

POLICY MEMO

TO: The President-Elect's National Security Transition

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RE: A Unified International Affairs and National Security Budget to Increase American Effectiveness Worldwide

The Center for a New American Security (CNAS) and Stanley Foundation recently concluded an eight-month initiative focused on the anemic condition of the United States' civilian international affairs agencies. There is nearly universal support among national security professionals for serious action to remedy this condition. Defense Secretary Gates continues to call for more resources for the civilian elements of national power and the Project on National Security Reform is expected to recommend a doubling of State Department and USAID funding and a minimum manpower increase of 50%. Yet this widely recognized need for stronger civilian agencies has not been paired with the political will to mandate and underwrite them. 94% of supplemental funding for the wars in Iraq and Afghanistan has been for the Department of Defense.

The essence of the problem is inadequate financial and human resources to sustain US political influence in a fast-changing world. Just when US relations with the rest of the world are in a deep slump, our capacity to turn things around remains at historic lows. America needs foreign policy infrastructure investment, and not just for special initiatives or boutique programs.

The complete findings of the CNAS – Stanley project are in four reports available at <http://www.stanleyfoundation.org/articles.cfm?ID=492>. This memo, however, proposes a single major policy initiative to give immediate impetus and lay the foundation for the rebuilding of America's international affairs capabilities. *The President-elect should require his new national security and budget teams to prepare a joint FY2010 international affairs and national security budget.*

The Obama Administration will, and should, consider specific measures to redress organizational weaknesses in the US government's foreign policy apparatus, particularly post-conflict reconstruction, long-term economic development, and public diplomacy. It is critical to recognize, though, that these are all symptoms of a systemic civilian capacity deficit. Since this is a matter of the overall effectiveness of US foreign policy, the push for budgeting across interagency stovepipes must come from the top. In other words, whatever other reforms are undertaken, a presidential mandate for a joint FY2010 budget is vitally important to initiate the process of rebuilding organizational infrastructure.

The joint budget for international affairs and national security— starting with the combining of the 050 and 150 budget functions for FY2010 and expanding in subsequent years—would at first be a tool to force cross-department balancing. Without mandating changes in normal budget processes within agencies, an integrated White House review will promote collaboration across overlapping budget areas. It will drive:

- Substantial investment in strengthening the State Department and USAID, to bolster their overstretched headquarters bureaus and overseas missions.

- Significant growth in their work forces.
- Steady balancing of the relative increases in defense and international affairs spending seen in recent years.

Detailed budget proposals and implementation plans are available from other initiatives and organizations, such as the *Foreign Affairs Budget for the Future* report from the American Academy of Diplomacy and the Stimson Center. We suggest that a combined international affairs and national security budget is the only lever that can spur more-than-marginal added investment.

This initiative should not be contingent upon, nor await, other reforms to the foreign policy apparatus. A number of related mechanisms will be needed to implement this budgeting discipline, and we urge that they be incorporated into the structures that the new administration is establishing for national security planning and decision making:

- As these joint budgets are prepared, presented, and enacted, they will need substantial White House staff support from the NSC and OMB. Implementing such a joint budget will require a single dual-hatted NSC and OMB Director for international affairs and national security and integrated reviews of all agency budget submissions.
- Intensive cooperation will be needed among DoD, DoS, and USAID budget offices to help their principals fulfill the president's mandate.
- The budget must be treated as a single package from the beginning to the end of the process. The principals on the president's national security team must hew to shared positions all the way through to the final appropriations bills.
- While reforms of the congressional budget process may ultimately be needed, the administration should meanwhile consult as widely as possible with the budget, authorizing, and appropriating committees. Congress will likely split up such a combined budget upon receipt, but the cross-leveling achieved by this new White House process will still be reflected in the budget bills for the agencies.

Despite being a global power, the United States does not really seem to have its finger on the global pulse. In an era of stakeholder proliferation, every international problem confronting the United States involves not just national governments but a range of actors from the private sector and powerful NGOs to criminal and terrorist networks. To have any chance of shaping world events, Washington must be able to engage this panoply of actors around the globe.

Having drawn down US civilian capabilities faster than defense in the 1990s and increased them more slowly than defense since 2001, the American government has crippled its ability to have insight into, and relationships with, the actors on whom future peace and prosperity hinge. Just as the United States needs to invest in education and science to ensure that the American work force can compete and thrive in the globalizing world, it must likewise transform our government to be competitive in the effort to sustain America's global power in the 21st century.