
PERSPECTIVES

The Real Department of State and Department of Defense Turf War Begins

[The following article originally appeared on the following web site: thecable.foreignpolicy.com, 3 November 2009.]

While both Defense Secretary Robert Gates and Secretary of State Hillary Clinton have talked about the demilitarization of foreign policy and the shifting of resources to the diplomatic corps, the full-fledged fight over money inside the system is now coming to a head as each group jockeyes to protect its money under the assumption that once it is gone from your coffers, you can not get it back. The forum for this fight is a new interagency policy task force being managed by the National Security Council (NSC) and being pushed along by the White House's Office of Management and Budget (OMB), which needs to start forming its fiscal 2011 budget and wants to sort out who gets the funding for a variety of foreign aid and security assistance programs.

"The powers that be are going to have [to] make a Gordian Knot decision," a source close to the discussions told *The Cable*, with both the Department of State (DOS) and the Pentagon [are] lobbying hard. The range of funds up for grabs between the different departments includes everything from coalition support funds and Combatant Commanders' initiative funds to foreign military financing, the Commander's Emergency Response Program (CERP) funding, and many more. Billions of dollars are up for grabs; and although the NSC is managing the process, it is understood that the principals themselves will have the final say.

At the Pentagon, the legwork for contributing to this review is being done in Office of the Secretary of Defense for Policy, run by Michele Flournoy. At DOS, Assistant Secretary of State Andrew Shapiro is in charge. Sources inside the process tell *The Cable* that the Pentagon effort, supported by civilian contractors, is far more massive than at DOS, giving DOD an advantage in terms of research, preparedness, and execution.

One pool of money at the center of the debate is what is called "1206" authority, which covers money, over \$1 billion since 2006, for all equipping and training of other countries' security forces who are involved in the "overseas contingency operations" but not Iraq and Afghanistan. Here, the Pentagon brass is said to be amenable to allowing the initial funding to go through DOS, provided they have some influence over its distribution, such as a "dual key" mechanism whereby they would be able to approve or veto expenditures. But sources said the Pentagon is receiving "blowback" from the Commanders in the field, who currently receive the funding and who fear that State will either mismanage the money or lose it in future budget cycles.

The division inside DOD is between policy and Gates' office on the one hand and the combatant commands on the other, said one source. From the combatant commands' point of view, they do not trust the Department of State's ability to raise money or to act with the agility with which they can act. So they want the money on their turf.

Meanwhile, Congress is also trying to drive some of these authorities toward the DOS, namely the money that goes to support the Iraqi Security Forces and what is call the Pakistani Counterinsurgency Capability Fund (PCCF). The PCCF funding became a fight during the debate over the last supplemental bill, when senior Senators tried to move it from DOD to State but were forced to delay that move by one year because State did not have the capacity yet to deal with the funds.

The DOS's Inspector General for Iraqi Reconstruction, Stuart Bowen, has his own idea of how to sort this all out. He has drafted a full proposal (available online at <http://washingtonindependent.com/66183/proposal-circulates-on-new-civilian-military-agency>) for what he calls a "Center for Complex Operations," which would be a civil-military organization inside the federal government that would be in charge of coordinating everything from reconstruction projects to economic development to political reconciliation wherever the United States military is deployed.

This NSC process intersects with several other ongoing reviews of how to deal with foreign assistance funds, such as the NSC's Presidential study directive, run by Gayle Smith, and the DOS's ongoing Quadrennial Diplomacy and Development Review (QDDR). The QDDR process is on a slower track than the NSC process and needs to review the authorities in its own context. That contributes to the perception that DOS is moving more slowly than the Pentagon or OMB would like.