A Brookings Press Briefing

Brookings Report Urges Congress to Revise President Bush's Homeland Security Proposal

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MR. JAMES STEINBERG: Good morning and welcome to Brookings. Thank you all for coming out at this early hour on a Monday morning. We're going to be presenting today our new study on homeland security.

Many of you know about two months ago we released our first study called Protecting the American Homeland which looked comprehensively at an overall strategy for homeland security, and in our second report which we're releasing this morning we focus particularly on the issue of reorganization and how reorganization can or might not contribute to the overall homeland security mission.

We welcome people here and the people viewing this by WebCast. We're going to go for about an hour and 15 minutes or so. I may have to step out a little bit early, but if the conversation is still going my colleagues will continue the discussion.

As I mentioned, this is a follow-on to our earlier homeland security report. I think it reflects the increasing pace of attention that both the Administration and the Congress are giving to these urgent questions of homeland security. I think our general view is that the Administration should be commended for taking the process one step forward. As you all know, the original plan focused exclusively on an interagency coordinating body in the White House, the Office of Homeland Security, and we argued last April, and many members of Congress have argued during this time that there are some important further steps towards consolidation that can and should take place so I think the Administrative's Administration's initiative should be seen in the context of I think a growing consensus that there is a need for some consolidation and reorganization, but just what form that should take is a matter of debate and that's what our contribution focuses on.

There are four major points I think in our study that we want to stress today and you'll hear more detail from my colleagues about the various parts of it. The first is that reorganization by itself is not a panacea. Good organization is necessary but not sufficient condition for carrying out this important task. Most important of all there's a need for strategy of homeland security to drive the organization not vice versa. We've been concerned that there has been a sort of slow-motion movement towards developing an overall homeland security strategy. Meanwhile the Administration has tried to move forward both on the budgetary and reorganization front and we think there's a danger of the tail wagging the dog here and that there is an important need for that strategy to be forthcoming so that Congress and the American people can debate it and see the reorganization in the context of that strategy.
The second point that we make in the study is that while consolidation can be useful, it's important to think carefully about both the costs as well as the benefits. That is that there are clear benefits from bringing common functions under the same roof but there are also costs in terms of administrative time, in terms of distracting from the main mission at hand, and that each element of the consolidation needs to look very carefully at that cost/benefit perspective.

The third major point is that Congress needs to step up to the plate as well. That while the administrative reorganization is obviously at the center right now, as we've seen from the efforts by Congress to deal with the Administration proposals, that there is a clear need for streamlining and reorganization in Congress and Jim Lindsay will talk in more detail about that.

Finally, there is a need to focus on coordination not only at the federal level but also at the state and local level and the interface with the private sector. This is an effort that will take place to a very large degree and in ways that I

think have not gotten sufficient attention by state and local officials, by the private sector itself, and this reorganization effort needs to be paralleled with appropriate attention towards the state and local effort.

As you'll see in the study, our focus in terms of thinking about the strategy and how the reorganization should relate to it, focuses on prevention. We focus primarily on consolidating border agencies that are designed to stop dangerous people and dangerous things from coming into the United States and on increasing our capacity to identify threats. While we obviously recognize as we did in our original study that dealing with the problem of emergency response is a critical homeland security feature. We're not persuaded that consolidating at this time into the preventive functions of the border security activities will necessarily produce real benefits.
We also focus in some detail in our study on the intelligence function, a debate which has been go
ing on in the Congress for some time as you all know. The Congress has decided for the moment to defer the questions of how to deal with the FBI and the CIA. We take that on a bit in the study and argue that there is a need for a single, consolidated threat fusion center that can look at all the dimensions of the threat invulnerabilities and have access to all relevant information including raw intelligence and law enforcement data. So we also argue that as far as intelligence collection goes, that particularly the domestic intelligence collection function, not the analysis function, but the collection function should remain at the FBI.

Let me now turn it over to my colleagues. Ivo Daalder will talk generally about our overall approach to reorganization. Paul Light will talk about the management choices in an alternative way to address the kinds of flexibility that are needed without unduly damaging the system. And finally, as I said, Jim Lindsay to talk about the Congress.

Ivo?

MR. IVO DAALDER: Thanks, Jim. Good morning.

Let me make four points in order to lay out how it is that we come to propose what it is.

First, if you look at what Congress has done in the last week or so you see there is a growing unhappiness with the proposal that the President put forward on June 6th and that he sent up to the Hill for consideration on the 18th. There are large issues regarding how to manage a department of this size — issues that Paul will talk about.

Second are large concerns about what will happen to all the non-homeland security functions that are accompanied with the agencies that are being merged here. Twenty-two agencies are being proposed, all but one of which existed for a long time with roles and responsibilities that have absolutely nothing to do with terrorism or countering terrorism. Those functions and those roles will accompany the agencies into the new department and there is worry on the Hill about what would happen to those functions.

Thirdly, an issue Jim mentioned is the intelligence issue. That clearly was something that didn't quite work right prior to September 11th and we would like it to work right the next time around. As Jim said, for now the issue of what to do with the FBI and CIA is being deferred pending the conclusion of the Select Committee's hearings and deliberations on this issue.

The Congress is moving in some sense on a very fast track that Jim Lindsay will talk about, trying to respond to the President's request to move quickly but at the same time also trying to do the right thing.

What happens as a result is that what Congress has been doing in the last week or two is suggesting piecemeal changes to the Bush plan. The Bush plan remains the fundamental blueprint for both the Senate and the House and they're trying to chip away at parts of it but they're doing this in an ad hoc fashion. They're doing it without a strategic blueprint, without a sense of what it is that you're trying to accomplish by putting these agencies together. Stripping agencies and capabilities away from the plan, for example the notion that the Coast Guard should not be part of it, which was suggested by the Transportation Commission; that FEMA should not be part of this which was a suggestion by both the Judiciary and the Transportation Committees, that parts of INS shouldn't be part of it, that the Secret Service may well go out of Treasury but ought to go to the Justice Department, etc.

The Administration has responded to these piecemeal changes by accusing the Hill of playing turf politics. To some extent that's true. To some extent you have strong congressional representation with regard to particular agencies and that is being protected. But there is also a deep unhappiness with what is actually being proposed and a search for a way out of this problem, the unhappiness that is there, the problems that are there with regard to the Bush plan. What we propose is to provide a strategic framework for thinking about how you would reorganize. As Jim said, our focus is on prevention first and foremost. Preventing terrorists from coming into this country. Even if they're in this country, preventing them from action against particular targets, preventing them from acquiring the means of transportation or the means of destruction that are necessary to do us harm.

As a result, we emphasize three fundamental tasks of any reorganization with specific details of which agencies ought to do those tasks. Those are all in the report and I'm not going to bore you with exactly what agencies and what organization and box will be moved into this department. But the three tasks are important.

First, like the Administration, we emphasize border and transportation security. The notion that you take many agencies that have some responsibility for guarding our borders and securing our transportation systems inside as well as across our borders, ought to be going together. They ought to be merged as much as possible. We ought to have, as you enter Dulles Airport or any international airport, an INS man with one badge and one uniform and a Customs Service official with another badge and another uniform and an Agricultural Inspector with yet another badge and another uniform all working with different databases. These people ought to work with the same database, wearing the same badge, wearing the same uniform, do the same job, which is keeping bad people and bad things from coming in and making sure that good people. The people that we want to come in and the goods that do come in are eased, the flow of which is going to be eased. So that's task number one.

Task number two, we need to protect our critical infrastructure— the food, the energy, the water, the information and financial systems—on which our daily life depends. It's those critical nodes that if taken down may cause us extraordinary harm, both physically in terms of the number of people who will be affected and in terms of the indirect consequences for our economy and our national psyche. We believe that these functions which are now widely distributed throughout the government and which are not a responsibility of any particular department ought to be merged into a single division of this new department.

Thirdly, the issue mentioned by Jim, we believe that this department is the right place for bringing together all the information on terrorist threats to the United States. Information from the intelligence community that's collected abroad and information from the border and the transportation security units, as well as the FBI and other law enforcement capabilities that exist at home. That information ought to be sent to a single place, analyzed and assessed by a single group of people. In this sense we go beyond, quite a bit beyond where the Administration is with its proposal.

Finally, we leave some things out. We argue that at least for now the issue of emergency preparedness and response and the issue of chemical, biological, radiological and nuclear countermeasures is an issue that is not yet ripe, and may never be ripe, but at least for now is certainly not ripe for inclusion into the department. We do believe, like the Administration, that FEMA is the core, the Federal Emergency Management Agency, is going to be the core of any emergency preparedness and response capability of the federal government and we support merging into FEMA the various programs and agencies and centers that exist within the federal government that help, for example, state and local first responders to be trained against chemical and biological attack and a variety of other programs.

We believe that ought to become part of FEMA, but FEMA ought to remain independent, basically for three reasons. One, let's not overdue the merger of too many agencies for the administrative cost reasons that Paul will talk about. Two, if you do bring FEMA into the Department of Homeland Security, the Department of Homeland Security will become the responsible agency in case of a massive national disaster, be it a Hurricane Andrew or an LA earthquake or what have you. In that case the entire department or major parts of it will start to focus on the immediate response question with regard to the natural disaster and not respond to the wider, and to thus, primary mission of protecting our homeland against terrorist threats. And third, by merging FEMA which has been emerging in the last ten years as an extraordinarily effective agency into this department, you are not likely to improve its performance, but you are likely to reduce its performance.

On the chemical, biological, radiological and nuclear issue, we think there is a much larger scientific research and technology development piece that needs to be looked at in a much more coherent fashion than the Administration proposes to do. What we need as the National Research Council and many others have said, is to start thinking about how do you bring science and technology to bear on this issue of homeland security? It's not an issue that the Administration really addresses in its proposal other than in the particular case of the chemical, biological, radiological and nuclear side and there it is stripping parts of the department and, not whole agencies. It's trying to make divisions between civilian research which is ongoing, and homeland security-related research which in fact from a science point of view doesn't exist. What you do for helping people to deal with infectious diseases in the civilian area is very similar, in fact it's identical in many instances to what you would do in order to protect in the case of a biological weapons attack. So we would argue that the Administration needs to rethink this issue in a larger context of how science and technology can be brought to bear.

A final point is whatever we do with regard to reorganization, whether you have the more focused department that we propose or the larger department that the Bush Administration proposes, the coordination of this department with all the other aspects of homeland security both within the federal government and between the federal, state and local governments and the private sector, will remain a central requirement of government and it has to be located in the White House. So let's not forget that even if you build a big department, as big as the Bush Administration proposes, only 20 to 25 percent of all the agencies in the U.S. government that have a role in homeland security will be included in this department, meaning that 75 to 80 percent of all agencies are not included. They need to be involved, they need to be coordinated, they need to be led, they need to be mobilized in order to get the homeland security strategy functioning correctly. And in order to do that you need a centrally located coordinator which is in the White House and something like the Tom Ridge office that exists now will have to exist under those circumstances as well.

With that, let me pass it on to Paul.

MR. PAUL LIGHT: If we could get Ivo to coordinate homeland security it would be a major step forward. Ivo actually coordinated all of the work of the authors of this report and really did a great deal of the heavy lifting, so my hat's off to Ivo for his efforts here.

Three quick points and then I'll address the question of can this organization be managed.

I think what you're seeing here in terms of this reorganization effort is a reaction to the general confusion in the federal organization chart at large. It's been over 50 years since our government has taken a systematic look at the organization chart and you're seeing a lot of movement on Capitol Hill right now towards reorganization as the answer to all that ails us. Reorganization of the food safety agencies, reorganization of the intelligence agencies and here reorganization of homeland security. That's a natural consequence of the confusion over the past 50 years. Second, we're seeing a shift away from the dominant themes of management of the last 12 years, dating back to the first Bush Administration, where customer satisfaction and decentralization were given a premium. Agencies were told to satisfy the customer be he or she a returning traveler from abroad, or somebody applying for a visa, or somebody who wanted to do imports or exports, the whole focus was on customer sat and decentralization. Right now you're seeing a swinging of the pendulum towards a focus on due diligence, discipline, deterrence and recentralization.

Finally let me make one point that I think that undergirds my view of this study that is being released is that it's easier to glue something into a department later than to unglue something from a department if you think you've made a mistake. Once you put it in there it's very difficult to break it out.

Let me go into three questions about whether this organization can be managed. The first point is that this is a very large organization, whether you talk about the more focused approach in the Brookings report or the President's report, everybody is underestimating, including the Congressional Budget Office, just how big this organization's going to be.

The common figure is 170,000 employees. The real figure is at least 200,000. Both Bush and CBO neglect the hiring of 30,000 baggage screeners. Those are in the Transportation Security Administration budget, we just neglected to count them. When you add in the increased hiring requests for Border Patrol, Customs Service, you talk about the

headquarters, you talk about the expansion of Coast Guard, I would guess that at the end of the day the President's proposal will be about a 225,000 full-time equivalent department. The Brookings proposal would be maybe 190,000, somewhere in that neighborhood. It's a big bunch of people because this is a labor-intensive activity. It's not a contract or grant-intensive activity. There are a lot of bodies here to manage.

So that's neither good nor bad, it just is. There's a lot of upset on Capitol Hill right now among conservatives. Some Republicans who want this to be budget neutral and personnel neutral, it can't be done.

I know that the Secretary of Treasury last week testified that the private sector does mergers all the time where you get no net increase, in fact you get decreases. Whenever a private sector employee hears the words economies of scale, they think pink slip.

We're not going to have pink slips in this reorganization. We're not going to have downsizing and we are going to have growth and we perhaps should have growth.
A second question, will efficiency be affected by the move? The reorganization is going to unsettle some agencies. It's going to weaken for a short period of time the ability of some agencies to do their job. I'm particularly concerned about the Transportation Security Administration which is in such a fragile moment of startup that a move to a new department or agency could unsettle it, but it's got to be done. Just because it's got to unsettle it a little bit doesn't mean that it isn't the right thing to do. We look at organizations like Customs and INS which are in very serious, or having very serious difficulty. The INS right now, Immigration and Naturalization, is arguably the worst-run agency in the federal government. It's going to be poorly run in the new department, it's going to be poorly run where it currently is unless you do something to improve its performance.

Finally, this legislation contains a number of administrative waivers to allow the Secretary the flexibility to run this department and reorganize this department quickly and flexibly.

There is extraordinary breadth in the authority to reorganize the department without congressional review. There's extraordinary authority within this legislation to create a new civil service system that is flexible and contemporary. Those are two words that can have many meanings. That particular waiver has become a Rorschach test for federal employees who can put on to the words flexible and contemporary whatever meaning they so wish.

What I argue, what we argue in this report is that if you're going to give the Secretary this waiver authority, and there will be roughly 60 to 80 personnel systems in the Brookings or the President's proposal that have to be melded together. Right now the Transportation Security Administration is robbing the Border Patrol for air marshals. The Customs Service, Customs inspectors are the most poorly paid law enforcement officers in the federal government. They're migrating as quickly as they can to Border Patrol, then they're leaving Border Patrol to go to TFA. We're going to have to do something to create a civil service system here that's flexible and contemporary, but we can't give the Secretary such breadth of authority that he or she can pretty much reorganize and build a civil service system without any guidance whatsoever from Congress. What we recommend in the report is that Congress should provide greater guidance on the core principles of the waiver. There's plenty of legislation that Congress has enacted over the last ten years or so that might guide a more structured civil service system.

We believe that the Secretary needs greater flexibility but it cannot be unfettered flexibility.

Can this organization be managed? Absolutely. You're going to need a senior executive core in this new department that's fully up to the task and that's not spending its time putting out fires based on waivers and authorities that aren't well defined.

I'll think I'll move then now to Congress.

MR. JAMES LINDSAY: Thank you, Paul.

Paul quite rightly points out that it's going to be a major challenge for the Executive Branch to manage this new Department of Homeland Security. I would also suggest it's going to be a tremendous challenge for Congress to oversee this new department and to talk about raising questions about how Congress wants to organize itself to the issue of homeland security.

What I want to do briefly is talk a little bit about the action that's likely to unfold on the Hill in terms of passing the bill in the coming weeks and then turn to the question of how Congress should be organized to deal with homeland security.

As Ivo pointed out during his remarks, the House actually started moving on the President's proposed legislation last week and what we saw were a number of steps by the various authorizing committees in the House to try to pare back the size of the President's proposal, indeed proposing or recommending some of the steps that we actually oppose in the Brookings study, the Judiciary Committee in the House recommending that FEMA not be swept up into the new Department of Homeland Security recommending that the service portion of INS remain in the Justice Department, the House Appropriations Committee arguing that the new Administration should not receive unfettered rights to reprogram money and a variety of other steps.

The operative word here is recommend. What the House committees did last week was were in essence to draft their recommendations for an entirely new and separate committee, the Special Select Committee chaired by Majority Leader Armey that is actually responsible for writing the bill that will go to the floor of the House.

I believe that Mr. Armey's committee began its series last week having Secretaries Rumsfeld, Ashcroft O'Neil and Powell over to the Hill. They're going to have a hearing today, I believe, where Mr. Ridge is going to come testify. The goal of the Armey Select Committee is to draft a bill and have it to the floor of the House come next week. The interesting challenge facing Mr. Armey is clearly the Republican leadership which set up this special committee to try to broker the competing factions in the House, would very much like to deliver something along the lines of what the White House proposed, but it's quite clear they face considerable opposition not just in Congress as a whole but within the Republican Party, and particularly from very important committee leaders to the shape and direction of the department. So clearly Representative Armey's committee is going to face significant challenge trying to broker those competing demands.

On the other side of the Hill, the Senate is scheduled to take up its consideration of legislation next week. Rather than creating a Special Select Committee the Senate is instead going to rely on the Governmental Affairs Committee under the leadership of Senator Lieberman which has already drafted its own version of such legislation. It will begin its markup I believe the middle of next week. Like the House, its goal is to get a bill to the floor of the Senate and voted on the following week so we can have a bill that can go to conference while Congress goes to recess, I believe it's now scheduled for August 2nd. The goal, of course, is to have the entire legislation passed before September 11th.

Clearly the political dynamics at one level favor rapid congressional action on the legislation for a new Department of Homeland Security. Many Republicans would like to be able to offer President Bush a victory on this issue and I think a number of Democrats see a sort of quick movement on the Department of Homeland Security not only as good policy but good politics. If you get this off the agenda you can talk about education, prescription drug benefits and other issues that Democrats want to be talking about in the months leading up to the November election.

I think really the coming week is going to be pivotal to be able to keep on that schedule. Indeed we'll have a really good sense of how this is going ifs Representative Armey's committee can actually bring a bill to the floor by next Monday as it is proposed. If it doesn't, I think it's a real signal that they're having trouble sort of brokering their competing demand within the House.

Whether we get a bill to create a new Department of Homeland Security by September 11th or if it comes toin October or requires a lame duck session, we are eventually going to get a new Department of Homeland Security. The debate now is really only on the question of what goes into this department.

Of course when the department is created the question is going to be raised of how Congress is going to oversee it. I think it's fair to say that proper congressional oversight is going to be critical to having a well-functioning department because Congress brings an independent perspective to these issues. , iIt can provide a political scrub for Administration proposals. , iIt can identify cases where the Administration forgot issues or is proposing things that aren't going to pass politically.

The question though is how well organized is Congress itself to conduct the oversight of a new department. The answer is not very. I think the evidence of that is looking at how the House had to organize itself to consider this legislation by creating a select committee.

The reality is that when it comes to a new Department of Homeland Security that the current congressional organization is widely fragmented. As things stand right now, if President Bush's proposal is enacted as requested, it would be overseen by eight different committees in the House and nine different committees in the Senate. I should point out a number of those committees only have really small jurisdiction. To just focus on the core of the department, the border security agencies that we've talked about, even in that case you're talking about four authorizing committees in the House, five authorizing committees in the Senate plus five different House Appropriation subcommittees, and another five Senate Appropriation subcommittees. Dispersing bursing oversight authority in this fashion guarantees coordination and perspective [ph] the problem. Committees aren't necessarily going to be aware of what other committees are doing., No one is in a position really to make tradeoffs among competing demands, and you have the real problem of "let George do it" problem variety in which there is a gap that's developed in homeland security because nobody quite clearly has responsibility for that.

So clearly Congress has to rethink how it oversees homeland security so it is properly positioned to handle this new department. The question is how do you do that? What would a proper congressional reorganization look like? As we discussed in the Brookings report, a number of ideas sticking out there. Many of them simply don't meet muster. Clearly thereis one idea for having select committees in both chambers, that would be committees of committee leaders, you would keep in essence the current system and you would glom onto another level of committees that would bring together the heads of the various authorizing committees. This proposal is unlikely to be workable for a variety of reasons. Perhaps most notably that committee chairs are going to be really sort of caught up doing their own committee business and may not really have the time and energy to devote to following not only what's happening in their committee on homeland security but what is happening in other committees. It also sort of perpetuates the whole problem of fragmentation, of having simply too many cooks trying to prepare the soup.

What we recommend in the Brookings report is for Congress to have a thorough reorganization that would number one create an entirely new standing committee for homeland security and that would create new appropriation subcommittees in the House and Senate Appropriations Committees specifically for homeland security. Such a restructuring would institutionalize oversight responsibility in Congress, thereby increasing the chance that oversight is going to be done on a routine basis. Oversight is always easy to get when issues are in the headlines. What you really want is oversight when no one is paying attention to an issue.

It would also greatly reduce fragmentation, increase the chance that someone in Congress is going to be able to take a wider view of the issues that the Department of Homeland Security is going to have to deal with.

I should point out that creating a new standing committee in both the House and the Senate would require rewriting the rules of both chambers. It can be done, it's been done many times in the past. And also it would not hollow out the jurisdictions of existing committees. One of the interesting things about all these committees is that their chunk of homeland security tends to be something that's really sort of peripheral to their main mission. It's not as if the Judiciary Committee loses part of INS. The Judiciary Committee will not go out of business and it will have nothing to do.

Clearly there is political opposition on Capitol Hill for such restructuring. Where does it come from? The usual suspects. The chairs of the authorizing committees who are not very eager to give up on turf. A number of them, particularly Don Young, the Chairman of the House Transportation Committee, have vowed to lay down in the street if necessary to stop any such restructuring. Senate Majority Leader Daschle tried to put out fires very early by saying he's not really interested in reorganization right now. But I think there's a growing sense on Capitol Hill that something is probably going to have to be done. What is interesting is a number of very prominent individuals over on the Hill have suggested that much. Trent Lott has suggested some rejiggering lig is going to have to be done. Denny Hastert said it's something they're going to have to look at. Senator Lieberman has already come out in favor of a standing committee for homeland security. So I think eventually we're going to have to see Congress step up to the plate to address its own shortcomings when it comes to homeland security, and I think we're going to eventually

although perhaps painfully and slowly, see some major restructuring on Capitol Hill as well as in the Executive Branch.

MR. STEINBERG: Thank you all. Let's turn to questions.

VOICE: I think as Chairman Young would say, he's not going to lay down any streets if he loses— [Laughter]

VOICE: I think that's what scares people.

QUESTION: Erica Gaston, I work at Brookings.

My question was, you were talking about consolidating to a new homeland security committee in Congress. Did you consider putting all of the responsibility for oversight to one of the existing committees, or was that too much work? I just wondered what your thoughts were on that.

MR. LINDSAY: You could do that, it's a theoretical possibility. The problem you run into is that you would then end up creating in some sense a mega-committee that would have tremendous responsibilities that would A, be politically very unpopular because in some sense other committee chairs aren't going to want one committee to be greater than all the others.

The other problem is you would end up having a committee that would have far too much to do. That is, it would have sort of a traditional business, and then it would have to learn a whole new set of skills, a whole new set of issues, and I think the end result, you would end up defeating the purpose of a reorganization.

MR. STEINBERG: I think if you take Paul Light's point seriously and you think about the size of the department, and even if you limited the jurisdiction of the committee just to the functions the department was undertaking and not other homeland security things, you're talking about one of the largest departments in government, and therefore the challenge of handling this by itself, it seems to me, is going to be more than enough for one authorizing committee.

MR. LIGHT: My puzzle here, and Jim may have an answer to it is you've got 28 presidential appointees in this bill of whom 14 have to be confirmed, and I think the Senator Byrd is going to assure that all of the appointees are confirmed. But I can't quite figure out who's going to do the confirming. You've got a slate of people who will go up there and where do they go? Which committee has the primary— Judiciary, perhaps? Or do you have a sense of it?

MR. LINDSAY: This is not an issue they have confronted at this point. There have been agencies in the past that have had their appointees confirmed by a variety of different committees. FEMA I think had its appointees confirmed by five different Senate committees. So this is not unprecedented but it points to the great problem Congress has. It's not currently organized to do this in a sensible fashion.

MR. DAALDER: Governmental Affairs has jurisdiction over the reorganization by Senate rules but would not have jurisdiction over the department, I don't think. But somebody's got to figure out who does the—

MR. LINDSAY Presumably it would be a decision made by Mr. Daschle or depending on the election in November Mr. Lott or Mr. Nichols.

QUESTION: John Doyle, Homeland Security and Defense Weekly.

In your opening remarks you talked about a need for the federal government to interface with the private sector and I was wondering if you could address that in a little more detail and how that would work.

MR. STEINBERG: If you think about the broad range of functions that relate to homeland security the private sector plays a big role in almost any of it. To begin with, if you think about the border security function, while the federal agents will play a big role, it is also the case that carriers play an enormously large role. Air carriers, cargo carriers and the like. They are an important part of the overall effort to prevent materials and people from getting into the United States. They are going to have to be integrated into the strategy.

If you think about the infrastructure protection function, something we've been dealing with ever since PDD '63, President Clinton's order on infrastructure protection, the interface between the private sector and the government has been a critical and very difficult question and one that has not gone very well. What is the responsibility of telecommunication carriers? Of gas pipeline carriers? How are they integrated into the overall strategy?

If you think about emergency response and think about the fire departments and the police departments, but what about local hospitals? What about doctors? What about all the different communications, telecommunications workers in a local community, the people who are going to have to deal with all these problems.

In each case, in each function of homeland security the private sector is critical.

On the information side, we're realizing more and more that while intelligence collection by government agents is important, so is data and information that can be provided by the private sector. So the overall strategy has to be deeply integrated into the private sector and recognize that in every function, unless the private sector is involved in the planning and the decisionmaking and the execution, we're not going to have an effective homeland security.

We have focused up to now a little bit on the infrastructure protection side in developing interface between the government and industry associations and the like, but what we advocate in the study is equal attention to that integration on the local level. By creating local and state task forces that directly involve the private sector as a key part of both the planning and the execution function, and seeing it as a seamless question that deals with the fact that ultimately there can't be a public/private division there.

QUESTION: Gary Mitchell from the Mitchell Report. I want to sort of bracket two questions together.

The first is whether anything in the course of the last two months since you did the first homeland security session here, has there been anything in the last two months that's called Brooking to sort of rethink its initial thinking about the homeland security equation?

And second, do we have some institutional learning to look at from prior reorganizations as large as the one that was done when Truman was President and smaller versions around FEMA or DOE, etc.?

MR. STEINBERG: Let me take the first part and then ask Paul to comment second and others on the first.

I think the thing we have focused most on, that we've done further learning on since our study is one, the intelligence collection and analysis piece in which we now have a sense of a stronger need for an all-source single fusion center for intelligence at this agency. It's something the initial study was somewhat skeptical about but I think we've become convinced that there is a need for that and a need for capabilities. There will be some duplication with other parts of the intelligence and analysis community, but this seems to us to be a real priority that needs to be addressed immediately.

We've also done some more thinking and I think we want to continue to do some more thinking about this issue of the science and technology community and how that relates to homeland security.

There are clearly urgent priorities in the science and technology front, some of which were identified in the NRC study that Ivo talked about, but we don't have an architecture to think about how to pull those pieces together.

It is true that if they're not connected with the homeland security department there's a danger that they will not get the priority in the research community that they would otherwise get in a DHS because there aren't necessarily the scientific communities priories.

At the same time we're very conscious of the fact that there are synergies and sort of indivisibility about the character of research that makes it difficult to hive it off and still be very effective. So we think there is a need for new architecture there and I think that neither we nor the Administration have fully come up with a satisfactory response on that.

MR. DAALDER: In terms of reemphasizing what we learned when we did the first study as opposed to what we've changed in the last two is important. Two things.

One, when you actually look at our proposal and look at what we proposed in April, they're very similar. The reason is two. We believe that the way you need to organize is to think about what your strategy is. And we said in April, and we are saying again today, reorganization cannot be a substitute for strategy. We still need a strategy. We're still waiting ten months after September 11th, we're still waiting for the White House for delivering its strategy to not only the President but most importantly to Congress and the American people about how are we going to protect our homeland from terrorist attacks?

We had this massive reorganization that has in fact now become a substitute for strategy as opposed to a reflection of strategy. IN that sense we haven't learned anything new but we'd like to reemphasize a point we made in April that it is important to think strategically about reorganization and not just think well anything that has something to do with homeland security now ought to be put into this larger department and that that is more than enough to make the case.

MR. LIGHTI think if you look back, two lessons from past reorganizations. One is that we rarely get it right the first time. It took us 40 years, roughly, and several reorganizations of the Department of Defense to finally give the Secretary enough authority to try to pull the services together, Goldwater/Nichols in 1985 being the signal legislation, 40 years after the creation of the department. It had been a struggle all along to get the services to cooperate.

The second issue is that we have a very good model of a similar reorganization in the Department of Energy. If you count the number of contract employees at DOE at the labs, at Rocky Flats, at the nuclear bomb building facilities and so forth, you've got about 400,000 total employees at DOE who are either contractors delivering direct services or DOE employees. It's been 25 years and I think the jury is still out. That reorganization is still a sum less than the parts and I think apropos of the two comments earlier, it's been 25 years and we still don't have a comprehensive energy strategy. That's what the Vice President was asked to deliver last year.

MR. LINDSAY: So be patient, Ivo.

QUESTION: My name is Harvey Richerkoff. I'm going to be an NDU Visiting Professor, but I'm a law professor and used to be Department of Justice.

I have a three-part question. Part one, what's interesting about the report are things that are not in it. One thing that would be interesting is sort of Brookings' analysis as to why we don't need an MI5. You've chosen not to do that and it's very interesting why not.

The second part is in responding to PDD 62 and 63, part of our reorganization under Clinton, but there also was something called Counterintelligence for the 21st Century, CI 21, which you put into your part now a variant of it in your reorg. My question is why do you think that will be more successful than CI 21 has been?

A third part is you also mentioned the part vis-a-vis the first responders. What is your vision about how these three new departments interact with the first responders, both police, fire, public works, the key issues?

The subpart, my last is, if there's an event, an incident takes place, how do you perceive the jurisdiction of your new department via the existing jurisdiction of state and local and federal jurisdictions that are still out there that would be an overlap?

MR. STEINBERG: Let me try to deal with this quickly. There's an awful lot of material here and they're all good questions.

On MI5 our judgment was that there is a need for an all-source analysis function but that we believe that keeping the domestic law enforcement/intelligence collection function at least within the Justice Department if not within the FBI is important because of the unique role that the Attorney General plays in terms of supervising the tools of compellance under our legal system. The Attorney General is the officer responsible to the course of the justice

system. I think at least in principle can and should be the person who had some sensitivity to the civil liberties issues, the privacy issues, and the like. And there is a real danger if you create an independent department that does not have those additional responsibilities, who's only responsibility is to collect intelligence for domestic intelligence purposes. The tradeoffs just won't be present for them. They won't have the responsibility to think about the tradeoffs at least in the way that historically the Attorney General and the various parts of the Justice Department can interface with this.

So in terms of having the authority to use court-based processes for wire tapes for searches and the like, it's our judgment that on balance it's better to keep that within the broader responsibilities of the Attorney General. Whether those should remain in the FBI as they stand now I think is a more complicated debate and I don't think we're prejudging the question of whether you would create a separate unit within the Justice or some division within the FBI that dealt with domestic intelligence collection as opposed to law enforcement collection.
There are some concerns about the danger that the police law enforcement function would blend over into domestic collection, but I do think for the reason that we felt that this new agency should not have domestic collection capabilities largely has to do with the fact that we think there's a greater likelihood that you will not have a single-minded focus on collection at the risk of these other values, civil liberties, privacy and the like.

On the CounterIntelligence 21, I think part of the reason CounterIntelligence 21 hasn't gone very far is because by the time we completed the work it was basically at the end of the Clinton Administration and I don't have any conviction that the new Administration shares the view about the overall strategy.

The reference here was largely to one in which, CI 21 has as its basic premise that one of the things you need to think about when you think about counterintelligence is not so much what the other side is trying to get, so much as what you want to try to protect. That's an important part of what's in our initial study which is to understand that we are never necessarily going to get all the targets that the other side is going to go after, but we can at least systematically think about what we want to protect and that's the underlying philosophy of CI 21 which I think has some strengths.

On the first responders, again very briefly, that's the reason that we had this idea of the local and state task forces. It is the integrated place in which the rubber hits the road, as it were, in which the real authority is established through these task forces in the local community that brings together all the actors— state government, local government, federal, private sector and the like and these have to create the action-taking mechanism.

It also requires some further thinking about how you develop the legal authorities and who actually has responsibility there, but the action in the end for many of these operations can't be run from Washington. It's going to have to be out there and that's why I think the task forces are the beginning of that effort.

QUESTION: Good morning. I'm Joel Washingcrat, Senior Correspondent of World Video Report.
I have a question that possibly your report and others have overlooked. We typically think of the Pentagon, we typically think of National Security Agency and other federal departments but because this is a homeland issue you're dealing with the population at large; you're dealing with urban, suburban and rural centers. And also there's a turf war, I suppose, that could develop between the various corporations, other think tanks such as yours, universities, corporate entities and such. How do you separate that all out so everything would function? We'd understand if there's, let's say, one reprisal, terrorist reprisal such as what occurred September 11th, that were one or two or maybe three incidents all in one day. But if it becomes multiple what is to create a plan-out where it's not utter chaos? Has this been taken into account through all your planning?

MR. DAALDER: I don't know where to start—terrorist wars between the think tanks. It's a novelty. We're trying to collaborate.

Go back to the basics. One of the reasons you need to think about this systematically and strategically is exactly because you don't want to debate with a chaotic, everybody does what they need to do kind of situation. What you really need to start thinking about is how do you respond systematically, strategically, in case there is not one, two or three attacks but a series of them? And a critical element of this has to be a major component of our information, intelligence, and assessment unit that we're proposing is a team. A bunch of people who need to sit down and think day in an day out about how did this beat the system? And constantly testing the system in order to exactly do what

you suggest which is to have a strategic response, one that is as coordinated as possible, when something that is completely unexpected in fact will occur. Because almost by definition the next terrorist attack is not going to be exactly as we think it's going to happen now. It's going to be unexpected, it's going to be different, and yet we need to have systems in place that respond no matter what its nature.

Take FEMA, for example. FEMA has an all-hazards approach to disaster. It doesn't really matter whether a building is taken down by a tornado, by a bomb, by a hurricane. The response is going to be very similar. It's in that kind of strategic way of thinking that you need to organize both the federal government and the federal, state and local and private sector efforts in order to make sure that you're not surprised, or at least when you are surprised that you react in a coordinated fashion.

MR. STEINBERG: I'm going to turn the chair over to Ivo at this point. Thank you all for coming.

QUESTION: Good morning. My name is Andrea Caines. I'm with Business Executive International Securities. You spoke briefly about the serious problem of poorly-run organizations such as Customs and INS. And given the need for reorganization, what suggestions might you have on effectively integrating such organizations?

MR. LIGHT: Customs has actually gotten better over the last five years. It was on the General Accounting Office high risk list in the mid to late 1990s and was removed from the list. It's been getting better. It has had clean financial audits for three years in a row which is a good sign.

The real problem child in all of this is INS. The Secretary of Homeland Security gets this agency as part of the mix and one is tempted to argue or to believe that one of the reasons they wanted FEMA is to have something in the new agency that was really cooking. That was really run well.

The Coast Guard is just a marvelous agency. It makes do with antiquated equipment, real serious problems in terms of capital, investment management and so forth, it's just a terrific agency. So you as a Secretary have got to be sitting there, theoretically Tom Ridge, saying what can I have that's working? Do I just get INS?

You're going to have to— The Secretary is going to have to focus a lot of attention early on INS, on the Customs information system modernization. There are a number of computer systems that are being built separately, customized computer systems, Transportation Security Administration is building one from scratch and the new Secretary is going to have to focus on integrating the information technology in the line operating divisions, let alone integrating technology and information in the intelligence arena.

So I think it's a good idea to have an Under Secretary for Management. I think you might even consider creating a Deputy Secretary in the new department for management, which is the emerging fashion in the federal government. The State Department has one. And giving the Deputy Secretary for Management a fixed term of seven years, perhaps, so that you get a real focus on just the basic nuts and bolts of managing these very difficult to manage agencies.

MR. DAALDER: Jim, do you want to say word about INS and the opportunity this provides, perhaps?

MR. LINDSAY: Paul has correctly singled out INS as an agency that is in deep trouble by almost any measure one might want to choose. I think solving it requires tackling a whole array of problems in structuring, morale, lack of money, and sort of disagreements about what its function is supposed to be, what its basic mission is supposed to be. To do it, personally there's a lot to be said for separating out the enforcement from the service function. I think as we talk about, it makes sense to embed the enforcement function in the Department of Homeland Security. I guess I'm personally deeply troubled by taking what is called the service functions which I really think are about citizenship, naturalization, those issues, and plugging them into what is essentially a law enforcement organization.
I think if you separate then it gives you the chance to actually work on the enforcement aspect of INS separately from the citizenship, naturalization aspect, and that may be actually a net blessing. I think actually in the citizenship, immigration, naturalization it might benefit from both being lifted up in visibility and some real thought given to that given the increased rate of immigration in the United States and a much larger percentage of the population that is foreign born.

So I would actually look at this as an opportunity to really fix INS in both dimensions. I don't think you're going to fix it if you shove both of them into a very large organization which the Secretary of Homeland Security is not going to be particularly focused on citizenship rates or naturalization or immigration as we normally conceive of them.

MR. DAALDER: In fact it's probably quite the opposite.

MR. LIGHT: You can be focused on natural disasters and going out and doing FEMA's job.

QUESTION: John Moore.

A question concerning the intelligence function of this new co-equal department or sub-compartment of it and the intelligence functions that are in Transportation Security Administration, Customs, Coast Guard, etc. that are coming to the department.
The relationship, could you talk about the relationship between those organizations and then the relationship between this new intelligence department and the overall U.S. intelligence community which is certainly in a state of flux as long as the joint committees are departing what to do about this big community.

MR. DAALDER: Clearly the Border, Customs, INS, TSA are all collectors of intelligence and they would continue to be collectors of intelligence. The question is what do they do with the information? That information would go to this new unit, the Intelligence Assessment and Analysis unit, and be analyzed there. It's going to be part of this bigger pot.

Also it's going to get all the raw as well as recorded analytical products, but more importantly the raw data from the intelligence community writ large on terrorist threats to the United States here and abroad. There's no distinction between the two. Terrorism is terrorism wherever it hits. As well as all the data that law enforcement communities collect here, whether it's FBI or even state and local governments will report that up through the chain of the federal government.

This unit will be the only unit in the U.S. government, it doesn't exist right now, that actually examines all the data relating to terrorism and terrorist threats to the United States.

At the moment the FBI in its reorganization is going to create this 900 person analytical unit within the FBI. We argue let's take that and put it into the department. The FBI should be doing what it is very good at doing which is law enforcement and as such being a collector of data, but it shouldn't be doing what it doesn't do well, which is analyzing. It as we now know it doesn't do and it shouldn't try to do it. It ought to be part of this department.

The relationship between this unit and the rest of the intelligence community is going to be somewhat overlapping in part because, of course, the Counter Terrorism Center at the CIA also examines and analyzes terrorist threats to the United States either here or abroad. But because the data it will have is larger, the data set we will have is larger, it will have a bigger picture. If there is some competition overlap, competing analysis, so be it. In that sense we agree with the Administration that there ought to be some more overlap.

On the whole question of how one collects data, both domestically and foreign, there was, as Jim said in answer to the MI5 question, we're at least holding off for now and saying let's see what the intelligence committees come up with. Let's look at this in a much broader context, also the reform of the intelligence community writ large as Brent Scowcroft and others have suggested.

This is not the place, the Department of Homeland Security and the reorganization thereof, to address the question of what to do with the intelligence community, and it is wrong to suggest either that one does it within here, which I don't think there is any particular appetite for on the Hill, or in fact that you don't have to look at this at all, neither of which is true. We do have to look at it, we just don't have to look at it right now.

QUESTION: My name is Madri Noyo [inaudible]. I have two questions.

Number one, how is possible to discuss organization reorganization before it is known the results of national [inaudible] which must [inaudible] why it's happened? How you can do it? [inaudible], in federal government or in Congress, how?

The second question is, if I can say, our government is big because it's not efficient, and before you combine something in new assignment where is to sit, you need to improve efficiency and disconnect [inaudible]. Of course the answer on the question must be something has gone wrong or not enough efficiency. No additional money, no new department will improve it. I'd like to have an answer.

MR. DAALDER: Let me answer the first part, you may want to take the second, Paul.

I personally, others perhaps on this podium, support the national commission. We think it is important to look at what happened, what went wrong, but we cannot afford to wait until Congress and the Administration have finally figured out whether or not they're going to do this, to start taking steps to prepare for the possibility, the high likelihood that we're going to be struck again. We cannot wait to figure out what went wrong prior to September 11th in order to start taking steps that we already know we need to take. We know a lot about what happened prior to September 11th. We may not know it all, but we know a hell of a lot. So we need to start taking those steps sooner rather than later. In fact if there is anything dismaying about what has happened in the past ten months, is that it has taken ten months to start thinking strategically about what it is that we need to do.

We still don't have from the Administration a strategy for securing our homeland. What we had is a proposal to put 22 agencies with very disparate functions into a new building. That's basically what we got, and we got a budget to spend more money on it. Some of that is good but not all of it is, and we need to start thinking about this in a more strategic fashion. Will that be the final answer? Of course not. One ought to, as time goes by, learn more about what went wrong to improve. But you can't halt and say we have to examine exactly everything that went wrong before September 11th before we can figure out what it is that we're going to do because the answer will be that we will be hit again from a different circumstance and we would have been negligent in not responding in that fashion.
MR. LIGHT: I think one of the things we're recommending, later today we're having the first of several days of hearings, sessions of hearings with a National Commission on the Public Service chaired by Paul Volker is encouraging waivers to the federal civil service law that create a more performance-sensitive labor market based civil service system that will give federal employees the resources as well as the encouragement to be more mission driven and perhaps more efficient.

I think in the current statute, the proposed statute, the reorganization authority given the Secretary should help in some of this but that reorganization authority needs to be tempered a little bit to make sure that Congress has a more meaningful role in the reorganization of the internal boxes in this agency.

I guess I'd just second what Ivo was saying about acting now. Congress is going to legislate on this within the next six weeks and I think for organizations like the Brookings Institution which have expertise in these areas, you've got to step up and say what's on your mind as these legislative initiatives move forward. That's I think why we're issuing the report and also why some of the issues that are not on the legislative agenda are being taken up in a little different order like the intelligence reorganization and so forth.

QUESTION: My name is Ede Semler and I'm with the Association for Canadian Studies in the United States. Given that the U.S. and Canada have the longest undefended border in the world, how likely is it that the definition of border will evolve into one of a North American perimeter? And how would that involve the Canadian government? What would the role be of the Canadian government? And what impact might that have on these new agencies?

MR. LINDSAY: I think from the point of trying to keep bad people and bad things out as Ivo pointed out in his talk, if you could establish a North American perimeter that would make your job much easier. Because obviously if you're looking at coming across the border from Canada and the United States, it is not terribly difficult. When I was a kid vacationing up in the northern parts of Michigan you could cross back and forth from Michigan into Canada to purchase alcoholic beverages and other things that you weren't allowed to have on the other side of the border and would never be caught. Not that I would ever have committed such actions, but I was aware of them. [Laughter]

And likewise from the south, you're talking about the U.S. border with Mexico which clearly, despite some efforts to stop movement, non-authorized movement across the border still occurs. The problem is that while that's easy to point in broad brush, actually reaching agreement on a common perimeter is extraordinarily difficult because it touches into issues of immigration and border control that are sort of core issues of sovereignty, and on a number of these issues, just take the U.S. and Canada, there are very sharp differences of agreement.

We had the smart border agreement ironed out, a 30-point smart border agreement characterized late last year which tries to do some of these things. But clearly there are going to be, if you want to set a true perimeter you have to get agreement on some core principles of who and what is allowed to come in. I think that can be very difficult to reach.

MR. DAALDER: People is one thing, goods is another. And goods in fact are something that may be more easier and is already being done. Easier to address.

Borders are in one sense static but in the other sense they're not. Having the border as far forward as you can, particularly when it comes to goods that come over by either air or cargo, ship containers, can be done and is already being done. We have an agreement already with Canada to have American Customs officials in Canadian ports where our ships are offloading their goods that are then going by truck or rail across the border. If you can inspect them there, it's much easier than doing it at the border near Detroit.

We also have in the United States agreements with the Port of Rotterdam, the Port of Antwerp, the Port of Singapore, and soon the Port of Hong Kong. The idea is to have agreement with 20 ports from which 70 percent of all cargo shipments come into our country, to have inspectors and the whole system set up out there so once the goods do come in they come in very quickly and very easily, and those goods that do not come through those ports get extra security and extra precautions and extra inspections. So we need to think about borders and being pushed out as far as possible for the United States and for other countries and Canada is going to be a part of that.

QUESTION: Al Millikan, Washington Independent Writers.

Do any of you know or have a sense that any particular department of government had greater influence than others in formulating the Administration's proposal? And is there any indication that any Washington or national think tank impacted or convinced the President and his Administration about homeland security more than you all did?

MR. LIGHT: I think the reorganization proposal was formulated pretty much as described by a very small team of people who didn't get much input from anywhere.

There is no capacity for designing administrative reorganizations left in the Executive Branch of the federal government. It's gone. We dismantled over the years, year by year, the Administrative organization unit of the Office of Management and Budget. All the people, all the institutional memory on past reorganizations and how you do this and how you stitch it together is gone, so what we have here is the product of a very small team operating out of the White House and it's the President's dream proposal.

If you want to see what Article 2, what a President wants out of reorganization this is the bill and I'm told that they wanted an even shorter bill than they got. They ended up with 35 pages, they really wanted 20. They really wanted maximum authority to do whatever they wanted as if there was not a Congress. That's the way it's been reported to me. You had the White House counsel, you have a very small group of people, all presidentialists who wanted maximum authority to do whatever was necessary. I don't think there was any department that had much influence here.

MR. DAALDER: This was a White House generated proposal. The people involved were all in the White House, there was nobody out of the departments as far as we know. In fact the Secretaries weren't informed of the proposal until about 18 hours before the President went public with it.

The ten people who were locked up as we read in the Post drew on the existing legislation which was the Lieberman and Thornberry, bicameral legislation introduced on May 2 but had been introduced in various forms last year. The Hart/Rudman Commission which had a reorganization proposal, in fact was the basis, for the Lieberman and Thornberry bills, and they keep on saying they read our stuff but when it came to reorganization it's not clear they

followed it. Although we will take for putting border and transportation security together which is what we did in our April report.

But this was a very small coterie of aides basically deciding how big is the biggest proposal out there and we're going to make it bigger, and they did.

I just hope that whether the Administration may not pay attention to what we have to say, the Hill which has to vote on this does pay attention, and here it is. They can legislate this and they will have a very good bill. [Laughter]
With that let me thank all of you for coming. A transcript of this proceeding will be available on the web site, www.brookings.edu as will be video and audio of this event as well as the full text of the report which should be available right now.

We hope to have the report in real covers with a real spine by about Labor Day.
Thanks everybody for coming. We hope to see you some time soon.