Assessing the Debates

Development, Diplomacy, and Defense as a Policy Framework

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The problem

In her initial speech to the men and women at the State Department, the new Secretary of State, Hillary Clinton, spoke of the three D’s that the United States should use to implement its national security policy: defense, diplomacy, and development. She also noted correctly that the three D’s are not currently balanced. This sentiment was echoed by President Barack Obama when he told a Canadian journalist shortly after announcing that he was sending an additional 17,000 troops to Afghanistan, “I am absolutely convinced that you cannot solve the problem of Afghanistan, the Taliban, the spread of extremism in that region solely through military means…We’re going to have to use diplomacy. We’re going to have to use development.”1 But if anything, the new Secretary of State understated the imbalance. A close examination of the fiscal year 2009 federal budget shows how unbalanced the three D’s actually are, and why policymakers so often rely on the Department of Defense to formulate and execute even nonmilitary tasks.

In the federal budget, military or defense needs are funded in the 050 budget account. Diplomacy and development are funded in the international affairs, or 150, account. For FY2009, defense funding amounted to $513 billion and international affairs totaled $47 billion—a ratio of 11 to 1.

But this does not present the whole picture. Funding for the wars in Afghanistan and Iraq in 2009 will add at least another $149 billion, and international security assistance—which is in the State Department budget but is primarily administered by the military—adds another $9 billion. Factoring in these items brings the defense total to $662 billion. Moreover, when the $9 billion for security assistance is subtracted from the international affairs budget, it drops to $38 billion. Thus, the ratio for FY2009 is really 17 to 1. Even without the war funding, the ratio is still about 14 to 1.

This imbalance has resulted in a number of problems for diplomacy and development. As an October 2008 report from the American Academy of Diplomacy notes:

Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. A combination of reduced personnel, program cuts and sharply increased responsibilities has put maximum pressure on the capacity of agencies responsible for the missions of core diplomacy, public diplomacy,
foreign assistance, and stabilization and reconstruction budgeted under Function 150 of the federal budget.

During the 1990s—as the “peace dividend” was cashed—overseas staffing for these functions was significantly reduced in the context of the roughly 30 percent real-dollar reduction in U.S. international affairs spending. In addition, the implosions of the Soviet Union and Yugoslavia resulted in the need to staff 20 new embassies in the new countries created as a result, and to expand staff based in other Eastern European nations without an overall increase in Department personnel. Because State had to absorb these increases, the overseas staffing deficit in the State Department had approached 20 percent by September 11, 2001, with a larger gap within USAID.

Secretary of State Powell’s Diplomatic Readiness Initiative, or DRI, created more than 1,000 new State Department diplomatic positions during 2001 to 2004, bolstering core diplomatic staffing to above that of post-Cold War levels. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan, and neighboring countries.

Since the DRI ended in 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels. The current realities are as follows:

• As of 2008, State faces a personnel shortfall of about 2,400 relating to enduring core diplomatic work, emerging policy challenges, public diplomacy, and critical training needs. Persistent staffing gaps at hardship posts continue to impede important policy pursuits. Staffing demands related to Iraq and Afghanistan translate not only into needs for resident personnel, but also for significant numbers of short-term staff diverted temporarily from other jobs, to the detriment of other important work. For example, all State political and USAID field positions in the Afghan provinces are vacant an average of two months a year due to the inability of organizations to cover scheduled absences.

• Training lags because of personnel shortages. A well-trained workforce is extremely difficult when every additional training assignment could leave an operational job unfilled. A 2006 report by the Government Accountability Office found that 29 percent of language-designated positions at embassies and consulates were not filled with language-proficient staff. There is an even greater shortfall in functional training—particularly in program management skills.

• In public diplomacy, reduced budgets and staff devoted to explaining America abroad after the end of the Cold War contributed to a decline in understanding of and respect for the United States in many parts of the world. Increased resources, including larger numbers of skilled personnel, are required in this area. For example, for almost a decade public diplomacy missed opportunities to develop a vigorous global internet programming capability to reach millions due to
insufficient funding and a lack of trained career personnel, particularly in program management skills.

- USAID currently has 2,200 personnel who administer more than $8 billion annually in development and other assistance (excluding cash grants) following cumulative staffing reductions of nearly 40 percent during the past two decades. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately $5 billion annually. The agency has too few staff responsible for managing billions of program dollars. For example, USAID currently has only 29 education officers to administer education programs in 84 countries.

- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be staffed and managed by civilian leadership. While a presidential directive—NSPD-44—directs the State Department to coordinate government-wide stabilization and reconstruction operations, the Department of Defense is actually assuming most of the responsibility for these ongoing efforts. There needs to be a permanent core of civilian experts who are ready to deploy when required; these experts should in turn be supported by others in government and other sectors who can provide additional support. A bill to authorize funding and personnel for the new “surge” capacity has passed the House and is pending in the full Senate.

- The “militarization of diplomacy” is noticeably expanding as DOD personnel assume public diplomacy and assistance responsibilities that the civilian agencies do not have the trained staff to fill. In the area of security assistance—traditionally the authority of the Secretary of State but implemented largely by the Defense Department—a number of new DOD authorities have been created, reducing the role of the Secretary of State even more in this vital area of U.S. foreign policy.

Today, the United States faces a wide range of problems ranging from Al-Qaeda and other terrorist organizations to the challenges of globalization, HIV/AIDS and other pandemics, environmental degradation, and failed states. Opportunities also abound in relation to rising powers, nonproliferation, strengthening of international trade and financial systems, and achieving improvements in the quality of life in developing and transitioning societies. These dynamic challenges and opportunities can only be met effectively through a significantly more robust foreign affairs capacity that features skilled diplomats and foreign assistance professionals.”

This imbalance or overemphasis on the military part of the budget raises several issues. First, why has this happened? Second, is it appropriate? Third, what are the prospects for change?

The reasons
This imbalance is the result of several factors. In its first budget submission after taking office, the Bush administration began its escalation of the defense budget. Following the 9/11 attacks, it was able to send this escalation more steeply upward, even as the wars it launched were paid for by other means. During this time, the administration expanded the baseline military budget, excluding war costs, by more than 30 percent in real terms. And Congress approved these budgets with barely a whisper of dissent.

Because of the dire economic situation the country faces there is an expectation that the blank-check system of defense budgeting will be ended. “Senior Pentagon civilians and the top generals and admirals do not deny the challenge of sustaining military spending,” according to a New York Times article on the 2009 budget request.4

The use of supplemental budgeting has also grown exponentially in the last decade. A January 2008 report from the Government Accountability Office reported that from fiscal year 1997 through fiscal year 2006, supplementals provided approximately $612 billion in new gross budget authority, a fivefold increase over the previous 10-year period. About 50 percent of total supplemental funding from 1997 to 2006 went to defense-related emergencies, whereas natural disasters received 28 percent, antiterrorism and other post-9/11 activities received 16 percent, and international humanitarian assistance received only 3 percent.

A February 2008 CBO study found that some of the growth in annual Iraq and Afghanistan war funding since 2001 can be explained by the Pentagon’s increased reliance on using war funding supplemental bills to buy new equipment. Due to changes in its policy guidance, CBO concluded that the Defense Department is now using war supplemental funding to “replace damaged equipment with newer models, accelerate planned purchases of new systems, address emerging needs, and enhance the military’s capability not only to continue current operations but also to be better prepared for the longer war on terrorism.” As Center for Strategic and Budgetary Assessments analyst Steven Kosiak (now the Associate Director of the Office of Management and Budget) told the Senate Budget Committee in February 2007, “Such guidance amounts to, in effect, telling the services that they no longer need to find room in the regular annual defense budget to cover the full cost of their long-term plans.” In the words of one Army budget planner, “It’s a feeding frenzy ... Using the supplemental budget, we’re now buying the military we wish we had.”5

The possibility of an end to the Iraq war has contributed to the anxiety at the Pentagon over how to accomplish this challenge of sustaining military spending. Congress has been passing “emergency” war supplemental appropriations with even less knowledge than usual about what is in them. They have increasingly become a convenient place for the Pentagon to hide money supplementing programs in the baseline budget that have nothing to do with fighting the war. As the FY2009 budget request was released, the Pentagon’s press secretary relayed that “The secretary [of Defense] believes that whenever we transition away from war supplementals, the Congress should dedicate 4 percent of our gross domestic product to fund national security.”6
The idea of increasing military spending to that arbitrary benchmark (it is more often cited as a floor—a minimum—rather than a goal for future spending levels) has been repeated with rote-like regularity during the past year in talk shows and in congressional hearings by senior military officials and numerous members of Congress. But other members pushed back, preventing this benchmark from being included in the Budget Resolution outlining spending for 2009, and arguing that military spending should be tied to what is needed to address the threats we face, not to some arbitrary proportion of private as well as public national wealth.

To the extent that those arguing for a GDP benchmark move beyond “we should spend it because we can” to “this is why we need to,” their case prominently features the need for increased spending, over current record levels, to “reset” a force that has been chewed up by the Iraq and Afghan wars. Testimony before the House Armed Services Committee in February by the Center for Strategic and Budgetary Assessments, or CSBA, pointed out that “In 2006 the Army—the service most heavily engaged in military operations—estimated that it needed some $13 billion a year to cover reset (or ‘reconstitution’) costs.”

Total costs might reach as much as $30 billion over several years.

Yet during the same hearing, Kosiak observed that “the services appear to have received (or be receiving) funds sufficient, or perhaps in excess, of those needed to repair or replace all of the equipment that has been destroyed or worn out in Iraq and Afghanistan. Funding for reset also appears to have gone a long way toward eliminating equipment shortfalls for the Army and Marine Corps that pre-date our involvement in these conflicts.”

The Congressional Budget Office has found that accumulated budgets for Army reset already exceed the total value of the Army’s equipment in Iraq, Afghanistan, and the surrounding theater.

Recent emergency supplemental appropriations provided DOD with funds for reset at least a year before it might be needed.

What about force expansion? The Congressional Budget Office estimates the cost of expanding the Army and Marine Corps by 92,000 over the next decade—which began in 2007—at $108 billion. This works out to about $12 billion a year—hardly a pricetag commensurate with setting a GDP-based floor on military spending and adding tens of billions of dollars to annual defense budgets year after year, regardless of the level of military operations or the state of world affairs.

That leaves “force modernization,” or building new weapons. The Government Accountability Office estimates the cost of major weapons systems now in the pipeline at $1.6 trillion—double the figure projected for these systems in 2000. During this time, according to GAO, cost overruns in 95 major weapons systems have amounted to $295 billion. During the post-9/11 “blank check” period, these overruns escalated from 6 percent of the budgeted costs to 26 percent.
This unprecedented cost growth has occurred largely because the legislative and executive branches have complemented each other in abdicating their oversight responsibilities. Both have for years been accepting unrealistically low cost estimates from contractors, and then living comfortably with the budget-swelling consequences. The GAO says that “optimistic assumptions about system requirements and critical technologies” have produced bids that in some cases are 30 to 40 percent below current projections.\(^{13}\)

In addition, as the procurement (or new weapons) budget has doubled, the number of auditors the Pentagon employs to keep track of it has actually shrunk. In 2000, the Defense Contract Audit Agency had 4,005 employees; by 2007 this number was down to 3,867. The Defense Department’s Inspector General found that of $316 billion in weapons acquisition costs last year, only half had received “sufficient” auditing.\(^{14}\)

In May of last year, Defense Secretary Robert Gates “warned the military and its contractors … that expensive new conventional weapons must prove their value to current conflicts, marked by insurgency and terrorism, if they are to be included in further Pentagon budgets.”

“Those comments,” said *The New York Times*, “are certain to alarm advocates of the newest generations of high-tech and high-cost weapons programs, in particular the Future Combat Systems program and the F-22, the Air Force’s advanced warplane.” The vast Future Combat Systems program, for example, Gates said, “must continue to demonstrate its value for the types of irregular challenges we will face.”\(^{15}\)

Unfortunately Gates’ stern words on strict scrutiny of weapons purchases and of redressing the imbalance of military and nonmilitary security spending did not have much impact on his own budget decisions. The FY2009 defense budget he requested did not eliminate any major weapons programs. It requested $3.6 billion for the Future Combat Systems program; the previous year’s request was $3.7 billion.

Gates himself indicates why he acted this way. Lamenting that the entire diplomatic corps, about 6,500 people, is smaller than the staff of a single aircraft carrier group, he pointed out that diplomacy “simply does not have the built-in, domestic constituency of defense programs. As an example,” he went on, “the F-22 aircraft is produced by companies in 44 states; that’s 88 senators.”\(^{16}\)

The build-and-tout-your-constituency approach to winning defense contracts is now being adopted more widely and more aggressively than ever. In Northrop Grumman’s fierce struggle with Boeing to be the lead builder of the Air Force’s new refueling tanker, it has upped the ante on the F-22. Its website has individual pages on the prospective economic benefits of the program to each of 49 states. That’s 98 senators.\(^{17}\)

The appropriateness
Even though this imbalance exists and worsened over the past eight years, few in the foreign policy establishment—even defense officials—believe it is desirable or appropriate.

For example, Secretary of Defense Robert Gates has endorsed a rebalancing of security resources to enhance the role of non-military tools. In a speech at Kansas State University on November 26, 2007 he said, “Funding for non-military foreign affairs programs…remains disproportionately small relative to what we spend on the military…Consider that this year’s budget for the Department of Defense—not counting operations in Iraq and Afghanistan—is nearly half a trillion dollars. The total foreign affairs budget request for the State Department is $36 billion…[T]here is a need for a dramatic increase in spending on the civilian instruments of national security.”

Gates’ view has been supported by a group of 50 retired three-and-four-star generals and admirals representing all branches of the Armed Services. In testimony before the Senate Foreign Relations Committee on March 5, 2008, the leaders of this group, General Anthony Zinni, USMC (ret), former head of the Central Command, and Admiral Leighton W. Smith, Jr., USN (ret), called for “[s]hifting the emphasis of U.S. foreign policy from one that relies heavily on military might to one that elevates the value of diplomacy and development.” They identified the imbalance of resources as key to the problem: “Our military mission has continued to expand as funding for the State Department and development agencies has been inadequate to the tasks they have been asked to perform. They have been forced to make do, with fewer personnel, more responsibility, but without the resources to match their assignments…The International Affairs Budget represents only 6 percent of the overall National Security Budget, which includes defense and homeland security. The entire current International Affairs Budget is roughly equal to the requested increase in the Defense Department budget…It is time to rethink and rebalance our investments to create a better, safer world.”

Crucially, for a democracy, majorities of the U.S. public support this rebalancing. According to the latest “Confidence in U.S. Foreign Policy Index,” conducted by Public Agenda and the Council on Foreign Relations’ Foreign Affairs magazine, “69 percent of the public now say there should be more emphasis on diplomatic and economic methods in the war on terrorism over military means, an increase of five points,” since they began measuring this in 2005.

The Pew Research Center confirms that between 2002 and 2006 the number of Americans who believe that military force can reduce the risk of terrorism dropped sharply, from 48 to 32 percent.

At the end of July 2009, the RAND Corporation, the government-supported think tank which advises the Defense Department, released a study providing the empirical evidence to corroborate this shift in belief. “How Terrorist Groups End: Lessons for Countering al Qa’ida” analyzed 648 terrorist groups operating over the past 40 years and found that “most groups have ended because (1) they joined the political process or (2) local police and intelligence agencies arrested or killed key members. Military force has rarely been
the primary reason for the end of terrorist groups.” They conclude, finally, that “the U.S. strategy against al Qa’ida centered on the use of military force…was not successful in undermining al Qa’ida’s capabilities.”

Moreover, during the 2008 presidential campaign, both presidential nominees cited increasing spending on nonmilitary foreign engagement as a key security measure. In July 2008, Sen. John McCain (R-AZ) said, “[Foreign aid] really needs to eliminate many of the breeding grounds for extremism, which is poverty, which is HIV/AIDS, which is all of these terrible conditions that make people totally dissatisfied and then look to extremism…” Around the same time Barack Obama said, “I know development assistance is not the most popular of programs, but as president, I will make the case to the American people that it can be our best investment in increasing the common security of the entire world and increasing our own security. That’s why I will double our foreign assistance to $50 billion by 2012 and use it to support a stable future in failing states and sustainable growth in Africa, to halve global poverty and to roll back disease.” One of his top foreign policy advisors, Richard Danzig, a former Secretary of the Navy under President Bill Clinton, said at the Democratic National Convention that one of Obama’s three guiding principles on foreign policy is that international security problems require the United States. to use nonmilitary tools.

Both candidates also expressed an interest in reining in runaway military spending. In a campaign video from October 22, 2007, Obama committed to cut tens of billions of dollars in wasteful Pentagon spending, including “unproven missile defense systems.” He committed not to weaponize space; to slow the development of Future Combat Systems; to create an independent defense priorities board to ensure that the Quadrennial Defense Review is not used to justify unnecessary spending; and to achieve deep cuts in the U.S. nuclear arsenal. Furthermore, according to his website, “an Obama administration will realize savings by reducing the corruption and cost overruns that have become all too routine in defense contracting.”

On his campaign website, McCain promised to “reform procurement programs and cut wasteful spending in defense and non-defense programs.”

The solution

To begin to rebalance the defense, diplomacy, and development tools, the Obama administration and Congress should create a unified national security budget that allows them to shift funds from unnecessary or marginal defense programs to meet pressing needs in the international affairs budget.

A unified national security budget will enable the nation to deal with the full range of foreign policy opportunities and challenges during the next five years. As noted above, there are short falls in four major categories of foreign affairs activity—core diplomacy, public diplomacy, economic assistance, and reconstruction-stabilization, as well as State Department training. Here are some ways to remedy these shortfalls:
• U.S. direct-hire staffing in the four categories above can grow over FY 2008 levels by 4,735 over the timeframe of 2010-2014, a growth of 46 percent above current levels in these categories—20 percent of total State/USAID staffing—to be accompanied by significant increases in training and in the number of locally employed staff overseas; the additional staff and related costs will rise to $2 billion annually by FY2014. This is less than the cost of one Virginia-class submarine.

• Funding to permit ambassadors to respond effectively to humanitarian and political emergencies should increase by $125 million in FY2010 and $75 million annually thereafter, or about the cost of a single V-22 tilt-rotor Osprey.

• Public diplomacy programs, especially exchanges, should be expanded significantly, at a cost that will total $455.2 million annually by FY 2014, or the flyaway cost of three F-22 Raptors.

• Increase development assistance by 60 percent or about $16 billion by reducing our strategic nuclear arsenal to 1000 weapons (600 operational and 400 reserve).

• Finally, fund the stabilization and reconstruction program by canceling the Marine Corps’ Expeditionary Fighting Vehicle.

• Authority over selected Security Assistance programs, totaling $9 billion annually, should be moved in stages from the Department of Defense to the Department of State, with much of the implementation remaining at Defense. In areas where combat operations continue, authority would stay with Defense for the duration of those operations.

In addition to staffing shortfalls, there are “authority shortfalls” relating to security assistance programs that should be in the secretary’s civilian toolkit, but that are currently being exercised by the Secretary of Defense. To solve this, responsibility must be given to the Secretary of State for assuring that all foreign assistance and security assistance is carried out in accordance with U.S. foreign policy. This includes setting overall policy, approving countries to receive assistance, and setting the budget for such assistance. Finally, increased staffing capacity alone will not be sufficient to meet U.S. public diplomacy goals; a number of international exchange and other programs should as well be expanded to help meet the country’s diplomatic objectives.

While the Obama administration has not yet adopted a unified national security budget, it has begun to rebalance the three Ds somewhat in its recent budget proposal. For 2010 it projects that the total defense budget, including war costs, will increase by one percent to $664 billion, while the State Department, or international affairs, budget will grow by 10 percent, to $52 billion. Subtracting international security assistance expenditures from the State Department budget and adding them to the defense portion will mean that the ratio of defense to diplomacy and development will be 16–to-1, compared to 17-to-1 in
FY2009. If one subtracts the war costs of $130 billion and keeps the security assistance budget in 050, the ratio is about 13 to 1 compared to 14 to 1 in FY2009.

Moreover, the new administration anticipates that over the next five years, the 050 budget will grow only enough to keep pace with inflation, while the 150 budget will double over the same period. If the administration and the Congress follow through on this plan, and the President implements his proposal to get out of Iraq, the ratio of total defense spending to the other two Ds could be cut in half.

Had the three Ds been better balanced from a budget and responsibility perspective, more questions of whether AFRICOM needed to be created would have been raised. If the new administration follows through on its proposals, the relevance of AFRICOM in the next decade can surely be raised again.

Endnotes

7 Shanker, “Proposed Military Spending Is Highest Since WWII.”
9 Congressional Budget Office, “Replacing and Repairing Equipment Used in Iraq and Afghanistan: The Army’s Reset Program” (September 2007) estimates the total value of Army equipment in theater at $28 billion (summary table 2); the Army spent more than $30 billion on equipment reset in the period from 2005 to 2007 alone (summary table 2).
11 Ibid.
13 Ibid.