

**STATEMENT OF GENERAL JAMES L. JONES, USMC (RET)**  
**SENATE ARMED SERVICES COMMITTEE**  
**DECEMBER 3, 2015**

Chairman McCain, Senator Reed, Members of the Committee, thank you for inviting me to add to the expert testimony you have already received from the staff architects of one of the most significant pieces of legislation affecting America's Armed Forces and their civilian leadership: The Goldwater-Nichols Department of Defense Reorganization Act (GNA) of 1986.

As you know, the GNA's purpose was to modernize the Department of Defense to fulfill its national security roles and missions in changing times. Modernization, of course, is an enduring obligation. It requires an iterative and ongoing process of examination – one that responds with agility to national experience and lessons learned, yielding reforms that meet the unique circumstances and requirements of our time.

So, I commend the Committee for its leadership in undertaking this analysis of what changes are necessary based on today's new and swiftly evolving security needs. I hope that some observations from my experience in and out of uniform will be of service to you in this task.

From 1979-1984, I was privileged to serve as the Marine Corps Senate Liaison Officer, under the leadership of then-Captain John McCain who directed the combined Navy-Marine Corps Liaison Office until he retired from active duty in 1980. In many ways, my time on Capitol Hill was among the most educational experiences of my 40-year active-duty career that culminated in my serving as Commandant of the Marine Corps (Service Chief function), Commander of the U.S. European Command (Combatant Commander function), and in NATO as Supreme Allied Commander, Europe (Command of NATO's 26 nation, multinational force). After I retired from active duty in 2007, I served as Special Envoy for Middle East Regional Security until 2008. From 2009 -2010, I was privileged to serve as National Security Advisor.

The first days of my Capitol Hill assignment coincided with the advent of GNA, the early days of the creation of the All-Volunteer Force (AVF), and the transition to joint force concepts. Over the next five years, I had the good fortune of working with and knowing many Members of Congress and their staff, as well as the principal architects of the GNA legislation, some of whom have already testified on the subject at hand. Many of these relationships blossomed into lifelong friendships that I continue to treasure to this day.

With regard to my appearance before the committee today, I wish to identify myself with the testimony offered by Mr. James R Locher III, Major General Arnold L Punaro USMCR (Ret), and Dr. John J Hamre. Likewise, Secretary Michael Donley, here today, was among those who, throughout his distinguished career, contributed significantly to the passage and implementation of Goldwater-Nichols. Though many Members and staff participated in the development of Goldwater-Nichols, the contribution and expertise of these former members of the SASC Staff to this legislation is beyond question. Each of them continues to offer wise counsel to current leadership of the Department of Defense today.

I agree fully with the testimony of these experts. It is not my intent to repeat the content of their valuable contribution, phrased in different words. Rather, I would hope to be helpful to the Committee

in making a few points gathered from the experience of serving in the senior military positions I previously mentioned.

## **TIME FOR REFORM**

The Goldwater-Nichols Act reformed a Department of Defense that operated for nearly 40 years under the mandate of the National Security Act of 1947. In the nearly 30 years that have elapsed since GNA's passage, America's Armed Forces have been asked to do much in a world that has changed significantly, and with it the national security threats we face and requirements to combat them.

Until this Committee's current efforts, the most comprehensive review of GNA and its "unintended consequences" across the Department was commissioned in 1997 by then-Secretary of Defense William Cohen, when I served as his Senior Military Assistant.

MajGen Punaro's testimony earlier this month recounts the team that was assembled – the Defense Reform Task Force – and its work at Secretary Cohen's behest. While 18 years old that study still stands, in my opinion, as the best effort to date in identifying Goldwater-Nichols impacts and reforms. I highly recommend that this Committee revisit the Task Force's findings as you undertake the task of modernizing the Department and our military forces to face 21<sup>st</sup> century challenges.

In the course of this work we should remember very distinctly that the Senate passed the GNA by a vote of 95-0. This overwhelming consensus was achieved despite strong objections from Department of Defense civilian and military leadership of the time. This clearly suggests that any future revision of Goldwater-Nichols should again be undertaken objectively and externally to the Department of Defense for several reasons.

First, the Department is consumed with everyday problems around the globe; they are mounting in complexity and frequency, suggesting that there isn't enough time for a study of this magnitude to be accomplished "inside" the Pentagon. However, the Pentagon should very much be invited to participate fully and in complete transparency in any notional "Goldwater-Nichols II" effort. Second, large bureaucracies have inherent difficulty in implementing "change" from within. Our senior leaders rotate out of their positions frequently, leaving behind the entrenched middle-level management which, normally, will always attempt to hold the line against truly significant reform. Third, some of the necessary remaining reforms pertaining to the original legislation will challenge entrenched interests who will fiercely resist many of the recommendations proposed by previous witnesses, including my own.

## **FOUR CRITICAL FOCUS AREAS IN NEED OF URGENT EXAMINATION**

In order to not duplicate the previous testimonies with which I largely agree, I would like to focus my input on four areas requiring urgent examination and consideration for reform in any effort to produce "Goldwater-Nichols II" legislation aimed at improving the ability to provide for the nation's security.

One, the overwhelming and unsustainable “all in” personnel costs associated with the All-Volunteer Force and the dangers that systemic imbalances pose to the Department’s capacities and capabilities.

Two, the wasteful and inefficient manner that the Department of Defense conducts its “business,” requiring that we reevaluate the utility of the Defense Department’s own agencies as currently tasked and organized.

Three, the compelling need to move toward a new interagency balance centered around reformed “Unified Commands,” now titled Combatant Commands.

Four, the requirement to modernize the role, mission, and organization of the National Security Council (NSC). Though not specifically addressed in the Goldwater-Nichols Act of 1986, the critical role played by the NSC in the formulation of national security policy should be considered as a necessary part of any “Goldwater-Nichols II” effort.

## **1) UNSUSTAINABLE “ALL IN” PERSONNEL COSTS THREATEN THE EFFICACY OF THE ALL-VOLUNTEER FORCE**

The past three Secretaries of Defense (Gates, Panetta, and Hagel), have each publicly stated that the cost growth of personnel expenditures, in general, is unsustainable. As noted in MajGen Punaro’s testimony, their conclusions are based on the “comparison of the 1998 to 2014 cost growth in military pay, quality of life, retired pay, and VA and DOD health care which far exceeded both the GDP and the Employment Cost Index.”

The problem in my view is more serious than commonly recognized. I would submit that the results of the Military Compensation and Retirement Modernization Commission’s Interim Report have been, in part, overlooked as it pertains to the actual cost of programs. These costs are reflected in a well-documented chart showing that “the actual costs for pay, benefits, health care, and retirement, was over \$400 billion a year, and that there is a \$1 trillion unfunded liability over the next ten years in a military retirement fund that is not in any budget.” Given the current fiscal strains in a time requiring greater national security resources, these are sobering facts.

By way of example, when I served as Commandant of the Marine Corps from 1999-2003, I recall that almost 50 percent of the Marine Corps’ annual budget was consumed by the aforementioned “personnel costs.” At the time I worried about the long-term trend of such costs as it was evident that they were destined to climb rapidly, most likely at the expense of the core competency of the Marine Corps’ most urgent mission, that of producing an unrivaled fighting force to meet the future needs of the nation. Today, our current Commandant, General Robert B. Neller, is challenged by the reality of having to spend 68 percent of his budget on those same costs. This means that in the 13 years since I left that office “all in” personnel costs have increased by approximately 18 percent. It also means that Gen Neller has 18 percent less resources to spend on the requisite training and equipping of today’s Marine Corps. If left unchecked, this disturbing trend will accelerate, weakening the Marine Corps’ capabilities to fulfill its roles and missions.

Dr. Hamre, MajGen Punaro, and Mr. Locher have provided accurate and valuable insights into the situation and the catastrophic consequences of failing to address the calamitous growth in personnel costs. Fortunately, there are several remedies which warrant serious examination. Among these are the need to modernize the pay and benefits for the active duty, reserve, DOD civilian, and retired

communities. Serious work has already been done towards better understanding the urgency of the current situation.

The body of evidence strongly points to the folly of superimposing the All-Volunteer Force on what was essentially a conscripted system. In retrospect this was probably short-sighted given that today we are harnessed with a raft of requirements developed for a different kind of force in a bygone era, including guaranteeing equal pay regardless of quality of work, a retirement system based only on 20 and 30 years of service, and a health care system that benefitted personnel serving on active duty, and those having achieved “retired eligibility” status. The eligibility qualifications in all three areas have been enhanced, but remain essentially unchanged despite the increase in the numbers of eligible recipients who are also living much longer than the GNA ever anticipated.

#### *FUNDING DOD’S “TAIL” AT THE EXPENSE OF THE “TOOTH”*

While I do not want to belabor points this committee has heard in previous testimony, the monumental impact of the Department’s ballooning all-in costs of personnel can’t be overstated. The problem stands as among the greatest threats to the Department’s ability to maintain a balanced “tooth-to-tail” ratio between the war fighting forces and the support establishment. The status quo threatens the Department’s ability to maintain U.S. national security and it demands urgent attention.

The significant increase of the Department’s headquarters’ staff -- “the tail” – including civilians, military, and contractors has created a stifling bureaucracy, yielded processes and procedures that are far too complex to perform once simple tasks. The dynamic has produced a paralyzing environment in which micro-management and endless consensus building impede initiative and impede action. Moreover the “tail” is soaking up resources needed by the “teeth” of our armed forces.

Resources once allocated to recruiting, training, and equipping front line forces are now being reallocated to support the increasingly top-heavy headquarters’ components. When considering total personnel in the support establishment associated with the Office of the Secretary of Defense, the Joint Staff, the Combatant Commands and the Defense Agencies, the Department of Defense spends \$113 billion to support 240,000 people. Referencing once again MajGen Punaro’s previous testimony to further illustrate my point, in 1958, the size of the Joint Staff was authorized for and limited to 400 personnel. Today, we support upwards of 4,000 across the J-directorates. At the height of the military build-up under President Ronald Reagan, \$600 billion was spent in support of 2.2 million active duty service members. Today, in constant dollars, \$600 billion supports only 1.2 million troops.

Funding the military health care system is one of the Department of Defense’s largest annual expenditures. When we consider the fact that medical treatment facilities are operating only at 50 percent utilization rate, but have on staff a division’s worth of medical administrators, one has to question the justification of more than \$41.7 billion budget allocated each year to the Defense Health Program.

Addressing the inequities in our military compensation and benefits system is now necessary and overdue, and I note that some much needed efforts are already underway to address this important issue. Consideration should be given to the relationship between active duty pay and entitlements and any earned retirement benefits that are representative of a more modern system.

It is important to be very clear about one fact: I feel very strongly that, in fairness, all who serve today on active or reserve duty should remain eligible for retirement benefits under the terms currently in force. Studies have shown that even with this stipulation, billions of dollars could be saved by implementing a new program for all future service members who enter the Armed Services “tomorrow.”

Across the Department of Defense, we are spending far more resources on the “tail” and far too little on the “tooth”. In any event, the spiraling “ALL IN” personnel costs need to be considered as a single entity, and not as unrelated stovepipes, which has been the tradition for the past several decades.

### *MANDATE ACQUISITION REFORM*

Acquisition reform is another area which is in need of urgent reform. While there are many ways to address this issue, starting with the costs and the length of time it takes to produce the next generation of ground, sea, and air weapons systems, culminating with the layered bureaucracy that manages the business end of procurement in the Pentagon, simple logic and observation suggests that our acquisition process as a whole is either dysfunctional, broken, or both. One need only to look at the Air Force F-35 program, the Marine Corps’ ill-fated AAV program, the Navy’s Ford Class Carrier program, and the Army’s Future Combat Systems program to recognize that there is unsustainable enormous waste and inefficiency in the costs and length of time it takes to travel the road from concept to operational delivery of many of our major programs. This process can and must be fixed.

As a former service chief, I can tell the Committee first hand that my inability to influence the acquisition of major war-fighting end items was easily the most frustrating aspect of my tenure as Commandant. In fact, even though I was prohibited from any participation in the acquisition process by congressional fiat, I was nonetheless summoned on several occasions to testify about the costs, progress, and difficulties within our major programs, an acquisition responsibility I did not have at the time.

This committee has already taken a necessary step forward in this year’s National Defense Authorization Act by reinstating Service Chiefs into the acquisition process and by placing upon them the complete responsibility for their service programs. As Dr. Hamre highlighted in his testimony recently, “DOD often courts trouble when there are confused or bifurcated responsibilities for functions and activities. It made no sense to have the Service Chiefs responsible for training, equipping and housing their respective forces, but not be accountable for acquisition.”

## **2) THE PENTAGON’S BUSINESS PRACTICES ARE ANTIQUATED**

Several of our Defense Support Agencies, perhaps created to satisfy relevant needs of the time, have outlived their usefulness. Yet, at almost every turn, we have avoided the serious reforms that are urgently needed and could, if enacted, produce huge savings. “Today, DOD Agencies’ expenditures are in excess of 20 percent of the entire defense budget”, according to MajGen Punaro’s testimony, “and have a cumulative headcount of over 400,000 active duty military, defense civilians, and contractors.”

My most defining experience with such defense support agencies occurred in 2002, specifically with the Defense Logistics Agency (DLA), when the Marine Corps became the first service since the Vietnam War to modernize the field uniform, which had become too expensive to produce and maintain.

After significant research, we found that new textile products would allow us to produce a new field uniform that was both cheaper for the Marine Corps and less costly for Marines to maintain. Initially, in

accordance with the Department’s standard operating procedure, I approached DLA for support. Upon asking DLA for a cost estimate for production of a new uniform, we discovered that DLA’s “carrying charge” for this service would be 22%. This was the “surcharge” to each service for the “privilege” of doing our business for us. A simple check of “industry wide standards” for similar middle-man services revealed that the costs should have been approximately 6%. I made the decision to produce the new uniform within the Marine Corps itself, with a very small group of Marines, which we did, and at a significantly lower cost to the Service itself than the old uniform, and at a substantial savings in maintenance cost for all Marines.

A second memorable experience from my time as Service Chief relates to the role and functions of the Department of Defense’s own agencies, many of which have long since outlived their usefulness and currently contribute little to the war-fighting capabilities of our Armed Forces. Consider, as MajGen Punaro testified, that “Defense Agencies are Big Business”. Five of the Department of Defense’s top ten clients are its own agencies, and its top two clients are the DLA and the Defense Health Programs (DHP). Lockheed Martin Corporation occupies the third spot on DOD’s top ten clients.

Defense Agencies are Big Business		
Rank	Defense Agency/Defense Contractor	Agency Budget/Contract Awards (\$B)
1	Defense Logistics Agency (DLA)	\$44.1
2	Defense Health Program (DHP)	\$41.7
3	Lockheed Martin Corporation	\$28.2
4	Boeing Corporation	\$22.5
5	Northrop Grumman	\$14.2
6	General Dynamics Corporation	\$10.6
7	Raytheon	\$10.2
8	Defense Information Systems Agency (DISA)	\$9.4
9	Missile Defense Agency (MDA)	\$7.6
10	Defense Commissary Agency (DeCA)	\$7.3
11	United Technologies Corporation	\$5.7
12	Halliburton	\$5.4
13	Stewart & Stevenson	\$5.1
14	L-3 Communications	\$3.8
15	SAIC	\$3.6
16	General Electric	\$3.6
17	BAE Systems	\$3.5
18	Humana	\$3.0
19	Defense Advanced Research Project Agency (DARPA)	\$2.9
20	Defense Education Activity (DODEA)	\$2.6

*\*Contractor data is prime contracts with DOD from federal contract database.*

MajGen Punaro goes on to inform us that the “DLA does over \$44 billion a year of business with DOD while Lockheed Martin is a distant third at \$28 billion.”

He further states that “most of the Department’s defense agencies would rate in the Fortune 250 and several are in the Fortune 50. Yet they are not managed as businesses.....even though one is, in fact, a

grocery business. Another is a worldwide communications provider, and another on is the world's largest and most expensive health care system (DHP)."

### *FLAG AND GENERAL OFFICERS SHOULD COMMAND TROOPS, NOT RUN "BUSINESSES"*

A question worth asking is this: Why is it that our largest and most business intensive defense agencies are headed by active duty flag and general officers? It would seem that leadership, direction, and fiscal solvency of such agencies would be greatly enhanced by having in the agencies' most senior positions leaders who actually have the experience of successfully managing large businesses. They would benefit significantly by the accountability and continuity of stable leadership than the current difficulties associated with transient military personnel who move in and out of such leadership assignments very rapidly. Excess military personnel derived from such reforms would be identified and returned to the operational ranks of their respective service, further enhancing the "tooth-to-tail" ratio.

Overall, however, we should ask the hard questions as to why several agencies remain operational at all. For example, the 10th largest client of DOD, the Defense Commissary Agency (DCA) operates as a subsidized entity at a cost to the taxpayer of \$1.4 billion, annually. Why would we not "outsource" our military on-base "grocery stores" to a major grocery chain that could run the operation without a subsidy, at reduced cost, and with more savings for military families. As Commandant of the Marine Corps, I volunteered my service to experiment with the concept of outsourcing our commissaries in 2001. However, the offer was not accepted, largely because of entrenched interests opposed to this idea, coupled with limited time I had remaining as a Service Chief in early 2003.

How the Department of Defense does its business is very much worthy of review in any effort to construct a meaningful revision to GNA.

### **3) REBALANCING THE INTERAGENCY AND THE UNIFIED COMMANDS TO MEET 21<sup>ST</sup> CENTURY THREATS**

Dr. Hamre's testimony identified some interesting ideas concerning the Combatant Commands and their evolution since GNA was adopted. I would like submit for consideration several suggestions on transforming our Unified Commands to better reflect the realities of their missions and the deployment of national assets to enhance the global engagement effectiveness of the United States in the 21<sup>st</sup> century.

From 2003-2007, I was privileged to serve as NATO's Supreme Allied Commander (SACEUR) and as Commander United States European Command (EUCOM). All totaled, this responsibility included in excess of 80 countries. What is not as well known is that this assignment also included the entire African continent, but excluded the countries comprising the Horn of Africa. Interestingly, at the time of my command, the word "Africa" did not appear in the title "U.S. European Command". The Deputy Commander of this command, for most of my tenure, was Gen. Charles Wald, USAF. His leadership and commitment to our entire geographical area of responsibility, including Africa, was critical to the transformation of the command in supporting the war-fighting efforts in Afghanistan and Iraq, as well as the eventual creation of the U.S. Africa Command (AFRICOM). Gen. Wald's insistence that the African continent's emergence on the world stage as an enormous reality that the United States could no longer ignore was the catalyst to an American awakening to this reality. Future administrations will have to recognize this as one of the most urgent geo-strategic imperatives of the future. Africa has "arrived,"

and its potential is enormous; this should be good news for the United States, as well as an increasingly urgent challenge.

The idea for AFRICOM, which was devised by EUCOM, was based on a simple premise. Gen Wald and I concluded that EUCOM's mission at the time was too vast, especially if we were to devote the required attention to the growing terrorist threats that were surfacing in different regions in Africa. We proposed to Secretary Donald Rumsfeld the idea for creating AFRICOM. Coupled with this idea was the recommendation that if created, AFRICOM should be located on the African continent. We also recommended that we should not call it a "Combatant Command," as this title alone would make it more difficult to find a "home" in Africa. We proposed referring to it by what I strongly feel is the correct title for all such geographical commands: a Unified Command. Today, AFRICOM has a home in Stuttgart, Germany alongside EUCOM. This is not ideal from a geographically strategic standpoint. All geographical commands are still referred to a "Combatant Commands," inaccurately in my view. With your permission I will hereinafter refer to such commands as "Unified Commands."

The presence of our six geographical Unified Commands on several different continents is a gift of the 20th century, a privilege no other country in the world enjoys. The Unified Command structure emerged after the end of World War II, when confidence in the United States as a country to be admired and associated with was at its zenith. For its values, its refusal to permanently occupy defeated adversaries, and democratic principles that celebrated the potential of each individual fortunate to be called "American," America became the global model for the future.

Today, our Unified Commands remain uniquely valuable assets that continue to foster military interoperability and training, common military architectures, and requisite support to our friends and allies. For these commands to be able to achieve their maximum potential effectiveness, I believe they should be geographically located in the regions they hope to affect.

In the past years, we have witnessed the transition of the US Southern Command (SOUTHCOM) from Panama to Florida, and the US Central Command (CENTCOM) operating only a forward headquarters element in Qatar with the predominance of its forces operating in Tampa, Florida. Today, only USEUCOM (Stuttgart, Germany), and the US Pacific Command (Hawaii) are the two unified commands that can claim to be located in the geographical regions of their responsibility. I recognize the inherent difficulty in reversing decisions already taken, but I would highly recommend that, if possible, CENTCOM and AFRICOM find homes in their respective regions of responsibility as a matter of urgency.

In the Middle East, the influence and reputation of the United States has suffered in the eyes of our friends and allies in the region. Generally speaking, it is the widespread view that the United States has rebalanced its priorities to the Pacific at the expense of what many feel is the most dangerous region on Earth, the Middle East. It is true that the home of the US Navy's Fifth Fleet is still Bahrain, and that CENTCOM still maintains a forward headquarters in Qatar. We have smaller task forces sprinkled in several countries in the region, but the absence of CENTCOM itself in the region has created a vacuum. This calls into question our national resolve to play a constructive role in a crisis-torn part of the world with enormous security challenges now and in the future.

The regional decline in confidence in the United States has opened up the previously unthinkable possibility that our historical friends and allies are actually seeking assistance from, and closer relations with, Russia, China, and several European countries. In Africa, we surrendered in 1990 the top trading



position we used to enjoy to China. Today, the oft-repeated refrain from many African leaders to their American counterparts is “Where are you? Why aren’t you in my country? We need America in Africa!”

Much has been done in the preceding two administrations towards reversing this negative trend, but much more needs to be done. I am not just speaking about US military presence or stepping up the activities of our foreign and civil services in Africa, but the presence of our companies, NGOs, and academic institutions. As part of this overall effort, successfully placing AFRICOM in Africa would send a very powerful message to the continent’s 54 countries, that we are “present for duty” as a whole-of-government; and that we intend to be an enduring partner for all African nations seeking freedom and prosperity -- objectives which we know depend on the mutually reinforcing pillars of security, economic development, and good governance/rule of law. I would also like to submit for the record a paper I wrote for under the auspices of the Atlantic Council on the need to modernize U.S. global engagement based on these three pillars: security, whole –of-government enterprise, and greater public-private sector cooperation.

Moreover, in July 2014, I chaired a study conducted by the Atlantic Council’s Brent Scowcroft Center on International Security entitled “All Elements of National Power; Moving Toward a New Interagency Balance for US Global Engagement.” I commend it to this Committee’s review. What follows is the executive summary of this study, which suggests that a transformation of our Unified Commands is worthy of consideration in any review of GNA. I request that the full report of the Atlantic Council’s study be included as part of my testimony. Copies of the study have been made available to Members and staff of this Committee.

**“All Elements of Power; Moving Toward a New Interagency Balance for US Global Engagement”  
*Executive Summary***

To deal effectively with long-range global trends and near term securities challenges, the United States requires a broader application of all elements of national power or risks continued disjointed efforts in U.S. global engagement. A transformed interagency balance is a hedge against uncertainty in a dramatically changing world.

As the U.S. National Intelligence Council suggested in its landmark 2012 report, *Global Trends 2030: Alternative Worlds*, tectonic shifts in several theaters will have significant potential to cause global and regional insecurity in the coming decades. American overseas presence in key regions is and will remain integral to meeting the dynamic regional security challenges and specific military threats. The United States faces increased risks and missed opportunities to advance U.S. interests, however, if it continues to focus on the military as the primary government instrument working with allies and partners on a regional scale. The U.S. government currently has only one structure, the geographic combatant command, to execute foreign and defense policy in key regions of the world. At present, there is no mechanism in place to integrate activities of all U.S. government departments and agencies in key regions.

As a result, U.S. gov’t regional actions often are uncoordinated and disconnected. To this end, recent geographic combatant commanders have recognized the need for greater interagency coordination and experimented with strengthening the role and relevance of the interagency within their commands. The intent of this report is to go further and make interagency components the key integrator of elements of national power to better manage foreign and defense policy execution. This report discusses how the United States can resource and

restructure for a more balanced, forward-deployed regional approach essential in improving the integration of national Instruments of power – diplomatic, informational, military, economic, and others – to advance U.S. interests at the regional level. This task force initially focused solely on restructuring the geographic combatant commands, but it quickly became apparent that higher-priority, untapped points of leverage existed that, if properly resourced, could greatly strengthen U.S. efforts at the regional level. Although these general recommendations are Department of Defense- and Department of State-centric, we recognize the importance for all of us government agencies and departments to play a role in a true “whole-of-government” approach. Initial discussion focuses primarily on security issues with the goal of bringing in the full range of economic, political, and other issues and agencies as changes progress. Many of the recommendations could be implemented in the near- to mid-term under the current structures of the Department of State and the Department of Defense. The following general recommendations were developed toward that end:

### ***Interagency synchronization***

- The United States should rebalance national Instruments of power by providing enhanced Department of State capacity in key regions. Unbalanced resourcing and manpower between the Department of Defense and the Department of State creates significant roadblocks to enhancing interagency presence in the region. A more balanced approach would strengthen U.S. engagement more broadly.
- Department of State regional assistant secretaries should be further empowered to set and coordinate foreign policy within the regions. Currently, assistant secretaries have an explicit requirement to be responsible, but they lack sufficient resources and authority to be effective. Regional assistant secretaries should have the authority to integrate the full range of foreign and security policy as well as diplomatic resources to execute foreign policy on a regional scale.
- There should be an ambassador-level civilian deputy in each geographic combatant command with deep regional experience and expertise. Absent crisis or war, the civilian deputy would, on behalf of the commander, oversee and integrate security cooperation efforts with allies and partners. The civilian deputy could also act as the senior political adviser (POLAD) who would have direct liaison with the Department of State regional assistant secretary. Likewise, the senior political-military advisers in the Department of State regional bureaus should have direct “reach-forward” access to applicable geographic combatant command leadership as well as a direct link to civilian deputies/senior POLADs in the geographic combatant commands. If the civilian deputy and senior POLAD are two different positions (depending on combatant command structure), then the civilian deputy would serve as the senior-most civilian representative within the combatant command and the primary link to the Department of State. The senior POLAD would act as the policy adviser to the combatant commander.
- To reach the fullest potential and ensure sustained, effective change, interagency legislation to support these changes would be essential, entailing provisions that would

direct departments and agencies to adopt a whole-of-government approach. Legislation could use the Goldwater-Nichols Department of Defense Reorganization Act of 1986 as a model.

### ***Organizational transformation***

- Geographic combatant commands should be renamed to signify the importance of a whole-of-government approach. A name change to “unified regional commands” would reinforce efforts to coordinate and integrate instruments of foreign and defense policy execution and would represent broader capabilities and engagement efforts than strictly a war-fighting approach.
- Allies and partners could play a more significant role in geographic combatant commands; international involvement could strengthen allied/partner nation support for U.S. policies and improve prepositioning and posture opportunities.
- Geographic combatant commanders should be assigned for sufficient time (at least three or four years versus two or three years at present) to gain a deeper understanding of the region and help fortify relations with regional counterparts.
- Divergence of regional boundaries among the Department of Defense, Department of State, and National Security Council causes friction and confusion; a common “map” would enhance a whole-of-government approach.

### ***Efficiencies***

- Certain regional prepositioned supplies and equipment should be managed in a more coordinated manner by departments and agencies. Integrated prepositioning would save money and manpower, eliminate redundancies, and provide for a synchronized approach to crisis response resulting in quicker reaction times.
- Major efficiencies can be gained by returning “back office” functions from the geographic combatant commands and their service component commands to the Services and the Joint Staff, thereby streamlining geographic combatant command headquarters’ staffs. The Secretary of Defense and Chairman of the Joint Chiefs of Staff should request a qualified outside group to assess details in report back in 60 to 90 days.

The task force also evaluated three specific restructuring options that would help move U.S. regional presence toward a more effective interagency balance. Although these restructuring options require legislative and organizational changes and a move away from long-standing institutional norms, they are worthy of discussion and should be evaluated based on emerging 21<sup>st</sup> century strategic and fiscal realities. The following restructuring options should be explored:

1. An unconventional end-state would be the creation of an “Interagency Regional Center” that would act as a regional interagency headquarters for foreign and defense policy. This new organization would result in the unification of the Department of Defense and

the Department of State (as well as other agencies and departments) at the regional level. The Interagency Regional Center (IRC) would be led by an “interagency regional director” with regional experience and expertise who would report directly to the President or Vice President of the United States. The president develops the grand strategy and establishes national security strategy, while the regional directors would implement that strategy at the regional level. The regional directors would advise and participate in the National Security Council, as requested. Regional directors would also convene to discuss cross-regional issues and activities. The IRCs would ensure long-lasting integration of all instruments of national power.

The interagency regional director would have a military and civilian deputy. The military deputy would focus on defense issues while the civilian deputy would focus on diplomacy, development, and other critical nonmilitary issues. The civilian deputy would also act as a regional ambassador-at-large who would have coordination authority for country ambassadors and other civilian-led organizations such as Treasury, Justice, and Commerce. Country ambassadors would still formally report directly to the Secretary of State through the IRC. The civilian deputy would be in charge of coordinating all nonmilitary agencies and organizations at the regional level. During wartime, the military commander will report directly to the President through the Secretary of Defense as in the current combatant command structure, while the director and civilian deputy would focus on nation-building and post-conflict operations. During peacetime, the military would report through the IRC for engagement. For this approach to be successful, peacetime and wartime responsibilities would need to be clearly delineated and understood.

2. An intermediate approach would collocate the Department of State regional bureaus with the geographic combatant commands. These locations would be ideal to strengthen the authority of regional bureaus and allow the bureaus to operate more nimbly. Collocation of the regional assistant secretary (or alternatively, a deputy assistant secretary) in his/her staff with the geographic combatant command would allow for regional-level integration with a more unified approach and presence. Collocation of other departments and agencies, such as Central Intelligence Agency (CIA) regional offices, should also be considered.
3. An alternative intermediate approach would be for the geographic combatant command civilian deputy to act also as a regional ambassador-at-large who would have coordination authority for country ambassadors and other civilian-led organizations in the region. His/her mission under this authority would be to coordinate U.S. actions, issues, and initiatives within the region and bordering regions. The civilian deputy would have the authority to require consultation between regional organizations, but would not have the authority to compel agreement. This coordination authority would be a consultation relationship, not an authority through which chain of command would be exercised. This approach works under the current structure, but adds integration by bringing together all agencies operating within the region to coordinate regional activities.

It is critical that the United States think about how to adapt to emerging 21<sup>st</sup> century realities, both strategic and fiscal, particularly as the United State transitions from a decade of war. Long-range global trends and near-term security challenges demand a broader use of instruments of national power. The United States must take advantage of its strategic assets, and resource and restructure for a better balanced, forward-deployed approach. The Secretary of Defense, Chairman of the Joint Chiefs of Staff, the Secretary of State, and the National Security Advisor should commission a detailed follow-on study to this report to further evaluate key insights and execution of suggested recommendations.

## **WHOLE-OF-GOVERNMENT COORDINATION**

The importance of the National Security Council (NSC) as an instrument of coordination in the foreign policy and national security direction of the Executive Branch belongs in any discussion pertaining to a possible “Goldwater-Nichols Act II.” In an increasingly multipolar world, it is evident that a whole-of-government approach is needed to respond to an increasingly wider array of threats, as well as a dramatic increase in their sheer numbers. My experience in the NSC from 2009-2010 convinced me that strategic policy coordination by the NSC is its prime responsibility and is the best service it can provide the President. Gone are the days when a single department can be given the single responsibility to take on, by itself, any of the major challenges of our times. New challenges, such as cybersecurity, energy and climate security, economic security, and the rise of non-state actors indicate that the proper national interagency response spans across the traditional “stove-piped” menu to which we grew accustomed in the past century. Assuming that this is correct, it follows that there needs to be a “coordinating agency” tasked to effectuate the national security policies that require presidential decision making.

I presume that today’s NSC remains afflicted by the same organizational challenges that I faced in January 2009 when I first assumed the role as National Security Advisor. The main challenges facing the NSCs of this era are resources, manpower allocation, and increasing span of activity.

One of the first decisions regarding the NSC in 2009 was to combine the NSC and Homeland Security staffs, a move that was widely applauded and which has proven itself to be extremely useful. Our security does not start or stop at our borders, and our efforts to respond to the multiple security challenges we face must be coordinated in a combined NSC staff. That task has largely been accomplished.

In 2009, as I recall, the NSC operated on an “anemic budget” of \$4 million. In combining the two staffs, as previously discussed, it became obvious that an increase in resources was necessary. After conducting a detailed study, it was determined that \$23 million was necessary to conduct the NSC’s important work, which also included the funding to hire the requisite expertise to appropriately staff the NSC. This request was rejected as being out-of-line in relation to the funding of other West Wing entities. As I recall, however, we did receive an increase of \$8 million, adding to the \$4 million previously allocated, for a total of annual budget of \$12 million. Even considering that modest increase in funding allocation, I continue to feel that the NSC has been consistently underfunded for the tasks it is asked to perform and perhaps more importantly, those that it is expected to perform.

The size of the NSC has come under criticism recently. Critics would do well to recall that in combining the Homeland Security Council (HSC) and the NSC in 2009, significant personnel efficiencies were achieved. Actually, the number of assigned personnel to the NSC is not the main problem; the main problem lies in how personnel are assigned to the NSC. The majority of personnel “detailed” to the NSC

are “on temporary loan” from other government agencies. Parent agencies select the “detailees,” pay their salaries, and place strict controls on how long they can be “away from home.” This system causes significant personnel annual turnover rates within the NSC. As I recall, almost half of the NSC staff turned over in 2010, just one year after the administration took office. This situation exists for several reasons. One is that agencies themselves benefit from having more NSC-experienced staff, not realizing that frequent rotations impact continuity of NSC efforts. Another is that the NSC itself is not resourced to pay the salaries of the amount of personnel needed to accomplish its mission. The result of frequent personnel turnover is a detrimental effect to the experience level, efficiency, and consistency needed in the NSC itself. My view of an adequate NSC staffing composition is 3/4 “permanent personnel” and 1/4 “detailees.” The length of service for “detailees” to the NSC can be easily determined by it and the respective agencies, and certainly the reforms I suggest could reduce the overall number of “detailees,” which would benefit the various agencies.

My lasting conclusion with regard to the NSC’s “span of activity” is that it should, first and foremost, be a very small “agency-like” organization with all the entitlements of larger agencies, such as funding for protocol, media, congressional relations, travel, etc. This is a simple resource allocation problem, but it has never been fixed. Second, the NSC should be a “policy communicating/disseminating” organization and needs to be the principal coordinating vortex for major national and international security issues. The number of Cabinet rank advisors who gather in the Situation Room to give advice to the President on the most important issues has increased significantly in the past few years. It is critical that the NSC staff be organized, resourced, and adequately staffed in order to do what is needed to coordinate interagency activities.

Lastly, the NSC should not and cannot be a policy “implementing” organization. NSC’s have had a historical tendency to travel down the “slippery slope” of micromanagement as their tenure in an administration evolves. This is where the major criticism usually occurs; it is easy to lose the sense of balance between what is a primary function and what becomes an “urge” to manage the implementation of policy, something that vastly exceeds the mission of the NSC. It is, in my view, the responsibility of the National Security Advisor to create the environment that lends itself to partnerships and trust among Cabinet-rank officials who play an increasing role in the wider national security community.

In his testimony before the Committee, former Secretary of Defense Bob Gates expressed doubt about the efficacy of an interagency Goldwater-Nichols. He makes valid points that must be considered carefully. I would submit that the practical difficulties he points out underscore the important role of the of the NSC and the NSS – as a presidential instrument – can and must play a role in ensuring that decisions taken by the President and his national security team are duly and properly implemented by the interagency. I believe that the NSC’s ability to help perform this essential function would be greatly advanced by the personnel and structural reforms I proposed.

Secretary Gates also testified about the Congress’ vital role in setting the conditions for an efficiently run national security establishment. He noted the destructive consequences to the Department of Defense and our national security interests of perpetual partisan gridlock, budget impasses, and the recurring threat of government shutdowns. I would like to associate myself with his remarks on the need for Congress to be a part of national security reform, not only by how it funds and directs the DOD to operate, but how it conducts its legislative and oversight responsibilities.

## **CONCLUDING OBSERVATIONS**

Mr. Chairman, Senator Reed, Members of the Committee, I thank you for allowing me to offer this testimony. I am of the opinion that the landmark legislation of Goldwater-Nichols Defense Reorganization Act of 1986, which was informed, in part, by many of the findings included in the Packard Commission Report of 1986, provided the framework for the United States Armed Forces that our country enjoys and admires today, a force that is unequalled and unrivaled anywhere. It is now time to look to the future by modernizing those areas of the legislation that are in most need of reform. Previous witnesses have provided a long and wide ranging commentary on the need for a "Goldwater-Nichols II."

We are fortunate that many of the framers of the original legislation are still "current" on security issues, and are still providing advice to the leadership of our government and the Department of Defense. I recommend that additional use of this distinguished group be considered in any effort involving a proposed "Goldwater-Nichols II." They are truly national assets and collectively they represent decades of unparalleled experience. It could well be that the Committee might benefit from such a group to gather once again, as they did in 1997, for the purpose of recommending the most important areas, on which there is universal agreement, for urgent reform. I hope my contribution has been useful and I look forward to helping you in any way possible in the important ongoing work of reform that serves the nation's interests.