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PROJECT ON NATIONAL SECURITY REFORM

Failure to Integrate Economic Policy and National Security Policy

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National Defense University Symposium

Economic Security

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Importance of Economic Element

2010 National Security Strategy

- Our economic institutions are crucial components of our national capacity and our economic instruments are the bedrock of sustainable national growth, prosperity and influence.
- The foundation of American leadership must be a prosperous American economy.



Organizational Separation

- For its first two decades, the National Security Council had responsibility for international economic policy
 - Low priority, subordinated to foreign policy goals
- Beginning in the Nixon administration, separate staff handled international economic policy
- President Clinton created National Economic Council in 1993 to formulate international and domestic economic policy
 - The senior official working on international economic policy reported to both the National Security Council and National Economic Council
- Organizational separation of the economic and national security communities has contributed to the long-term failure to integrate economic and national security policy and to achieve unity of effort in execution



National Security Council in Statute

Members

- President
- Vice President
- Secretary of State
- Secretary of Defense
- Secretary of Energy

Advisors

- Director of National Intelligence
- Chairman of the Joint Chiefs of Staff



Asian Economic Crisis 1997 - 1998

- Highlighted traditional separateness of economic and national security decision-making
 - Ad hoc nature of interagency relations weakened the potential for whole-of-government policy that might have better promoted U.S. strategic interests
 - Treasury had the lead with little interaction with State and Defense
 - Narrow U.S. focus on the financial aspects of the crisis overshadowed national security concerns to the detriment of long-term American regional interests



Forging a New Shield: Broadened Scope

- National security must be conceived as the **capacity of the United States to define, defend, and advance its interests and principles in the world.** The objectives of national security policy:
 - **To maintain security from aggression** against the nation by means of a national capacity to shape the strategic environment; to anticipate and prevent threats; to respond to attacks by defeating enemies; to recover from the effects of attack; and to sustain the costs of defense.
 - **To maintain security against massive societal disruption** as a result of natural forces, including pandemics, natural disasters, and climate change.
 - **To maintain security against the failure of major national infrastructure systems** by means of building up and defending robust and resilient capacities and investing in the ability to recover from damage done to them.



Forging a New Shield: Broadened Scope

- It follows from these objectives that success in national security—*genuine* success over generations—depends on integrated planning and action, and on **the sustained stewardship of the foundations of national power.**
- Sound economic policy, energy security, robust physical and human infrastructures including our health and education systems, especially in the sciences and engineering, are no less important in the longer run than our weapons and our wealth.
- Genuine success also depends on the example the United States sets for the rest of the world through its actions at home and abroad.



Obama Administration Adopts Broadened Scope

- General Jones’s statements and documents – February/March 2009
 - “The whole concept of what constitutes the membership of the national security community -- which, historically has been, let's face it, the Defense Department, the NSC itself and a little bit of the State Department, to the exclusion perhaps of the Energy Department, Commerce Department and Treasury, all the law enforcement agencies, the Drug Enforcement Administration, all of those things -- especially in the moment we're currently in, has got to embrace a broader membership.”
- Former DNI Admiral Blair’s testimony – February 2009 assessment of the threats to U.S. national security
 - “The primary near-term security concern of the United States is the global economic crisis and its geopolitical implications.”



Reiterated in National Security Strategy

- Broadened scope of national security – “This strategy calls for . . . a broad conception of what constitutes our national security.”
- Whole of government – “strengthen national capacity – a whole of government approach . . . To succeed, we must update, balance, and integrate all of the tools of American power.”
- Whole of nation – “we must tap the ingenuity outside of government through strategic partnerships with the private sector, nongovernmental organizations, foundations, and community-based organizations”



Not Operationalized

- New thinking is welcome but not yet operationalized
 - Cabinet secretaries with economic portfolios are now invited to NSC meetings when there are economic considerations
 - Departments lack capacity to fully engage in this process:
 - Statutory mandates
 - Staff capabilities and competencies
 - Security clearances

- Requiring an economic impact statement is one possible solution
 - Forces consideration of the economic dimension of national security decisions
 - President or Congress should insist on this assessment as part of any decision package