KEYNOTE ADDRESS AND Q&A: REBALANCING AND REFORMING U.S. INSTRUMENTS OF SOFT POWER

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FEATURED SPEAKER:

THE HONORABLE MICHÈLE FLOURNOY,
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U.S. DEPARTMENT OF DEFENSE

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MR. NATHANIEL FICK: Good afternoon. I'm Nate Fick. I'm the CEO of the Center for a New American Security and it's a pleasure to welcome you again to our fourth annual conference. The first two panel discussions, I hope you'll agree with me, were excellent and I know we have a third good one.

But first, it's my honor to introduce our keynote speaker this afternoon, the Under Secretary of Defense for Policy Michèle Flournoy.

The challenge in introducing one's former boss who's gone on to greater things is to avoid sounding like a total sycophant, especially when you genuinely like and respect the person. And so I think what I have to do is go back to the fall of 2005 when I didn't know Michèle and she didn't know me.

I had left active duty and had published a book about the wars in Afghanistan and Iraq from the perspective of a guy on the ground. This was mercifully years ahead of the symphony that my chairman so unfortunately mentioned.

But I was living in Boston and I got an e-mail out of the blue one day from a woman named Michèle Flournoy. And she asked me to come down and give a lunchtime talk at CSIS. And I remember being amazed, not only that she'd taken the initiative to read it, but that she'd actually then reached out to me to talk about it. And that gesture, I would come to learn, was characteristic of Michèle – building relationships with current and former service members, listening to them and incorporating a healthy dose of ground truth in everything she did.

It was a real honor to join her then when she, Kurt Campbell and Jim Miller, threw caution to the wind early in 2007 and decided that what Washington really needed was another think tank. And I think it's remarkable now, as we approach our fourth anniversary, that they seem to have been right.

Michèle was confirmed in her current role in February, 2009, leaving her CNAS inmates in charge of the prison. And for the past year and a half, John Nagl and Kristin Lord and I have been guided by at least three principles of Michèle's.

First, your reputation is all you have. Michèle insisted on rigor in our work, that it be fact based, pragmatic, practical and non-ideological. She insisted that our products be signed by individuals who would then have to defend them in the marketplace of ideas. She insisted that we always go to the pain; that is, do work that's needed even when it's not popular. We've modified that a bit. I think you may agree, given our work on contractors in Afghanistan, we just send Fontaine and Nagl to the pain.

Second principles of hers – we invest in young people. In a town that too often treats junior staff members like fungible parts, Michèle stood out for talent, not only in picking her team but also then in empowering and trusting and training them. And frankly, it reminds me of something I always loved about the Marines – because John and me, many sleepless night when so many of the people she cultivated followed her into government,

but I think we're better off for it as citizens and she set a precedent that we've worked very hard to continue.

Finally, and maybe most importantly, Michèle insisted that every child deserved a stuffed animal bigger than himself or herself. My daughter is the latest beneficiary of this wisdom with a sock monkey about five times her size, but I think it actually speaks to a much broader point.

Organizations like ours don't have inventory. We don't have equity in any traditional sense. All of our assets go home at night. They are people after all. And any organization that hopes to be more than precisely equal to the sum of its parts must have a culture that fosters collaboration and creativity and entrepreneurship and you get that when you put great people in a great environment.

Michèle did that at CNAS and she's doing it again now in OSD policy. And so it's a genuine pleasure to welcome home our founding president, the Under Secretary of Defense for Policy, the Honorable Michèle Flournoy.

(Applause.)

UNDER SECRETARY MICHÈLE FLOURNOY: Thank you for that very kind introduction, Nate. It is really great to see you all here today. This feels like a homecoming for me. I'm so happy to see so many friends and former colleagues here.

You know, I've actually had to stay away from CNAS events since taking office last – in February of last year. But now that I have given speeches at practically every other think tank in Washington, the Pentagon lawyers have finally agreed to let me be here today. So I guess you can call it my work release program. (Laughter.)

John and Nate, I have been truly deeply impressed with the way that you have guided CNAS in an important transition. When Jim Miller and Kurt Campbell and I and so many other of our CNAS colleagues left to join the Obama administration, some skeptics wondered whether this organization would survive. Under your leadership, CNAS didn't just survive – it has thrived. So congratulations to you and the terrific staff here for proving beyond a shadow of the doubt that Jim and Kurt and I were not indispensable, not even close.

So it's customary in situations like this for government officials to come and talk only about successes, to give ourselves plenty of pats on the back, and conclude with some lofty sentiments about our ability to meet every challenge and seize every opportunity. I'm not going to do that today.

I do think that this administration has done some very hard and great work. And yes, I do want to say something about our successes. But I also want to focus the bulk of my remarks not on our successes, but rather on the challenges that we have yet to manage or overcome because I don't think we can afford to rest on our laurels. We have a lot of hard work ahead of us.

But first, let me step back and remind us all where we were 16 months ago. It's easy to forget the nature of the hand that we were dealt – what Kurt Campbell and I called the "inheritance" in a 2007 CNAS report.

We took office amidst the most profound economic downturn since the Great Depression. The situation in Afghanistan was in a downward spiral. Iraq's stability was highly uncertain. Iran was pursuing its nuclear program and expanding its support for proxies; North Korea was continuing its provocative and destabilizing behavior. Our allies and partners in Asia were worried about U.S. disengagement from the region, and our relationship with Russia was souring.

I could go on, but you get the idea. This administration did not have the good fortune to come into office at a time of prosperity and peace. Instead, we got contraction and crises.

And I certainly don't mean to imply – I want to underscore this. I don't mean to imply that the Bush administration didn't try to grapple with many of these same issues and they surely did. On Iraq in particular, the progress that had been made since early 2007 was particularly striking. And the transition process between the outgoing administration and the incoming one was perhaps the most collegial and professional in decades.

That we in the Obama administration inherited a profoundly difficult set of challenges is simply to state the obvious. This was the most critical national security transition since the aftermath of the Soviet Union's collapse in the 1990s.

So, that's where we were 16 months ago. Where are we today and where do we need to go tomorrow?

The security environment is certainly complex and changing, but America's interests in many ways are simple and enduring. They are highlighted in the president's National Security Strategy, which was just released last month. Chief among these interests are security, prosperity, respect for universal values, and a resilient international order that promotes cooperative action in pursuit of common interests.

It is vital for the United States to promote an international system that enables liberty, human rights, and open access to markets and ideas. These are common global goods. And the pursuit of a just international system formed the basis for six decades of American grand strategy, and if anything that vision is even more vital today in this very interconnected era.

Paying close attention to U.S. core interests has guided how this administration has approached today's challenges. So here's the self-congratulatory part of these remarks: we really have come a long way in many respects. We have sought, with a significant degree of success, to renew our relationships with key allies, partners, emerging regional powers, and to reinvigorate American leadership globally. We have overhauled our strategy and our leadership and our resources in Afghanistan, and we have focused on consolidating the great progress that has been made in Iraq.

In all of these efforts, and countless others, we have tried to remain always pragmatic, as well as principled. We have sought to minimize what I would call national security adventurism, and develop approaches to problems that reflect our enduring interests, recognizing the limits of what is possible given the world in which we live, and the economic pressures under which we operate.

At the Department of Defense, I think we've begun to make some real progress in rebalancing and reforming the department. Our 2010 "Quadrennial Defense Review" embraces a key lesson from more than eight years of war: intelligent adversaries will seek to confront our weaknesses, not our strengths. U.S. forces in this century will need to prevail against a wide range of challenges from insurgencies and state failures to regional powers seeking to deny us access to critical regions, to the ever expanding hybrid possibilities in between. We will need the agility of David, not the clumsiness of Goliath.

Our efforts to rebalance the force center on ensuring that our military can be truly versatile across the full range of possible conflicts. For far too long we assumed that, for example, counterinsurgency, counterterrorism, building security capacity, stability operations -- that these were somehow lesser included cases, subsets of the canonical contingencies that dominated our defense planning. As long as we planned for conventional warfare, so the argument went, we could succeed in these other operations.

Well, we all know where that approach got us. So today we are elevating the most plausible series of challenges as the basis and the focus of our force planning. These challenges include counterinsurgency and capacity-building operations in places like Iraq and Afghanistan, but also preparing for new threats to the primary means by which the United States projects its power – our military bases, our sea and air assets, and the networks in cyberspace and space and elsewhere that support them.

The point here is not to assume that future conflicts will somehow look like current conflicts. The point is that future conflicts and threats may take many different shapes. Yet we can't prepare simultaneously for every possible contingency so we need to focus on flexibility and agility, on creating a force that is prepared for the most likely threats but able to adapt quickly in the face of the unpredictable.

A big part of Secretary Gates' reform agenda also involves demanding that the department change how it does business – forcing the bureaucracy to set priorities, make hard choices, and then actually enforce limits.

Some of you are probably familiar with CNAS board member Norm Augustine, who's a leader in defense aerospace and a mentor to many people here. Some years ago he made a tongue-in-cheek remark that in the year 2054, the entire defense budget will purchase just one aircraft. He went on to say, this aircraft will have to be shared by the Air Force and Navy three and a half days each week except for leap year when it will be made available to the Marine Corps. (Laughter.)

He was joking of course, but in all honesty, the trend lines on the costs of sustaining and equipping our armed forces are simply not good. As Secretary Gates recently said in a speech in Kansas, the Navy wanted 32 of the next generation destroyer – the DDG-1000 – but because of skyrocketing costs, we will build three. The Air Force wanted 132 B-2

bombers; at $2 billion each, we built 20. This is unsustainable. I agree, and I don't know any serious defense analyst who argues that the current program is sustainable. We cannot keep spending more and more to get less and less.

If we fail to make the tough choices necessary to reduce overhead and increase efficiency, our options in the future will dwindle and become ever more unacceptable. Secretary Gates had the vision to see this and the character and leadership to turn this insight into action. And I believe the need to make hard choices will define this generation of national security leaders.

And we are making those choices. Last year, the department cut or cancelled more than 30 major weapons systems that were either underperforming, performing poorly, or were simply not suited to real-world and projected demands. We saved about $330 billion dollars, as measured over the life of the terminated programs. And that money can be reinvested and is being reinvested in our most critical needs.

These choices were not popular – far from it – but they were necessary. We need to redirect resources into those high-priority areas that are absolutely essential for our military to prevail today and prepare for tomorrow. If we cannot continue to do this, we will undermine our own long-term interests, and those who will come after us will pay the price.

So to recap: this administration did inherit a daunting set of national security challenges, but we have been able to craft a principled and pragmatic approach to addressing many of them. We have succeeded in making a number of course corrections, and in DOD we have initiated a difficult but essential process of rebalancing and reform.

So can we pat ourselves on the back a little bit? Yes, I think we can.

But our early progress is still shadowed by daunting challenges that remain. We've done a lot, but much work remains to be done.

To put it bluntly, we are still trying to face 21st century challenges with national security processes and tools that were designed for the Cold War – and with a bureaucracy that sometimes seems to have been designed by the Byzantine Empire, which, as you recall, did not fare so well – we're still too often rigid when we need to be flexible, clumsy when we need to be agile, slow when we need to be responsive, focused on individual agency equities when we need to be focused on the broader whole of government mission.

I spend many hours in interagency meetings – many, many hours – and over the last year it has struck me that our focus on rebalancing and reform in the Pentagon needs to be replicated across the other national security departments and agencies. Because DOD's problems are hardly unique: the State Department, the Department of Homeland Security, the U.S. intelligence community all face enormous challenges setting priorities and making tough choices.

The interagency community is beginning to grapple with these. DHS and the Intelligence Community have just completed their own quadrennial reviews, and the State Department is hard at work on its "Quadrennial Diplomacy and Development Review." I

know exactly how much fun these reviews can be, and I don't envy my colleagues at other agencies who are experiencing these joys for the first time.

But if we can, as a government, get better at linking ends, ways and means, we will not – unless we can do that, we will not adequately position the United States to protect and advance our national interests in the face of a very challenging 21st century security environment. And just to translate that for laypersons in the audience – that's defense-wonk speak for adapt or fail.

Let me give two examples of consequential issues where we, as a government, have struggled – over decades in many cases – to craft some common-sense solutions, and where frankly we have yet to make satisfactory progress. Both these examples stem from the imperative in our strategy to get much more effective in building partner capacity.

Building and sustaining strong security partnerships is absolutely central, an enduring element of America's national security strategy, but our tools and processes for doing so are outdated and inefficient.

Start with our approach to building partner capacity. Providing military and security sector assistance to other nations has been a core element of America's engagement with allies and partners for years. From helping to rebuild strong security institutions in Europe and Asia after World War Two, to assisting former Soviet states in the aftermath of the Cold War, to our work around the world today – from Iraq to Afghanistan, Philippines to Yemen – security assistance is absolutely vital.

We need partners and allies who can effectively secure their own borders, work with us to address transnational threats like terrorism, provide legitimate and effective security and governance to their populations. We also need partners who can stand and fight alongside us, contribute forces to peacekeeping, stabilization, counterinsurgency missions. As the president wrote in the National Security Strategy, the burdens of a young century cannot fall on American shoulders alone – indeed, our adversaries would like to see America sap our strength by overextending our power.

Our security assistance system, however, was inherited from the Cold War. It was built to provide major weapons platforms over a period of many, many years. It was not designed to provide rapid counterinsurgency assistance to Pakistan or urgent counterterrorism assistance to Yemen or much needed counter-narcotics assistance to Colombia or Mexico. It lacks the flexibility and responsiveness: witness our struggles to build military capacities so critical to transitions – successful transitions in Iraq and Afghanistan.

Nearly five years ago, the Department of Defense obtained some new authorities enabling the military to provide training and equipment to other countries with urgent security needs. This expansion of authority and funding was very helpful, adding much-needed flexibility to a creaky and slow-moving system. It also produced some notable firsts in terms of interagency coordination, among them the so-called dual-key decision-making process between Department of Defense and Department of State. But these changes have also stirred a debate, a debate over the appropriate roles and missions for Defense, State, and USAID, among others.

But we need to move beyond these sterile debates about what's in DOD's lane, what's in State's lane and so on. Instead, we need to focus on the mission as a whole: what does the United States government need to be able to do to achieve our national security objectives? How can we most effectively leverage existing capabilities, resources and expertise to achieve these objectives, while simultaneously seeking new and more effective ways to build partner capacity longer term?

Last December, Secretary Gates proposed one possible way ahead. Drawing on a model employed by the U.K., the United Kingdom, he suggested a pooled resources approach that shares funding and responsibility across departments.

The idea is for the Department of Defense, State, and perhaps even other agencies to contribute resources to create one or more pooled funding mechanisms. These pooled funds would be used for urgent programs that cut across traditional DOD and State mission areas like stability operations or conflict prevention, and would incentivize interagency collaboration on a much deeper and more meaningful level.

This would hardly be a panacea, but it's a creative way to break through some of the current logjams. It doesn't require massive change, just relatively minor adjustments and – I would add – cooperation from Capitol Hill. But it has the potential to increase our flexibility, our responsiveness, and ultimately our impact in critical areas.

Let me briefly give you another example of a significant challenge – export control reform. Export control involves a complex set of authorities and legislation designed to prevent adversaries from getting access to U.S. technology or equipment that could be used against us. Like security assistance, though, our export control laws and processes were designed during the Cold War and are increasingly out of sync with what's needed to ensure our national security and our economic competitiveness in today's world. It's bureaucratic. It's cumbersome. It's rigid.

For instance, not too long ago – and you'll enjoy this story – a British C-17 spent hours disabled on the ground in Australia not because the needed U.S. part wasn't immediately available, but because U.S. law required the Australians – one of our closest allies – to seek our permission before doing the repair on the British plane, another of our closest allies. The Byzantine bureaucratic machinations required to solve this problem was embarrassing.

Similarly, close, longstanding allies and partners like South Korea have bought U.S. aircraft – for example, F-16s – only to discover that they need separate agreements to buy spare parts, wires, even lug nuts for the plane. Such bureaucratic hurdles strain our bilateral relationships and our credibility as the security partner of choice.

Today's export control regime too often impedes the effectiveness of our closest military alliances, test the patience of our allies and their goodwill, and hampers their ability to do what's in our interests and to cooperate with us at a time when we are confronting such enormous challenges.

Our security interests would be far better served by a more agile, transparent, predictable, efficient export control regime. Tinkering around the edges simply won't do.

So last August President Obama called for a comprehensive and fundamental review of export control and the regime. He called for reforms that focus controls on key technologies and items that pose truly significant threats, such as those related to weapons of mass destruction and advanced conventional systems.

As Secretary Gates has said, we need to build a system where higher walls are placed around fewer but more critical items. This would protect our national security while enabling greater defense trade and cooperation with allies and partners.

So within the administration, we are beginning to work through these complex interagency issues. We're also examining how to rebalance across defense, diplomacy and development programs and budgets. And I can personally attest that this is hard work. So many things militate against effective, whole of government collaboration: different departments and agencies have different institutional cultures, different skill sets, different career incentives, different technological platforms, different budget cycles, different lexicons. Just as interoperability is a challenge with our allies and for building partnerships and coalitions, it's frankly a challenge across our own departments and agencies as well.

Some of you may know of a famous monograph written by Robert "Blowtorch" Komer, who was a senior U.S. civilian during the Vietnam War. He returned from Vietnam, joined the RAND Corporation, and wrote a monograph called Bureaucracy Does Its Thing, a revealing critique of our failure to adapt U.S. tools of statecraft during the Vietnam War.

Komer argued that the U.S. government, quote, "attempted to handle an atypical conflict situation by means of institutions designed for other purposes." Sound familiar? "Such constraints as institutional inertia – the inherent reluctance of organizations to change operational methods except slowly and incrementally – influenced not only the decisions made, but what was actually got done in the field." That monograph is enjoying tremendous renewed popularity among the rising generation of national security experts and that fact speaks volumes. It should compel us to renew our efforts to rebalance and reform our national security instruments.

Complaining about bureaucratic rigidities in wartime is as old as war itself but that doesn't make the problems any less acute.

I and many of my colleagues in the administration spent several years working on interagency reform issues in think tanks like CNAS and CSIS, and we drafted reports and made recommendations on how to rebalance our resources and reform our approaches. I believe those of us who ended up in government have an obligation to try to actually implement some of the ideas that we developed. It was certainly easier to critique than to govern, but we need to move forward with this important reform agenda.

And to that end, let me just conclude by saying, we need your help. We need your ideas and your support, and sometimes we need you to hold our feet to the fire, to remind us of the ideals and the ideas we brought into government, to demand that we live up to them.

We can rebalance and reform. And if we want this great nation to remain a global leader and a force for good in the 21st century, that's exactly what we must do.

Thank you.

(Applause.)

(END)