Cindy Williams, "Strengthening Homeland Security: Reforming Planning and Resource Allocation," Report for the 2008 Presidential Transition Series of the IBM Center for the Business of Government (Washington, D.C.: IBM, 2008), pp. 23-26.

[41] Harold C. Relyea, March 19, 2008.

[42] Author's discussion with OMB budget examiners.

[43] Cindy Williams and Gordon Adams, *Strengthening Statecraft and Security: Reforming U.S. Planning and Resource Allocation*, MIT Security Studies Program Occasional Paper, June 2008, pp. 81-105.