

# State Department Reform

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*Report of an Independent Task Force  
Cosponsored by the  
Council on Foreign Relations  
and the  
Center for Strategic  
and International Studies*

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## FOREWORD

The Berlin Wall fell ten years ago, and still the United States is struggling to come to terms with the post–Cold War world. This process of groping with very new realities should not be surprising. It is even understandable, given the complexity of international developments in the world today. But at some point, and soon, the United States must begin gaining some mastery over new international realities or else pay enormous costs and face quite serious dangers. Essential to coming to terms with the new world is being able to ensure that our foreign policy apparatus and people are fully up to the task. And here is the problem: a good portion of the apparatus, especially the Department of State, simply falls short in mission, organization, and skills relative to what is needed to navigate sensibly through the new international universe.

America's foreign policy prevailed in the Cold War in good measure because of the Department of State. It would be hard to imagine our being successful in this century without a revitalized and strong Department of State and diplomatic service.

Recognizing this, the Council on Foreign Relations and the Center for Strategic and International Studies sponsored a non-partisan, Independent Task Force on State Department reform to develop an action plan for President George W. Bush and his new administration. The action plan is also directed to Bush's secretary of state, Colin Powell. We believe that the Task Force, a highly diverse and highly experienced group chaired by Frank C. Carlucci, has done its job well. Carlucci is uniquely qualified for the challenge, with his background as a career foreign service officer, national security adviser, and secretary of defense. Ian J. Brzezinski, a senior staff member of the U.S. Senate Foreign Relations Committee, served most ably as the project coordinator and principal author of the report.

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The Task Force's objective was not to reinvent the many constructive findings and recommendations of the plenitude of blue-ribbon commissions that have tackled this subject. Rather, its purpose was both to synthesize all the good previous and copious work and to distill it into a workable and concrete plan of action for the new administration.

The heart of the Task Force is a "resources-for-reform" plan between Congress and the president. The president and the secretary of state would pledge themselves to work with Congress for a thorough and needed reform of the State Department. Congress would commit itself to providing the necessary and substantial additional resources needed to carry out those reforms. The pledge for reforms would provide the president with the leverage to gain support in Congress for the new resources, and the resources would provide the necessary leverage to bring about the reforms. This Task Force Report demonstrates that one cannot exist without the other, and that both the executive branch and the legislative branch have powerful reasons to conclude this strategy in America's national interest.

Another powerful virtue of the Task Force plan is that it distinguishes between actions the president and secretary of state must take right away to bring about reform and the actions that would come later, once the resources begin to flow from Capitol Hill. Thus, it avoids the usual pitfalls that tend to beset such good groups: trying to do too much too quickly.

It should also be noted that the Task Force decided to present its report in the form of two related documents. The first is a brief memorandum to the president that outlines the basic resources-for-reform plan and other first-priority actions. The second and longer memorandum to the secretary of state explains and defines in greater detail the rationale for reform, as well as the elements of the action plan.

We commend the Task Force leaders and members for being so practical and for completing their work within a month. Their report offers the new president and secretary of state a strong rationale for reforming the all-important Department of State. It also

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suggests a strategy for getting the job done and provides an action plan that shows the path and the stones along the way.

We would like to thank the members of the Task Force for the time and effort they dedicated to this endeavor. We wish to thank Frank C. Carlucci, the Task Force chairman, whose decisive leadership and experience catalyzed the key elements of consensus that are the core of this report. Ian J. Brzezinski, the project coordinator, skillfully drafted the documents that served as the foundation for the Task Force's discussions and artfully synthesized their conclusions into the two memoranda. We would also like to thank Paula J. Dobriansky, vice president and director of the Council on Foreign Relations Washington Program, for developing the Task Force, orchestrating its meetings, and providing pivotal guidance. Special thanks are owed to Captain Pat W. Nash for his editorial and research assistance, and to Marek Michalewski and Kathleen Houlihan for their administrative assistance. Our gratitude also goes to the Arthur Ross Foundation for its generous support of the Task Force.

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## MEMORANDUM

TO: THE PRESIDENT  
FROM: TASK FORCE ON STATE DEPARTMENT REFORM  
SUBJECT: STATE DEPARTMENT REFORM

### BACKGROUND

The apparatus of U.S. foreign policy making and implementation that you have inherited is in a state of serious disrepair. The Department of State suffers from long-term mismanagement, antiquated equipment, and dilapidated and insecure facilities:

- Dysfunctional human resource policies have generated serious workforce shortfalls, including a deficit of some 700 Foreign Service Officers (FSOs), or nearly 15 percent of FSO requirements.
- The communications and information management infrastructure is outdated. Ninety-two percent of overseas posts are equipped with obsolete classified networks, some of which have no classified connectivity with the rest of the U.S. government. Unclassified systems also are antiquated and inadequate.
- Many Department of State facilities at home and overseas are shabby and insecure. They frequently do not meet Occupational Safety and Health Administration (OSHA) standards. Nearly 25 percent of all posts are seriously overcrowded. Moreover, 88 percent of all embassies do not fulfill established security standards, and many require major security upgrades.

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- Ambassadors lack the authority necessary to coordinate and oversee the resources and personnel deployed to their missions by other agencies and departments.
- Policymaking and budget management are bifurcated.
- The department's professional culture is predisposed against public outreach and engagement, thus undercutting its effectiveness at public diplomacy and undermining its coordination not only with Congress, but also with other agencies of the U.S. government.

These deficits are not only a disservice to the high-caliber men and women of the Foreign Service and the Civil Service who serve their country under the Department of State. They also handicap the ability of the United States to shape and respond to the opportunities and growing challenges of the 21st century. If this deterioration continues, our ability to use statecraft to avoid, manage, and resolve crises and to deter aggression will decline, increasing the likelihood that America will have to use military force to protect our interests abroad.

In short, renewal of America's foreign policy making and implementing machinery is an urgent national security priority.

### *A "Resources-for-Reform" Plan of Action*

A sound action plan to revitalize the U.S. government's foreign policy apparatus must recognize that while resources will be necessary for reform, reform will be necessary to obtain those resources from Congress. Many on Capitol Hill, which itself has pressed for the reform of this apparatus, will not provide needed appropriations unless they are confident those resources will not be wasted.

A "resources-for-reform" plan must be established with Congress, based on a presidential commitment to revitalize the Department of State and its role in the making and implementation of policy. Based on that commitment, Congress could expect from you the fundamental changes that it has tried to promote, particularly (1) improved and sustained consultations with the

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executive branch on all matters of foreign policy; (2) a tighter integration of the policies and budgets that constitute U.S. foreign policy; and (3) a centralization of management and budgetary authority within the Department of State.

The cornerstone of a resources-for-reform strategy with Congress must be a presidential mandate to force change upon the government's resistant bureaucracies. Toward these ends, three steps are in order:

1. *Issue a Presidential Directive.* Early in your administration, you should issue a presidential directive to the secretary of state and the national security adviser that articulates a plan of action to reform the foreign policy apparatus and thereby facilitates their efforts to implement that plan with dispatch. That directive should reassert the secretary of state's role as the president's principal adviser on U.S. foreign policy and the national security adviser's responsibility for the coordination of national security policy development and its oversight. In addition, the directive should

- lodge, under presidential and National Security Council (NSC) guidance, responsibility for foreign policy implementation within the Department of State;
- designate, under presidential and NSC guidance, the secretary of state as the principal spokesman on foreign policy for the president and his administration;
- declare reform of the Department of State to be a national security priority; and
- define and initiate the core elements of a comprehensive plan to reform the Department of State, with emphasis on concrete steps that can be implemented within a short period to demonstrate to Congress and the public your commitment to reform.

2. *Emphasize State Department Renewal in Your First Address to the Nation.* This major address provides an ideal vehicle to emphasize the rationale for, and your commitment to, revitalizing the machinery of American foreign policy. The speech's

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language should designate State Department renewal as one of your top priorities and present your initiative as the next stage of a bipartisan reform process already initiated by Congress. A paragraph in this speech would serve as an invaluable tool to the secretary of state in his efforts to win necessary legislative support and to overcome bureaucratic inertia and resistance.

3. *Propose to Congress a Resources-for-Reform Strategy.* You should personally engage Congress to underscore your commitment to reform. As soon as possible, you should convene, with your secretary of state, meetings with the congressional committees having jurisdiction over the Department of State to explain the steps you have taken to revitalize the department and to convey presidential determination to reach agreement on a resources-for-reform strategy.

The dilapidated state of America's foreign policy apparatus is a national security crisis that warrants your personal attention. A presidential directive, use of your first address to the nation, and personal outreach to Congress constitute a powerful—and necessary—application of presidential authority to reverse the degradation of this apparatus and to initiate its renewal.

Attached for your information is the Task Force's memorandum to the secretary of state, which provides in greater detail the rationale and specific recommendations of the resources-for-reform action plan.

### RECOMMENDATION

This Task Force recommends that you agree to the resources-for-reform action plan outlined above.

## MEMORANDUM

TO: THE SECRETARY OF STATE  
FROM: TASK FORCE ON STATE DEPARTMENT REFORM  
SUBJECT: STATE DEPARTMENT REFORM

The machinery of U.S. foreign policy making and implementation is in a state of serious disrepair. The interagency system responsible for policy development and coordination is inefficiently structured. The Department of State suffers from institutional dysfunctions, antiquated equipment, and dilapidated and insecure facilities. These deficits are not only a disservice to the high-caliber men and women of the Foreign Service and the Civil Service who serve their country under the Department of State. They render U.S. foreign policy increasingly ill-equipped to shape and respond to the realities and challenges of the 21st century. Failure to address these shortcomings will prompt significant negative consequences for the national interest and thereby will undercut our national security.

Initiating a comprehensive renewal of the Department of State must be an urgent administration priority. Efforts toward this end must recognize that although additional resources will be necessary, attaining those resources requires the decisive initiation of reform to earn from Congress the needed additional appropriations.

This memorandum elaborates the rationale and elements of a “resources-for-reform” action plan to renew the Department of State and its role in the making and implementation of U.S. foreign policy. The memorandum (1) articulates the defining elements of the post-Cold War world that require change in how U.S. foreign policy is developed and executed; (2) highlights the institutional and infrastructural problems handicapping the

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Department of State; (3) reviews the risks posed by a failure to address these problems; and (4) articulates concrete steps that can and should be initiated immediately to revitalize the U.S. government's foreign policy apparatus. The determined launch of these reforms by the president and yourself will establish the political mandate necessary for the new administration to force change upon an often-resistant government bureaucracy and to earn the partnership of Congress and the public.

### BACKGROUND

#### *Post–Cold War Realities*

As the United States enters the 21st century, it confronts a world radically changed by the end of the Cold War, as well as by the globalization of the world economy and the advent of the information age. While the United States no longer faces the urgent and apocalyptic threat posed by the former Soviet Union, a new array of challenges and opportunities has exponentially increased the burden placed upon American foreign policy. The traditional responsibilities of statecraft, including the negotiation of treaties, the management of alliances and relations with adversaries, and the support of American private interests overseas, have not only grown in weight but are now matched by an increasingly dynamic and interdisciplinary agenda.

The nuclear standoff of the bipolar age has been replaced by a growing array of nontraditional threats to U.S. security, including the proliferation of weapons of mass destruction; international crime, especially drug trafficking; intrastate conflicts; environmental degradation; and infectious diseases, among others.

As the world has grown increasingly interdependent, the economic and social dimensions of foreign policy have expanded. The agenda today places far greater emphasis upon sustaining international financial stability and regulating scores of international activities, such as the setting of food and drug

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standards, the negotiation and enforcement of trading rules, and the management of telecommunications frequencies and air-traffic control.

Consular activities and commercial advocacy are similarly affected as the private sector is now often a more significant point of interaction between countries than are relations between governments. As more and more Americans are traveling and residing abroad and as more and more foreigners seek contact with the United States, demands for assistance from our overseas posts continue to grow steadily. Consular operations have expanded such that today they alone yield the U.S. government nearly a billion dollars in revenues annually.

As societies benefit from greater freedom, more information, and greater interaction with the rest of the world, they are also changing at a much faster pace. Diplomacy now requires more than just good contacts with foreign regimes. Effective foreign policy is increasingly dependent upon improved and more intimate interaction with civil societies.

Finally, not only has America's foreign policy agenda become heavier, more interdisciplinary, and more complex, but it has to be exercised in an environment of growing threats. As societies abroad continue to experience radical social and economic change, they will become more unstable and at times less hospitable to Americans. And the danger posed by international terrorism is increasing. The last decade's bombings against U.S. military and diplomatic facilities demonstrate that terrorist networks will become more global in reach, will wield greater destructive capacities, and will be more difficult to track and counter.

### *III-Equipped Foreign Policy Apparatus*

In this new age, diplomacy and statecraft remain the first line of defense against threats, and they act as the radar for the detection of opportunities to benefit America's public and private interests. However, the foreign policy machinery of the United States, particularly that of the Department of State, has failed to adapt to contemporary realities. The following institutional

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problems and infrastructural shortcomings have been underscored repeatedly by blue-ribbon commissions and task forces that have evaluated the performance and problems of the foreign policy apparatus:

- *The Department of State's human resource practices and administrative policies are dysfunctional.* The department's "up-and-out" promotion system is having the unintended effect of forcing qualified personnel out of the service. Its antiquated recruitment process is unable to meet the department's workforce needs in both number and skills. The department's lack of professional training opportunities for its personnel, its inattention to the family needs of its overseas personnel, and its inflexible grievance system have become major incentives for employees to seek work elsewhere.
- *The Department of State's communications and information management infrastructure is outdated, cumbersome, and insufficiently compatible with that of other government agencies.* Ninety-two percent of overseas posts are equipped with obsolete classified networks or have no classified connectivity with the rest of the U.S. government. Networks for unclassified communication suffer from similar problems of obsolescence, inefficiency, and inadequate connectivity. Personnel in some facilities cannot even e-mail each other. While the department has embarked upon a modernization program, it consists of only demonstration projects. The current system continues to impair timely, integrated, and coherent policy development and implementation.
- *The Department of State's physical infrastructure, both overseas and at home, is dilapidated and insecure.* Overseas facilities, including embassy buildings, are in a serious state of disrepair. They frequently do not meet OSHA standards. Nearly 25 percent of all posts are seriously overcrowded. A total of 88 percent of all embassies do not fulfill established security standards, and many require major security upgrades. U.S. personnel stationed overseas cannot be expected to fulfill their



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missions effectively if they must operate in shabby and insecure facilities.

- *Ambassadors lack the authority necessary to coordinate and oversee the resources and personnel deployed to their missions by myriad agencies.* The fact that some thirty U.S. government agencies today have personnel operating overseas reflects the increasingly interdisciplinary character of foreign policy. These non-State Department personnel often outnumber State Department personnel at our missions. Having little control over the former, ambassadors find it difficult to develop within their own missions the country teams and esprit de corps so essential to delivering an integrated and coherent U.S. foreign policy.
- *The Department of State lacks a chief operating officer.* There is no Department of State official under you who has centralized authority over the department's administration and budget, and who is also responsible for the synchronization of these matters with the priorities and initiatives of U.S. foreign policy. The bifurcation of policymaking and budget management within the department has rendered it administratively and financially less responsive to the changing realities of international affairs. This bifurcation also weakens the department's ability to advocate and defend its budget requests both to the White House and to Congress.
- *The Department of State is impaired by a professional culture that emphasizes confidentiality over public diplomacy and public affairs.* The department's professional culture remains predisposed to "information policing" rather than "information providing." The former was perhaps essential during the Cold War—and recent security lapses at the department necessitate greater vigilance over its classified materials—but in the information age public diplomacy has become an ever more central dimension of statecraft. As societies abroad become more open and more interconnected, cultivating trust and understanding with them has to be a State

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Department priority. Even after the integration of the U.S. Information Agency (USIA) into the department, the latter remains far more focused on facilitating official communications between governments and gathering, analyzing, and protecting information than on engaging foreign societies and explaining to them America's positions and viewpoints. Failure to make the latter a top priority impedes the State Department's ability to shape and channel developments abroad. Likewise, on the home front, the State Department's professional culture impairs its effectiveness at public affairs and its coordination not only with Congress, but also with other U.S. government agencies.

- *Foreign policy has been undermined by ineffective interagency coordination.* An unclear and often overlapping distribution of foreign policy responsibilities and authorities among government agencies and departments—particularly between the Department of State and the president's national security adviser—has undercut coordination of policy development and execution. This has been especially evident when the president has not given the secretary of state principal responsibility for the implementation of foreign policy.
- *All of these problems have contributed to a serious decline in morale at the Department of State.* This has been reflected by alarming rates of resignations from the Foreign Service. Resignations by foreign service generalists have doubled between 1994 and 2000, while resignations by foreign service specialists have quadrupled in that time frame. Today, declining applicant pools and rising attrition rates leave the State Department with workforce shortfalls, including a deficit of some 700 FSOs, or nearly 15 percent of its FSO requirements.

Please see the attached bibliography of the studies and reports that served as the basis for this memorandum (Appendix A) and the attached summary of the courses of action they recommended (Appendix B).

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### *Consequences of Inaction*

We cannot afford to allow these institutional and infrastructural failings of the foreign policy apparatus to remain unaddressed. To do so would risk significant harm to American interests both at home and abroad:

- The Department of State will be unable to attract the best and brightest to serve as members of its Civil Service and the Foreign Service.
- Advocacy of U.S. interests abroad will become less effective.
- U.S. policy will suffer from inadequate political and economic information.
- Opportunities and threats will be missed and overlooked, if not ignored.
- Budgetary resources, which are increasingly scarce, will be wasted.
- Embassies will be less able to serve American citizens and businesses abroad.
- Border control (through consular operations) will be undermined.
- Opportunities to promote American interests through an effective combination of diplomatic, economic, and military engagement will be lost.

Above all, if the deterioration of our nation's foreign policy machinery continues, our ability to use statecraft to avoid, manage, and resolve crises, as well as to deter aggression, will decline. Moreover, these developments will increase the likelihood that military force will have to be used to protect our national interests. In short, renewal of America's foreign policy machinery must be an urgent national security priority.

The deterioration of America's foreign policy apparatus is now on a downward spiral that must be reversed. Indeed, Congress has, with justification, become skeptical of appropriating resources

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for the Department of State, which has been burdened with an image of being fundamentally flawed and wasteful, if not irreparable. However, without resources, reversing the decline of the nation's foreign policy machinery becomes increasingly unattainable.

### A RESOURCES-FOR-REFORM ACTION PLAN

Past efforts to repair the machinery of American foreign policy included initiatives by previous secretaries of state, numerous high-level task forces, and legislation passed by Congress. However, they have been often received by the State Department and other agencies with grudging enthusiasm at best. More often than not, such initiatives have encountered bureaucratic resistance. As a result, reform efforts have amounted to a series of half-hearted, selective, and ultimately insufficient half-steps. Only leadership from the top will change this.

To renew the foreign policy apparatus, you and the president will have to exercise personal leadership and commitment within the executive branch, with Congress, and with the American people. If foreign policy reform is not among the administration's top priorities, it will be difficult, if not impossible, for the administration to force the fundamental changes required within the U.S. government and to attain from Congress the requisite resources. Congress will not allocate additional appropriations to the Department of State if it is not confident that those appropriations are part of a comprehensive reform initiative backed by the full weight of the new president and his administration.

There is good reason to be confident that Congress will respond positively to a determined reform initiative. Frustration with the State Department's bureaucratic and secretive culture, as well as with the inadequate coordination between it and other departments of the U.S. government, motivated Congress to give bipartisan approval to the Foreign Affairs Reform and Restructuring Act in 1998. That legislation mandated, among other reforms, the integration of the Arms Control and Disarma-

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ment Agency (ACDA) and the USIA into the Department of State at the end of 1999.

*Thus, a sound action plan to revitalize the U.S. government's foreign policy apparatus must recognize that while resources will be necessary for reform, reform will be necessary to obtain those resources from Congress. In return for fundamental reform, Congress would provide the resources required to modernize and revitalize that foreign policy apparatus.*

A resources-for-reform strategy with Congress should be based on a presidential commitment to revitalize the Department of State and its role in the making and implementation of policy. Based on that commitment, Congress could expect fundamental changes that it has already tried to promote, particularly

- improved and sustained consultations with the executive branch on matters of foreign policy;
- a tighter integration of the policies and budgets that constitute U.S. foreign policy; and
- a rationalization of management and budgetary policies and practices within the Department of State.

The core components of a resources-for-reform action plan to renovate America's foreign policy apparatus are (1) the establishment of a strong presidential mandate for reform; (2) a clear tasking of responsibilities and authorities among the principal foreign policy agencies and departments; (3) concrete steps that can be initiated immediately to renew the Department of State; and (4) consultations with Congress to establish a resources-for-reform strategy.

### *Establishing a Presidential Mandate*

The president's determination to reform our foreign policy apparatus should be articulated clearly and forcefully both within the executive branch and to the general public. Doing so would (1) reinforce public awareness of diplomacy and statecraft as central components of national security policy; (2) demonstrate resolve and determination to Congress to see reform through; and (3) under-

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score to U.S. government agencies that their performance will in large part be measured by how enthusiastically they fulfill the reform initiatives. Toward these ends, you should urge the president to take the following steps:

- Issue a presidential directive on foreign policy reform. A presidential directive incorporating the recommendations that follow below would formally underscore that renovating the U.S. government's foreign policy apparatus is among the president's top national security priorities. Moreover, it would provide benchmarks by which to measure the progress of the reform effort.
- Launch the reform program through the president's first address to the nation. This address to the nation provides an ideal vehicle to emphasize the rationale for, and the president's commitment to, revitalizing the machinery of American foreign policy. The speech's language on this theme should present the president's initiative as the next stage of a bipartisan reform process already started by Congress. A paragraph in this important speech would convey a powerful message of determination that would serve as an invaluable tool to win necessary legislative support and to overcome bureaucratic inertia and resistance.
- Meet with key congressional leaders. Soon after taking office, you should facilitate meetings between the president and congressional committees with jurisdiction over the Department of State to explicitly explain the resources-for-reform action plan. Such a meeting would demonstrate that reforming the foreign policy apparatus is a top presidential priority and will benefit from the president's personal commitment.

### *Clarifying Interagency Relationships and Distribution of Responsibilities*

A critical element of reforming the foreign policy apparatus is ensuring a sound organizational structure to coordinate the government's agencies and departments responsible for national

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security policy. An effective interagency process is the key to ensuring that U.S. foreign policy reflects the president's priorities. It provides the means to manage and resolve the inherent tensions between presidential priorities and departmental perspectives and interests. A sound interagency division of responsibilities and authorities is critical to effective policy development, crisis response, and balancing of the often conflicting demands of tactical flexibility and strategic consistency. Toward these ends, presidential and NSC guidance should be promulgated to do the following:

- Reassert the secretary of state's role as the president's principal adviser on U.S. foreign policy. The secretary of state is the president's chief foreign affairs adviser and directs the department responsible for the conduct of foreign policy. Reiterating this point through a presidential directive would reinforce recognition abroad, in Congress, and within the U.S. government that—after the president—the secretary of state serves as the nation's top foreign policy official. The directive would thus strengthen the secretary's ability to rejuvenate the State Department's role within the interagency system.
- Lodge within the Department of State responsibility for foreign policy implementation. The secretary of state should be granted clear primacy in the implementation of foreign policy. For example, the Department of State, not the national security adviser and his or her staff, should be the dominant agency in the management of state-to-state relations, the negotiation of treaties and agreements, and the administration's public discourse on foreign policy. To reinforce the Department of State's ability to implement policy, the president should also
  - a) designate the secretary of state as the principal spokesman on foreign policy for the president and his administration.
  - b) strengthen the coordinating authority that ambassadors exercise over officials representing the numerous U.S. government agencies operating out of our embassies. Every president, beginning with John F. Kennedy, has issued to each

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ambassador a letter that defines the latter's responsibilities and authorities. NSDD 38, which technically grants ambassadors influence over the size, composition, and coordination of embassy staffs, should be restructured so that it (1) more assertively codifies the "Kennedy Letter"; (2) grants ambassadors greater input into the resource decisions concerning the activities of all agencies in their host countries; (3) grants ambassadors greater authority to return personnel to their home offices; and (4) instructs all agencies and departments to treat performance evaluations by ambassadors concerning personnel deployed to their embassies as a principal evaluation. This last specific recommendation is the most effective way to strengthen the ambassador's capacity to coordinate the activities of his or her mission staff without violating the lines of authority between non-State Department personnel and their home agencies.

- Assert for the national security adviser a coordinative role in policy development and oversight. The national security adviser should be responsible for coordinating and integrating the increasingly diverse elements that constitute the making of national security policy. This official's functional emphasis should be the development of the strategic priorities that guide that policy. The national security adviser also must be responsible for overseeing the implementation of national security policy. However, the national security adviser and his or her staff should not adopt any operational roles. To reinforce the national security adviser's coordinative focus on policy development, the president should instruct him or her to establish an NSC Strategic Planning Office. The national security adviser's staff should have a strategic planning unit whose function would be to provide the president and the NSC with strategic analysis, long-range planning, and policy alternatives. This new entity would coordinate not only with the other offices of the White House, but also with the National Intelligence Council and policy planning staffs of departments that have significant operations abroad.



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- Initiate the annual presentation of an integrated national security budget. Today, there is no policy document that guides and explains the linkages and trade-offs between the different policies and instruments of diplomacy, intelligence, defense, and international economics, and the budgetary decisions upon which national security policy ultimately rests. The president should complement his annual budget requests to Congress with such a document. The director of the Office of Management and Budget, the director of the National Economic Council, and the national security adviser should be responsible for developing this integrated budget report and presenting it to the president and the NSC.

To summarize, an integrated national security budget would (1) force greater coordination among the different elements of the government's national security community; (2) articulate to the general public and Congress in clearer and more comprehensible terms the priorities and rationale of the administration's national security policy; and (3) foster greater consideration by all parties of the nonmilitary dimensions of national security policy and the resources necessary to effectively implement them.

### *Reforming and Revitalizing the Department of State*

No government bureaucracy is in greater need of reform than the Department of State. Revamping the department's culture, procedures, and infrastructure is critical to ensure that it not only can execute effectively U.S. foreign policy, but also that it can contribute effectively to the development of U.S. national security policy. The Department of State's institutional disarray and crumbling infrastructure undercuts its ability to present and defend its important interests and perspectives in the interagency process.

An aggressive program tackling key shortcomings at the Department of State is the central component of the resources-for-reform action plan. Decisive action here is critical to convincing a rightfully skeptical Congress that additional resources appropriated for the department will not go to waste but instead will be directed to reverse a serious national security crisis.

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To these ends, you should immediately implement the following concrete reforms:

- Recentralize the department's budget and management authorities and integrate them into the department's policy-making process. Today, budget and management responsibilities within the department are diffused to the point of opacity. Too often, it is difficult, if not impossible, to determine who is responsible for resolving administrative and budgetary disputes and problems. This has contributed to the intra-departmental bifurcation of policy development and budget management responsibilities—a bifurcation that has left the State Department's budgetary and management policies frequently incongruent with the priorities and needs of U.S. foreign policy. To correct this, the following steps should be taken:

a) Empower the deputy secretary of state to act as the department's chief operating officer. In the past, the deputy secretary of state has served as the equivalent of chief operating officer. That role and responsibility should be reestablished and strengthened. This office needs central budget control and, consequently, should be granted line authority and responsibility for managing the department's finances, administration, and human resources. Also, this important position should be filled by an individual who relishes running a large organization.

Congress recently enacted a law establishing the position of deputy secretary of state for management and resources. This move leaves the department with two deputy secretaries. The Task Force urges you to double-hat one individual to fill both deputy secretary of state positions. A proliferation of senior-level officials is not the answer to the department's management and administrative problems. Instead, what is required is the centralization of responsibility within one official who serves as the department's chief operating officer.

*Memorandum to the Secretary of State*

- b) Establish a Budget and Policy Committee. This in-house committee, chaired by the secretary and with the deputy secretary as deputy chair, should include all the undersecretaries. Its principal responsibility would be to ensure that the department's budget and personnel policies match the needs and priorities of U.S. foreign policy. Such a committee would better enable you to lead the department in the manner of a chief executive officer.
- Overhaul the State Department's human resources structures and practices. There is no greater imperative for the Department of State than reversing the crisis in morale among its personnel.

The above point was emphasized in two important studies conducted recently: *The War for Talent* (prepared by McKinsey and Company) and *America's Overseas Presence in the 21st Century* (the Report of the Overseas Presence Advisory Panel). Both studies found that while the State Department has traditionally recruited from the nation's most talented ranks, fundamental reform of the department's human resources practices is needed to reverse the decline in morale and falling retention rates. The department is implementing most of the recommendations of these reports. You should endorse this initiative and direct that its implementation be continued. You should also assign the deputy secretary of state to present to you, within six months, a comprehensive review of progress made to date. The deputy secretary should also be assigned to initiate those steps needed to complete the modernization of the practices and methods through which the department manages its human resources. Particular attention must be directed toward improving the department's selection and recruitment of personnel, expanding professional development opportunities with an emphasis on leadership training, making the department's promotion system more responsive to outstanding personnel, and enhancing the quality of life the department provides its employees and their families.

## *State Department Reform*

- Transform the Department of State's culture into one of openness and public outreach. The 21st century diplomat must be a public affairs and public diplomacy diplomat. If the department is going to operate effectively in the information age, it will have to adopt a culture of greater openness and direct greater energy toward public outreach and engagement.

With the end of the Cold War, public diplomacy has become an even more vital tool to promote American interests abroad, especially in societies experiencing rapid change. Moreover, as the private sector is an expanding contact point between the United States and other countries, the department must make greater effort to work closely with both American businesses and nongovernmental organizations (NGOs) operating abroad. They are invaluable sources of information and often are willing to support and promote the policies of the government. For these same reasons, it is even more imperative that American citizens understand to the greatest degree possible the intentions and rationale of U.S. foreign policy.

A turn toward greater openness in the Department of State does not necessitate a reduction in the security provided for sensitive information and communications. Indeed, private companies and other government agencies maintain high levels of secrecy through a variety of new procedures and technologies while at the same time conducting very effective public diplomacy and outreach.

Nonetheless, changing the professional culture in large institutions has never been a small undertaking. At the State Department, it will require your personal leadership armed with a White House mandate to develop a professional culture that embraces public diplomacy and public affairs as top priorities. Steps you should take to fulfill this charge include the following:

- a) Publicly announce that the government is giving top priority to transforming the department's culture into one that emphasizes public diplomacy and public affairs.

## *Memorandum to the Secretary of State*

However, change will not occur through a one-time announcement. At regular intervals you will have to prod department officials at all levels to move this process forward.

- b) Expand the department's engagement with the private sector, both at home and abroad. There should be ongoing consultations among the Department of State, businesses, and NGOs on issues of mutual interest, such as political and economic developments abroad, trends in U.S. foreign and economic policies, and forecasts and analysis of these issues, as well as proposals to make U.S. foreign policy more effective.
- Engage Congress more rationally and energetically. Engaging Congress, whose support is a necessary cornerstone to the effective development and implementation of foreign policy in a democracy of checks and balances, has to be elevated into a top priority. State Department personnel still regard reaching out to Congress as more of a risk than an opportunity, and they often project an air of elitist confidentiality in dealing with Capitol Hill. The Bureau of Legislative Affairs has been traditionally one of the department's weakest offices and a long-standing source of congressional dissatisfaction. It needs stronger leadership and more incentives to encourage the best FSOs to seek tours of duty there.

Failure to improve the State Department's legislative operation not only will reinforce congressional skepticism toward the department, but it will also deny you the tools needed to generate congressional confidence in the president's effort to reform America's diplomatic institutions. Steps you should take to improve the Department of State's outreach to Congress include

- a) establishing, with the president, a sustained and informal dialogue on foreign policy with Congress. You should commit yourself to meet informally on a monthly basis with the chairs of congressional committees with jurisdiction over foreign policy. In addition, you should instruct your under-

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secretaries, assistant secretaries, and principal deputy assistant secretaries to do the same with the relevant subcommittee chairs, key members, and legislative staff. To kick off this informal dialogue, the president should host a White House dinner for an informal discussion on foreign policy with key members of Congress' national security community. This White House dinner, whose participants should include the vice president, secretary of defense, and yourself, should be an annual event.

b) creating promotional incentives to attract top FSOs to serve in the department's legislative affairs bureau. In addition, appointing a person of real stature, such as a senior ambassador, to head the bureau would enhance its prestige both within the State Department and in Congress. Like the Department of Defense, the State Department should turn to its best and brightest junior and senior officers to advocate its policies and perspectives on Capitol Hill.

c) establishing liaison offices on Capitol Hill staffed by State Department personnel. Having a physical presence in Senate and House offices will facilitate much-needed personal contact with representatives, senators, and their staffs. It will provide greater opportunities to promote specific initiatives and facilitate better tracking of legislative opinions. However, these Capitol Hill offices must not simply facilitate travel arrangements for congressional officials. They must also have a strong policy dimension if they are to yield a significant improvement in relations between the State Department and Congress.

- Rationalize, renovate, and secure the Department of State's physical infrastructure. As previously noted, the Department of State's facilities—both at home and overseas—are dilapidated, ill-equipped, and insecure. Exacerbating these problems is the wasteful and inefficient management of State Department properties by its Office of Foreign Buildings Operations. In light of these conditions, it is not surprising that State Department

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morale has fallen, making it more difficult to mobilize fundamental reform.

Fixing these problems will not only require resources. It also will require significant reform of U.S. government management of the buildings and infrastructure supporting its foreign policy operations. Reform priorities must include the introduction of management practices, techniques, and standards used in the private sector, in addition to greater use of off-the-shelf technologies. Actions you should take include the following:

a) Establish an Overseas Facilities Authority (OFA): The State Department is responsible for conducting foreign relations. It should not be in the business of constructing and managing buildings. The Office of Foreign Buildings Operations should be abolished and its functions transferred to an Overseas Facilities Authority established as a federally chartered government corporation. The OFA's board of governors would comprise officials from both the public and private sectors, with representation from all government agencies having a significant overseas presence. The board should be chaired by the secretary of state, who would also maintain statutory authority for the size, location, and security of overseas posts. This entity would be able to utilize the techniques used by private-sector construction and real estate companies. The OFA would charge rent to those agencies whose personnel operate out of its offices and buildings, thereby terminating the existing cost-sharing system that burdens the State Department with an unfair proportion of the costs of providing and maintaining overseas accommodation for government agencies. The professionalization and privatization of the management of U.S. overseas infrastructure would enhance its effectiveness and cost efficiency.

You should immediately announce your intention to establish an OFA and coordinate with congressional leaders to secure the necessary legislation.

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b) Upgrade and secure facilities. Establish the renovation and security of both domestic and overseas facilities as top budgetary priorities. Expedite the implementation of the recommendations of the Accountability Review Board (ARB). (After the 1998 embassy bombings in Kenya and Tanzania, ARB issued a report enumerating steps that should be taken to improve the security of U.S. overseas posts, including upgrading windows, barriers, and warning systems; improving security training and exercises; and expanding cooperation with host nations.)

Toward these ends, you should (1) prepare a supplemental budget request that would fully fund the ARB recommendations on security that the president can submit to Congress the day after he addresses the nation on State Department reform; and (2) publicly declare benchmarks on facility renovation and security that four years from now—at the end of this presidential term—will be used to gauge the effectiveness of the president's reform effort.

c) Modernize the State Department's communication and information infrastructure. You should prepare for the president a second supplemental budget request intended to create a fund to consolidate and modernize the department's antiquated information and communication infrastructures. This supplemental budget request should clearly articulate how you intend to improve the compatibility of the State Department's systems with those of the other agencies and departments of the national security community. The program should utilize to the maximum degree possible off-the-shelf technologies.

### *Establishing a Partnership with Congress for State Department Renewal*

Like the president, you should immediately convene meetings with congressional leaders responsible for foreign policy to establish explicitly the reform-for-resources strategy. These meetings would provide opportunities to underscore that State Department



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renewal is among your top personal priorities as the department's CEO, explain your reform objectives and strategy, and list those reforms initiated during your first days in office.

### CONCLUSION

These steps constitute a reform-for-resources strategy to initiate a long-overdue and much-needed renovation of the foreign policy apparatus of the United States. All but three of the recommendations can be initiated immediately by the president. Those necessitating congressional cooperation in the form of appropriations would require an increase of approximately 6 percent in the international affairs budget.

This action plan is based on three basic assumptions. First, Congress recognizes that our nation's foreign policy apparatus is broken and needs to be fixed. Second, Congress will not provide the additional resources that will be necessary to reform the foreign policy apparatus until the president and his administration demonstrate that reform is a top national security priority. Third, action is the best form of leadership. The immediate and determined execution of the resources-for-reform action plan would boost the Department of State's morale and revitalize the department's central role in the making and implementation of national security policy. It would provide a sound foundation for a genuine partnership with Congress in this endeavor. These concrete reforms and cooperation with Congress are imperative to better serve the men and women who fill the Department of State's ranks and to ensure that U.S. foreign policy can effectively shape and respond to the opportunities and challenges of the 21st century.

## ADDITIONAL VIEWS

We are pleased to join in the recommendations of this Task Force Report, because they address specific, real problems. But we also believe that more far-reaching structural reforms are needed if the State Department is to make a credible case for more support from Congress.

The U.S. Commission on National Security/21st Century, a senior bipartisan group established by the Clinton administration and chaired by former Senators Gary Hart (D-Colo.) and Warren Rudman (R-N.H.) and with which we are associated, has looked into the same issues. It concluded that the most fundamental dysfunction in the present structure is the overlap and lack of integration of the department's regional and functional activities. No coherent integration of policies takes place below the secretary's level, if at all. (The Agency for International Development, or AID, in addition, is still a separate organization entirely.) In its final report, published in January 2001, the commission offers a major structural reform to remedy this, as well as other ideas to reverse the historical trend by which operational responsibility has gravitated to the NSC staff at the expense of Cabinet departments.

*Charles G. Boyd  
Peter W. Rodman*

Although the Task Force Report presents a number of important, creative, and needed reform recommendations, I have two additional comments. First, while State Department reform is needed desperately, there is also an absolute and urgent need for additional resources today—especially for capital investments in the communications infrastructure and embassy security areas. Many of the department's key deficiencies stem from its having been starved of resources. Current spending levels are not in the

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national interest and require immediate attention and advocacy by Secretary of State Colin Powell. Second, the report's recommendation to create an NSC Strategic Planning Office is inconsistent with the appropriate role of the secretary of state as the president's principal foreign policy adviser, spokesperson, and implementer. That role is set forth elsewhere in the report, but is undercut by this proposal.

*Thomas E. Donilon*

The merging of the USIA into the Department of State has so far not enhanced the conduct of U.S. foreign policy and outreach abroad. Indeed, quite the reverse has occurred. This effort to merge two very different "cultures" was misguided to begin with; while undoing this action is not politically possible, at least at this time, what has been lost for the promotion of American values and interests is significant. State Department leadership should do as much as it can to ensure that the talents, perspective, and methodology of former USIA officers are not lost.

*Robert E. Hunter*

I endorse the broad thrust of the report with the following additional point. I support the recommendation that there be one deputy secretary of state, who serves as the department's chief operating officer. However, I believe that the report should have made explicit the point that international affairs budgeting (function 150) may and should be delegated to a reorganized comptroller's office, which would report directly to the deputy secretary, and that routine day-to-day administration of the department may and should be delegated to the undersecretary for management, who also would report directly to the deputy secretary.

*Kenneth I. Juster*

I would add two points to the reform agenda. First, the presidential directive should recognize that implementation of foreign policy requires a team effort, in which the Departments of

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the Treasury, Justice, Defense, and others play important parts along with the State Department, and it should also recognize that policy development requires an effective interagency process coordinated by the president's assistants. Second, the president should direct the secretary of state to lead an interagency process to right-size overseas posts, matching staff with mission priorities and allocating personnel to the posts where they are most needed to meet the growing challenges of overseas service.

*Lewis B. Kaden*

As this report asserts, developing a State Department culture of openness and public outreach is a critical element of effective diplomacy and global engagement. In addition to the stated means for achieving these goals, the president and the secretary of state should also give their full support to people-to-people exchanges that develop mutual understanding between populations, provide stronger incentives to encourage FSOs to reach out to foreign populations and civil society groups, and seek to overturn or at least modify the Smith-Mundt Act, which places impossible restrictions on the Department of State's public diplomacy personnel.

*Jamie F. Metz*

A central issue—which this Task Force did not address—is the responsibility for foreign economic policy. The report properly calls for a reassertion of the secretary of state's role as the president's principal adviser on U.S. foreign policy and for lodging with the Department of State responsibility for foreign policy implementation. Clearly, the primary locus of authority within the executive branch on international economic trade issues is not in the Department of State. However, economic matters are inextricably linked with foreign policy and national security and should not be treated separately. Therefore, the new administration will have to determine the proper role for the department in the formulation and implementation of foreign economic policy.

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## APPENDIXES

## APPENDIX A

### BIBLIOGRAPHY OF REPORTS ON STATE DEPARTMENT REFORM

*America's Overseas Presence in the 21st Century* (Washington, D.C.: Overseas Presence Advisory Panel, 1999). This report proposes reforms concerning the way the U.S. government "attracts, trains, and protects its overseas personnel and the way it locates staffs, equips, and manages its overseas posts."

Consolidation of USIA Into the State Department: An Assessment After One Year" (Washington, D.C.: United States Advisory Commission on Public Diplomacy, 2000). This report reviews the October 1999 merger of the United States Information Agency into the State Department and offers recommendations for promoting public diplomacy's role in overall U.S. foreign policy.

*Equipped for the Future: Managing U.S. Foreign Affairs in the 21st Century* (Washington, D.C.: The Henry L. Stimson Center, October 1998). This report presents a series of structural and procedural reforms to the conduct of our nation's diplomacy, collectively termed Dynamic Representation.

*First Line of Defense: Ambassadors, Embassies, and American Interests Abroad* (Washington, D.C.: American Academy of Diplomacy, 2000). This study reviews the responsibilities of U.S. embassies and presents case studies of how different missions and ambassadors have fulfilled them, often under arduous circumstances.

*The Foreign Policy Struggle: Congress and the President in the 1990s and Beyond* (Washington, D.C.: Institute for the Study of Diplomacy, 2000). This report examines how the relationship between Congress and the executive branch in the realm of for-

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ign affairs evolved during the 1990s and proposes steps to improve that relationship.

*Reinventing Diplomacy in the Information Age* (Washington, D.C.: Center for Strategic and International Studies, December 1998). This report, focusing on the information revolution and the widening participation of publics in international relations, recommends sweeping changes in the Department of State and other foreign affairs agencies.

*Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar es Salaam* (Washington, D.C.: Department of State, January 1999). This report examines the facts and circumstances surrounding the 1998 terrorist bombings of the U.S. embassies in Kenya and Tanzania and presents recommendations on how to improve the security of all U.S. overseas posts.

*A Report to the President-Elect 2000* (Washington, D.C.: Center for the Study of the Presidency, 2000). This report presents a series of case studies in presidential leadership and decision-making across the entire array of presidential economic, political, and national security responsibilities.

*Roadmap for National Security: Imperative for Change* (Arlington, Va.: U.S. Commission on National Security/21st Century, 2001). This report presents a comprehensive plan for revamping the national security departments and agencies so that they can better address the challenges of the 21st century.

*Taking Charge: A Bipartisan Report to the President-Elect on Foreign Policy and National Security* (Santa Monica, Calif.: RAND Corporation, 2000). This report defines key priorities and challenges that should shape the presidential agenda in the realm of diplomacy and national security.

*The War for Talent: Maintaining a Strong Talent Pool* (McKinsey and Company, 1999). This study, commissioned by the Department of State, analyzes the needs perspectives of the department's Civil Service and Foreign Service personnel and

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provides a comprehensive list of recommendations to improve the department's management of its human resources.

*Who Needs Embassies? How U.S. Missions Abroad Help Shape Our World* (Washington, D.C.: Institute for the Study of Diplomacy, 1997). This study examines the functions and challenges of diplomacy, using five U.S. embassies as case studies.

## APPENDIX B

### SUMMARY OF PREVIOUS REPORTS ON STATE DEPARTMENT REFORM

Over the last several years, numerous senior-level task forces have convened to examine and assess the state of America's foreign policy making and implementing apparatus. The reports examined by this Council on Foreign Relations–Center for Strategic and International Studies Task Force are listed in Appendix A. A review of the recommendations of these reports yielded a number of common themes. They urged the president and secretary of state to

- enhance interagency coordination;
- submit an integrated foreign policy and national security budget;
- improve State's bureau of legislative affairs;
- improve State's management of its human resources;
- improve the vetting process of ambassadorial nominees;
- modernize State's communications and information infrastructure;
- renovate and better manage overseas facilities;
- rationalize and resize State's overseas posts;
- strengthen ambassadorial authority over embassy staff and policy implementation;
- reduce the use of special envoys;
- expand State's engagement of the private sector in shaping and implementing policy.

There were no fundamental conflicts among these reports except in two aspects. First, one study, in contrast to the others, not only sought to improve the diplomatic functions of the State Department, but also identified a need to put foreign policy making and

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implementation responsibilities in the department on a global and regional basis.

Second, several of the studies called for the responsibility of making and coordinating foreign policy to reside with the national security adviser and his or her staff. (However, in the national security community, some experts strongly believe that responsibility for foreign policy making and implementation should reside within the Department of State.)

The following outline synthesizes and consolidates a broader array of the principal recommendations of the reviewed reports. This list served as an informal “options menu” for the members of the Task Force on State Department Reform as they developed this report.

### I. Enhance intergovernmental and interagency coordination and outreach

#### *A. Interagency coordination*

- Use the NSC as the principal mechanism for interagency consultation, decision-making, and coordination, and establish within the NSC staff an office responsible for long-range planning and assessment of national security policies.
- Initiate a fundamental review of all major aspects of America’s engagement abroad.
- Establish an interagency board on international monetary issues led by the NSC or the National Economic Council, to include the secretaries of state, treasury, and commerce, and the U.S. trade representative.
- Reestablish the White House Council on Environmental Quality and include in it the Departments of State, Defense, Justice, Interior, Health and Human Services, and Agriculture, and the Environmental Protection Agency.
- Consolidate the existing foreign services, including the Foreign Commercial Service and the Foreign Agricultural Service, and subordinate them to the secretary of state.



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[Note: Some studies proposed creating a National Security Service Corps to enhance civilian career paths.]

- Strengthen links between the Department of State and the Department of Defense.
  - Conduct periodic regional crisis-management simulations.
  - Reinvigorate the Pentagon's foreign area officers program.
  - Assign each CINC (Commander in Chief) a political adviser with the status of ambassador.

### *B. Legislative affairs*

- Make constituent relations a priority of the Department of State.
- Strengthen the Department of State's outreach to Congress.
  - Provide incentives for the best FSOs to serve in the legislative bureau.
  - Attain space in congressional buildings for congressional liaison offices.
  - Establish a bipartisan group of prominent individuals whose mandate is to strengthen legislative operations in the Departments of State and Defense and the NSC.

### *C. Budget*

- Submit to Congress an integrated "foreign policy and national security budget that would explain the connections, choices, and trade-offs among different instruments of foreign policy and national security."
- Consolidate all State Department programs and activities, including personnel and operating expenses, into a single foreign operations budget request.

## II. Improve administrative and human resources management practices

### *A. Human resources practices*

- Conduct a comprehensive workforce planning review to identify skills needed by the State Department.

## *State Department Reform*

- Improve procedures and guidelines for recruiting.
- Review and then improve the current “up-and-out” promotion system and introduce a “fast-track” promotion process.
- Develop a comprehensive strategy to improve the quality of life for overseas employees, especially those with families. This should include streamlining procedures and burdens concerning travel and relocation.
- Provide expanded opportunities for training and education.
- Make the State Department better able to respond to surges in personnel demands overseas.
  - Develop the concept of mobile embassy sections.
  - Make staffing procedures more flexible.
  - Revive and expand the Foreign Service Reserve.
- Establish an independent panel of advisers to vet potential ambassadorial nominees, both career and political.

### *B. Administrative reforms*

- Aggressively use technology.
- Rationalize the distribution of functional assets.
  - Centralize some specific functions back in Washington (“back-sourcing”), others in regional centers abroad, and others in posts (“localization”).
- Create a professional cadre of administrators.
- Assign foreign nationals greater administrative responsibilities in overseas posts.

### III. Modernize information and communication technology infrastructure

- Establish a \$400 million Information Technology Working Capital Fund to modernize the State Department’s information and communications infrastructure, and to develop a government-wide communications system for U.S. international relations.

## *Appendixes*

- Consolidate State's communications infrastructure (which presently consists of four systems) into two systems, one unclassified and one classified.

### IV. Enhance overseas infrastructure management and security

#### *A. Management*

- Establish an Overseas Facilities Authority (OFA) as a federally chartered government corporation to replace the Foreign Buildings Operations office now situated within the Department of State. The OFA should serve as the principal body responsible for building, leasing, renovating, and maintaining overseas office and residential facilities.
  - Grant OFA the authority necessary to fulfill its responsibilities.
  - Allow OFA to charge agency tenants rent to cover operations and management costs.
  - Appoint the secretary of state or designee as chairperson of OFA's Board.

#### *B. Improving overseas facilities*

- Seek from Congress the funds necessary to renovate and secure all overseas posts.

#### *C. Embassy security*

- Implement the Accountability Review Board (ARB) recommendations concerning
  - Workplace security enhancements, including establishing emergency action plans for all posts; meeting the Inman standards for physical security; revising the "Composite Threat List" so that it gives greater weight to transnational terrorism; expanding the number of posts with full-time regional security officers; and attaining the financial resources necessary for these upgrades;
  - Better crisis-management systems and procedures, including acquiring an aircraft specifically to support embassy emergencies; and promoting better coordination with the Department of Defense;

## *State Department Reform*

- Intelligence and information, including improved intelligence-sharing among the Department of State, the intelligence community, and the FBI, and assigning a qualified State Department official to the Director of Central Intelligence's Counterterrorism Center.
  - Make the deputy secretary of state responsible for overseas security and the implementation of ARB recommendations.
- V. Consolidate State Department and AID bureaus
- Replace the State Department's current structure of regional and functional bureaus with an undersecretary for global affairs, an undersecretary for management, and five undersecretaries responsible for, respectively, Africa, East Asia, Europe, Inter-America, and Near East/South Asia.
  - Integrate the Agency for International Development into the Department of State.
- VI. Resize embassies and reinforce ambassadors
- A. Overseas posts*
- Establish a permanent interagency Overseas Presence Committee (OPC) that would
    - Conduct a review of the size and location of all overseas posts;
    - Establish criteria for the size and location of overseas posts;
    - Serve as a permanent mechanism to continuously resize overseas posts.
  - Consider regional hubs, small posts, and one-person posts.
- B. Consular operations*
- Conduct a worldwide customer satisfaction survey (of both American and foreign customers).
  - Allow the Bureau of Consular Affairs to reinvest all its revenues.

## *Memorandum to the President*

[Note: Some studies proposed giving the State Department the authority to reinvest these revenues wherever it deems appropriate.]

### *C. Ambassadorial authorities*

- Reinforce the ambassador's authority, particularly over embassy staff from other agencies, and expand the ambassador's discretion in the implementation of policy.
  - Reduce appointment and use of special envoys.
- Require mission statements and country budgets from every embassy.
- Enhance the role of the deputy chief of mission.

## VII. Access and promote the American private sector

- Integrate the activities and insight of nongovernmental organizations, American businesses, and citizens with links abroad into policy formulation and implementation.
- Establish within the White House an office with this mandate.
- Facilitate forums that engage the State Department, Congress, businesses, and community interests.
- Create embassy business liaison offices by merging embassy economic and commercial sections.

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