

Testimony of  
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I. Introduction.

Good morning, Mr. Chairman, Members of the Committee, it's an honor to be with you today, to present my views on "Should the Office of Homeland Security Have More Power? A Case Study in Information Sharing." Let me begin by saying that the statement I am about to give represents my views and in no way should be taken as the institutional view of CSIS. Before beginning though, let me provide you with some background on the work we are doing at CSIS.

CSIS has completed a number of homeland security projects both prior to - and since the tragic events of September 11. In January 2001, CSIS released a report on the results of an eighteen-month study, Homeland Defense: A Strategic Approach. In June 2001, CSIS co-directed Dark Winter, a high-level simulation of a smallpox attack originating in Oklahoma City. In the immediate aftermath of September 11, CSIS convened an internal task force on terrorism, the results of which were published in To Prevail: An American Strategy for the Campaign against Terrorism.

CSIS is currently working on two projects in the area of Critical Infrastructure Protection:

1) A comprehensive series of events to address critical infrastructure issues facing the United States establishing the foundation for a report that will focus on what business and government can accomplish together to meet future threats - pulling together public-private partnerships.

A simulation exercise, patterned after our Dark Winter effort - to focus on energy infrastructure in the United States. Rather than consequence management, this simulation exercise will focus on the less understood - and explored - scenarios in which policymakers must decide on whether and how to act in the case of a credible threat against critical energy infrastructure.

II. Overview.

In the seven months since the tragic events of September 11, there has been a great deal of momentum, both inside and outside of government - and it would seem that we are all developing a clearer understanding of the Homeland Security problem in all of its complexity - but most often, solutions remain out of reach - which should be expected at this point - as we are barely seven months into a much deeper examination of the issue which in most ways represents the most daunting challenge the United States has ever had to address.

In this new and very dangerous environment, it is clear that government reform will be necessary to ensure clear lines of authority, responsibility and most importantly, accountability to unify the efforts of the 46 federal agencies that, to varying degrees, have responsibility for Homeland Security. With responsibility spread across so many agencies, effective communication and coordination is extremely complicated and will only become more difficult in the long term as threats to the homeland increase. This is made far more complex by the additional requirement for the federal government to coordinate and communicate efforts with state and local governments and further, to develop the means to work with, and cooperate with the private sector.

The most important question to consider at this juncture is: When should reform be initiated? Some would argue that there is no time to waste and that well-informed decisions should be acted on immediately in this environment. However, the President has given Governor Ridge the task of developing a strategy for National Homeland Security and as such, the Office of Homeland Security should be allowed some time to fully address the problem. In the absence of a comprehensive strategy, there can be no clear understanding of the threat to be addressed or any real sense of priorities from which specific requirements will emerge. If the strategy that emerges is truly comprehensive, the debate that will follow will certainly involve the appropriate organization of government to address the problem.

It would seem, that with each passing day, the Administration, in the process of developing a National Strategy, is learning that organizational and process reform will be necessary to streamline the process of coordination and communication. At a Senate hearing on April 11, to address Senator Lieberman's proposal to create a Department of National Homeland Security and a White House Office to combat terrorism, at which I was also fortunate to testify, OMB director Mitch Daniels Jr., told the Senate Government Reform Committee that President Bush "has said from the outset that the structure for organizing and overseeing homeland security may evolve over time...should the ongoing strategy review ultimately recommend to the President a different homeland security structure, there is a chance it may resemble Senator Lieberman's bill."

Among the many organizational issues the strategy will have to address, the following would seem most important:

Create a foundation for unifying the efforts of the federal government or at least establish the conditions for effective cooperation and coordination.

2) Point the way for those agencies of the federal government, with direct responsibility for Homeland Security, to effectively cooperate, coordinate and communicate with state and local governments.

3) Establish the conditions for every level of government to effectively cooperate with the private sector since they own and operate most of the critical infrastructure in the United States and as such, are ultimately responsible for securing it.

Developing a National Homeland Security strategy that points the way toward effectively addressing these issues is no small task, it is truly a daunting challenge - the likes of which have never been faced at any other point in our Nation's history. It is important to note that despite the criticism in the media and on Capitol Hill - that the Office of Homeland Security is understaffed and has no budget authority or power to make decisions - the public should understand that the Administration has really not been given enough time to fully address this new challenge. While time is of the essence, this new environment demands some patience to allow a strategy to emerge. The strategy should serve as the basis to initiate government reform and allocate resources and assuming the Office of Homeland Security can produce a comprehensive strategy this year - and once it published - the debate can begin on implementation.

### III. The Challenges.

Although there are numerous challenges associated with securing the homeland, the following are a few that should be given priority going forward:

A National Strategy as the for basis initiating government reform: There have been numerous commissions and studies conducted - the Hart-Rudman Commission, the Gilmore Commission, the Bremer Commission, and the Center for Strategic and International Studies Working Group

on Homeland Defense - that addressed the lack of coordination among the 46 federal agencies that have specific responsibilities for Homeland Security. There have also been a number of proposals floating around in the Administration and in Congress that call for consolidating some of the agencies responsible for securing the homeland. The Administration's proposal to consolidate Immigration and Naturalization Service, Customs and the Border Patrol in one agency and Senators Lieberman and Specter's proposed National Homeland Security and Combating Terrorism Act of 2002 are just two examples. Governor Ridge's original proposal also included the Coast Guard and border-related parts of the Agriculture Department. In addition, many commissions and studies recommended that Congress develop the means for reviewing the President's policy and budget for Homeland Security. The lines of responsibility are unclear in the Executive branch but they are just as unclear in the Legislative branch given the existing committee structure that further complicates coordination in the Executive branch.

Most importantly, in the absence of a comprehensive National Strategy which addresses all aspects of waging an on-going war against terrorism to include, detection, preparation, prevention, protection, response and recovery, there is no framework for establishing clear priorities and defining requirements to base decisions on how to organize the government and spend the taxpayers' money. With real threats to the homeland and agreement that we are unprepared to deal with those threats, what is needed now is leadership in the Administration to finish a comprehensive National Strategy. Significant organizational reform cannot happen without all the strategic underpinnings - the strategy in all its interrelated parts - that enables government to make decisions on how best to move forward.

A comprehensive threat assessment as the basis for the National Strategy: It would seem that the administration has, since September 11, taken a "vulnerabilities-based" approach to the problem. That is, in the absence of a strategy, they have attempted to identify the Nation's critical vulnerabilities and focus attention and resources accordingly. Unfortunately, at this juncture, this is exactly the condition the public should expect where everything appears to be a critical vulnerability. This situation will not resolve itself until the Nation has a comprehensive Homeland Security strategy.

At the heart of any effort to develop a strategy is the requirement to address the likely threats. The strategy that emerges at the end of the development process will need to be first and foremost, threat-specific. However, defining likely threats in this new environment is problematic in that they will likely derive from multiple sources with different objectives and various means to do us harm. Defining the threat is risky but absolutely necessary to developing a coherent National Strategy to fully address the problem. It is hard to develop plans, organize and allocate resources to address the myriad vulnerabilities that exist without taking an informed position on potential threats.

While we remain extremely vulnerable in many areas, most do not represent critical vulnerabilities simply because they are not likely targets. How many people would argue, at this point, that commercial aviation is a critical vulnerability? On the other hand, private aviation with 500,000 private pilots and 200,000 private aircraft operating from approximately 18,000 airfields could represent a critical vulnerability. Some would argue that the nuclear power industry is critically vulnerable. I would submit that the nuclear power industry, the most regulated in the United States, is far less vulnerable than other aspects of energy infrastructure to include, liquid natural gas operations, refineries and petro-chemical operations. Without an informed assessment of how those that would do us harm may act, the ability to organize and allocate resources effectively is extraordinarily difficult, if not impossible. Another important

point relates to the way in which the current organization of government looks at the threat. FEMA is a good example - with an organizational culture that has, for the most part, addressed natural disasters rather than a thinking enemy.

A National Strategy that addresses the principal obstacles to information sharing and coordination: There are numerous obstacles that stand in the way, culture certainly not the least among them. No one disagrees that coordination and the sharing of information is absolutely essential in this environment but there is little mention or debate about the cultural barriers that exist both within the federal government and between the federal government and state and local governments, and between all aspects of government and the private sector. With extremely large agencies, like those in the intelligence community, the senior leadership has their own business interests and their own relationships with the customers and capabilities they think they are protecting that are the source of their influence. The CIA is a good example and many ways is supposed to be focal point for the intelligence community. CIA has a privileged access to the President of the United States, and privileged access to the Congress. Why would the Director of Central intelligence want to cooperate fully with the other intelligence agencies and give up the power that he has as the CIA director? However, behavior can be changed through incentives and disincentives. Leadership is critical to cultural change - leaders who see the broader need - the greater good - and aggressively pursue them to initiate change in their organizations and across government.

The inherent distrust between the federal government and state and local governments is another obstacle that will have to be overcome. In this new environment, State and local assets will play the lead role in responding to and managing the consequences of an attack. With the exception of some specialized federal capability in DOE for nuclear weapons and DoD's specialized chemical and biological capabilities, the majority of first response assets will come from state and local governments. It would seem that the federal government is primarily focused on the federal apparatus but the National Strategy, to be comprehensive, must establish the framework for effective communication and coordination at every level of government.

The terrorists who attacked the World Trade Center and the Pentagon on September 11 were able to move information, people, and finance across a sophisticated terrorist network. The fact that government at all levels is not networked must be addressed. The intelligence community again offers a good example. There are at least 11 agencies in the intelligence community doing analysis. Coordinating intelligence across those disparate agencies involves moving information across those agencies. The terrorists of September 11 proved that they could beat us at this game. On the September 12, if you were employed by the Nuclear Regulatory Commission, you were getting reports about Osama bin Laden's potential attack against nuclear facilities. Most assuredly, those reports came from a newspaper or from CNN not from the intelligence community. We are still in the infancy stage of determining how best to do this but in the context of Homeland Security, if you're a fireman or policeman, you certainly do want and should expect relevant information and effective communication from your federal government.

As the concern about security abates as inevitably it will in our society, networking the federal government with state and local government functions must be aggressively pursued. To effectively respond to threats to the homeland, government at every level is going to have to be networked.

A National Strategy that accounts for the primary missions of federal agencies associated with Homeland Security: The National Strategy must establish the framework to account for large gaps in missions that potentially stand in the way of unifying around the Homeland Security

mission. Most agencies that are now focused on Homeland security have other primary missions that will have to be accounted for. The Customs Service is a good example because its mission is as a revenue-generating agency, focused on goods and trade, not on security. Last year the Customs Service collected in \$23.5 billion in taxes, fees, and penalties, second only to the Internal Revenue Service in generating government income. The Coast Guard is another good example with non- Homeland Security missions associated with routine law enforcement, fisheries, and deep-water drug and political refugee interdiction.

A National Strategy that provides for private sector involvement: A good example of the complexity of initiating public-private cooperation can be seen in the containerized shipping industry. Approximately 7.5 million containers enter the United States each year. The Customs Service only inspects 2 percent. The contents of these containers originate with approximately 450,000 shippers globally. This represents an unworkable number but there are steps that can be taken now to reduce our vulnerability. Recently more than 50 large corporations agreed to work with the government to ensure adequate security of goods entering the United States in exchange for faster passage through border checkpoints. An interesting statistic is that the contents of 60 percent of shipping containers entering the United States originate with just 1000 large shipping companies worldwide. This would seem to be a workable number where cooperation between government and the private sector could again make a difference and drastically reduce our overall vulnerability.

Much of the Nation's strength rests on its privately-owned critical infrastructure but the private sector does not just own and operate the Nation's critical infrastructure, the private sector owns a lot of the expertise that could improve the way in which government approaches the Homeland Security problem. The private sector does not just have interest in working with the government, the government absolutely has to have help from the private sector. The Y2K problem is a good example where the private sector did a much better job in understanding the problem and developing responses to it. Networking is an area that the private sector has mastered. In the National Security Council or Homeland Security Council, you won't find our federal agencies networked in the way you would find similar functions networked in the private sector.

Developing public-private partnership is complicated by the need to protect sensitive information and the lack of information sharing and coordination between the numerous agencies of the federal government with responsibility for Homeland Security. The National Strategy must be the vehicle for simplifying the communication and coordination problem within government - and between government and the private sector. The private sector must be included in the development of the strategy and the strategy must formalize the means to ensure private sector involvement in its implementation.

#### IV. Conclusion

Mr. Chairman, over the long term, in this new and very dangerous environment, government reform must be initiated to ensure unity of effort and clear lines of authority, responsibility and most importantly, accountability. In the absence of a comprehensive National Homeland Security Strategy, there can be no clear understanding of the threat to be addressed or any real sense of priorities from which specific requirements will emerge. The strategy should be the vehicle that establishes the framework for every aspect of government to move forward together in a unified and coordinated way to fully address what is surely the most complex problem our government has ever had to face.

Mr. Chairman, the road ahead remains complex and dangerous with numerous challenges yet to

be addressed. The Center for Strategic and International Studies is ready and willing to help. Organizing effectively to secure the American Homeland is essential to our country's prosperity and to the prosperity of our allies. We appreciate the Committee's leadership on this issue, and we look forward to helping in any way we can.