



# Safe at Home

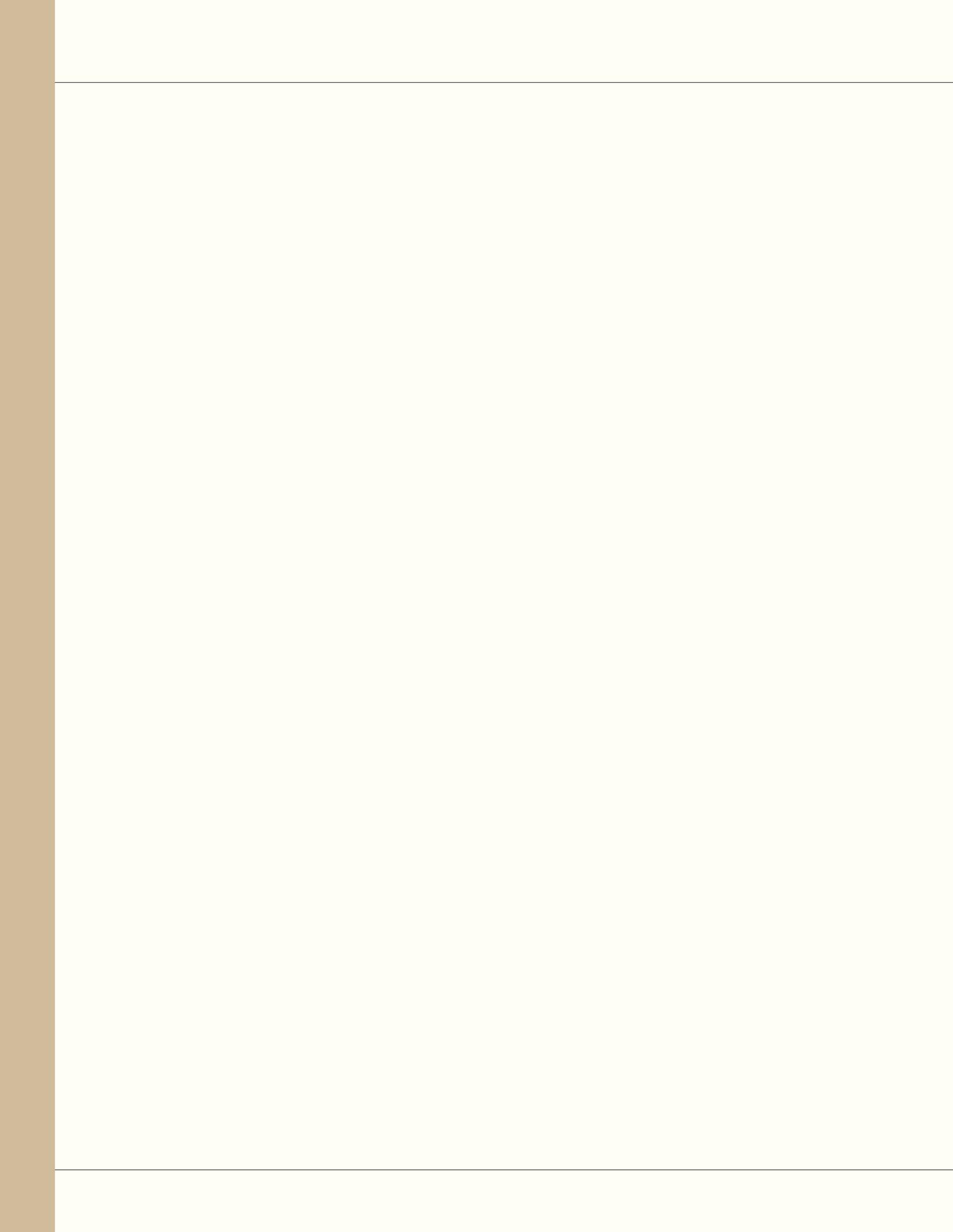
*A National Security Strategy to Protect the  
American Homeland, the Real Central Front*

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# Safe at Home

*A National Security Strategy to Protect the American Homeland, the Real Central Front*

By P.J. Crowley

## EXECUTIVE SUMMARY

**T**he Bush administration's political rhetoric that we are defeating terrorists in Baghdad so we do not have to confront them here is fiction. This is not an either-or proposition. The risk of a terrorist attack on the United States is on the rise both despite and because of what we have done over the past seven years. The United States is not as safe as it should be. We need to reorder our strategic priorities now.

The decision in 2003 to invade Iraq not only took the pressure off Al Qaeda Central, the perpetrators of the 9/11 attacks, and enabled its leaders to reconstitute. Perhaps more importantly, it spawned a new generation of adversaries who believe, rightly or wrongly, that the United States is at war with Islam. As we have seen around the world, but particularly in Europe, they tend to be inspired by Al Qaeda, but acting on their own. Plots of relatively low sophistication have been disrupted within the United States, but we can never expect law enforcement to detect every one.

Multiple factors have limited DHS' development. The lack of regulatory authority and planning capability has undercut its bureaucratic clout. Poor management systems have led to budgetary waste. The department's increasing responsibility is not matched by its capacity to conduct effective oversight. The lack of a unifying culture, ineffective leadership, and poor employee morale only exacerbate the problems. DHS today is not governed by a clear set of pri-

orties, which makes true risk management difficult to achieve. The level of resources committed to homeland security has been insufficient to promote meaningful change.

The 9/11 terrorist attacks on American soil were viewed as a failure to connect the dots, yet we still need to build an effective system to produce and share better threat information. While we add 92,000 more troops to the Army and Marine Corps, the City of New York has 5,000 fewer police officers on the beat than it did on September 11. The Coast Guard is struggling to maintain an increased tempo with aging equipment and responsibilities that exceed its force size. The National Guard no longer has enough equipment to deploy overseas, defend the United States, and support civil authorities following natural disasters all at once.

Such questionable policy priorities have been common over the past seven years. Despite Katrina, the Bush administration wants to cut grant funding to first responders. Because of the 2001 anthrax attack, while we have rightly increased investment in biodefenses, we continue to neglect public health surveillance and medical readiness that will be vital to detect, control and respond to a natural pandemic or bioterrorist attack. A nuclear weapon in the hands of a terrorist is the nightmare scenario, but our own nuclear policies push the world to build more weapons, which makes the nightmare more rather than less likely. And we have policies, including harsh interrogation techniques, detention without charge, government surveillance, and immigration that are inconsistent with our values and our long-term interest. All this in the name of something called the “war on terror.”

What is needed is a new national security strategy and a renewed commitment to homeland security, one that builds capabilities from the ground up rather than impos-

ing unfunded mandates from the top down. Adequate resources must be committed to all dimensions of national power, not just one. Investments should not just enhance our ability to counter the terrorism threat, but also promote far-reaching systemic improvements that will better position the United States to cope with a range of challenges and major disruptions regardless of the origin—terrorism, yes, but also pandemics, natural disasters, and man-made events.

This takes on special significance given Al Qaeda’s recent pattern of strikes associated with elections or political transitions. The United States faces increased risk of another attack over the next year and a half, which will make the transition to the next administration that much more important. Iraq may well be the dominant national security issue in the presidential campaign, but homeland security could well present the next president with his or her first national security challenge. This paper provides the framework for the reevaluation of our homeland security policies that the next administration should pursue as part of a balanced national security strategy to make the United States more safe at home.

## **A Strategic Reassessment**

The central front in this ongoing struggle must be the U.S. homeland. Developing the right approach requires a reassessment of fundamental judgments made immediately after 9/11. The key terrorist threat to the United States today is still Al Qaeda Central and its sympathizers, the only terrorist network that has demonstrated both the intent and capability to attack the U.S. homeland. Its core leadership now operates from a new sanctuary in Pakistan’s tribal areas.

Several attacks against the West since 9/11 have links back to Pakistan, where the

perpetrators received training or support. As a result, the next administration must reconsider the current priority given to Iraq at the expense of Afghanistan and Pakistan. Any successful attack on the United States will probably have its roots in Pakistan rather than Iraq.

Al Qaeda has a playbook. While its strategy could change over time, the parameters of the threat to the United States for the foreseeable future are well-defined. Terrorists are most likely to strike in or near world capitals and major urban centers, at well-known critical infrastructure that we rely upon every day and where large numbers of people work or gather to disrupt the national or international economy. The ultimate goal: to affect our political process.

We must be conscious of new targets, such as softer commercial sites, and new technologies, such as the use of chlorine tanker trucks as weapons in Iraq. Beyond just terrorism, national preparedness and mitigation strategies must keep pace with the full range of potential disasters and disruptions.

The paramount responsibility for homeland security belongs to the federal government. It simply cannot be outsourced to state and local governments or the private sector.

The next administration must be willing to set higher national standards and, where necessary, enact federal regulation to improve our security and preparedness, particularly during the coming period of heightened risk. There needs to be a mix of direct investment and government incentives to encourage change, particularly as we enter a period of economic uncertainty and constrained state and local budgets.

In turn, it is the responsibility of state and local governments to sustain stronger baseline security and preparedness over

time. The private sector needs to place as much importance on security as it has on efficiency. Better market-based mechanisms must be created to differentiate companies willing to do the minimum from those willing to do more.

## A New Strategy

A comprehensive and balanced strategy to protect the homeland encompasses five strategic objectives: prevent terrorist attacks; reduce our vulnerability to terrorism; prepare to respond and recover from an attack or natural or man-made disasters; sustain homeland security consistent with American values; and shape the global environment to reduce the threat of terrorism. In detail, we propose to:

- **Prevent** terrorism attacks to the extent possible, refocus on Al Qaeda Central and the global movement it has inspired, reorder our overseas priorities, keep the perpetrators from employing the most dangerous technologies, and develop stronger counter-terrorism and intelligence capabilities, particularly at the local level. Specifically, we must:
  - Retire the broad concept of a “war on terror”
  - Shift forces and funding from Iraq to Afghanistan
  - Create smarter borders backed by an effective new immigration system
  - Provide more support to state and local law enforcement
  - Improve detection of and oversight over nuclear materials and biological research
- **Reduce** the overall vulnerability of our society and economy to terrorism, securing critical infrastructure that terrorists are most likely to attack while minimiz-

ing cascading effects from any major system disruption. Specifically, we must:

- Establish critical infrastructure priorities to guide policy and funding decisions
- Enact comprehensive chemical security regulation and strengthen government oversight
- Close remaining gaps in aviation security, particularly air cargo
- Internationalize supply chain security standards
- Focus greater attention on passenger rail and transit security
- Improve redundancy and resiliency of energy production and distribution

- **Prepare** the country to effectively respond to and recover from a terrorist attack or other significant disasters that will inevitably occur, and create stronger regulation and incentives for the private sector. Specifically, we must:

- Make national preparedness and disaster mitigation a more urgent priority
- Redo national planning scenarios based on real-world risk
- Change business model of the Federal Emergency Management Agency
- Invest in public health surveillance, and medical infrastructure and readiness
- Make homeland defense the National Guard's top mission
- Give the Coast Guard resources to match its responsibilities
- Use emerging private sector security audits and reporting to create market-based incentives for change

- **Sustain** stronger homeland security consistent with our values through an integrated federal effort, appropriate support to cities and states, and sufficient resources to address long-term requirements. Specifically, we must:

- Ensure a smooth presidential transition
- Develop a new integrated national security strategy
- Merge the White House national security and homeland security councils
- Increase grants to states and cities
- Build greater capacity within the Department of Homeland Security
- Update government privacy laws and oversight structure
- Restore government transparency and update government privacy laws and oversight structure
- Improve threat-based public communication

- **Shape** the global environment to reduce instability and extremism, preclude the emergence of failing states or safe havens from which violence and terrorism emerge, and restore lost American credibility and leadership around the world. Specifically, we must:

- Undertake a serious review of U.S. policies regarding the Islamic world
- Reduce our reliance on nuclear weapons and extend international non-proliferation agreements
- Prevent terrorist safe havens through improved non-military crisis intervention
- Discredit Al Qaeda's ideology and tactics
- Rebuild the strategic narrative of the United States
- Keep America's doors open

## A Rebalanced Budget

The United States cannot afford strategically, economically, or politically to stay on the offensive forever in an ill-defined and open-ended conflict in Iraq. At the current "burn rate" of more than \$15 billion per month, funding to stay on the "offensive"

has severe opportunity costs, siphoning away finite resources from dimensions of national security, including defense and deterrence.

In 2008, 20 percent of the \$740 billion “national security budget” will be spent on Iraq, twice what the federal government spends defending the homeland. We suffer from a strategic disconnect—the strategy we have places too much emphasis on military intervention and not enough on the other elements of national power that are more likely to reduce the threat of terrorism to the United States. We also suffer from a budget disconnect—our existing national security budget funds the strategy we have, not the one we need.

The United States needs a new national security strategy—and a new investment strategy. If homeland security is an imperative for the next administration, then the only viable means of funding what is required is by reducing our commitment to and the cost of operations in Iraq. The next administration will need to slow and eventually freeze the existing rate of growth in the defense budget. This means beginning a significant reduction in military forces in Iraq as soon as possible.

Reducing force levels below 100,000 in Iraq should free up between \$40 and \$60 billion

that can be applied to other national security priorities, most significantly Afghanistan but also security-related initiatives within the Departments of Homeland Security, Justice, Energy, State and Health and Human Services. These include:

- Domestic law enforcement and intelligence
- Security of dangerous nuclear and biological technologies
- Public health surveillance and intervention
- Medical readiness and hospital infrastructure
- Critical infrastructure protection, specifically chemical security
- Aviation security, specifically air cargo security
- Pre-disaster planning and mitigation
- Infrastructure redundancy and resiliency
- The National Guard and Coast Guard
- Civilian stabilization and intervention capabilities

By reordering our strategic homeland security objectives, we can make Americans safer at home and abroad. By investing wisely in a broader set of national and homeland security capabilities, we can more easily sustain an improved strategy to contain terrorism and other dangers. In the pages that follow, we will make clear these objectives are not just attainable but imperative to our national security.

## INTRODUCTION

Americans awoke on September 11, 2001 secured by the world's most powerful military, most enduring democracy, most compelling culture, and strongest economy. For 225 years, geography had largely kept adversaries at a safe distance. The United States that day viewed itself as the exceptional nation—a beacon for the world, the envy of the world.

In the age of globalization, where information, money, and people moved freely across borders, some thought we had witnessed the end of history. Tragically, they were right. In the span of 102 stunning minutes from the time the World Trade Center North Tower was struck until it gave way,

the American people learned that national security in the 21st century involves threats at home and abroad.

The perpetrators turned technology Americans rely upon every day into weapons. The plot yielded a devastating return on investment. It cost less than \$500,000 to carry out, but generated exponentially more in economic loss, \$90 billion in New York City alone.<sup>1</sup> The attacks produced a personal sense of vulnerability not felt since the Cuban Missile Crisis. More people died in New York, Washington, and Shanksville, Pennsylvania—2,973 in all—than at Pearl Harbor.<sup>2</sup> September 11 became the country's "New Day of Infamy."<sup>3</sup>

### The Quadrennial Homeland Security Review Mandate

The Implementing the Recommendations of the 9/11 Commission Act of 2007, signed by President Bush in August 2007, requires the Department of Homeland Security to lead an interagency process and produce a Quadrennial Homeland Security Review not later than December 2009 and every four years thereafter. The QHSR updates the country's homeland security strategy, priorities, programs, and policies and assesses the budget, personnel, acquisition, and organizational requirements necessary to keep the country safe at home. The Department of Defense has conducted a similar analysis since the mid-1990s.

*Safe at Home* provides an initial conception of what will be required of the next administration. The QHSR process will coincide with the first complete presidential transition experienced by the Department of Homeland Security and other entities formed and reformed since 9/11. It could form the blueprint that the new president and his or her team will follow for the next four years. It will be the first comprehensive review of the nation's homeland security since DHS came into existence in 2003, and is a clear opportunity for the next president to outline major elements of a post-Iraq national security strategy.

Almost seven years later, the United States is neither as safe as it should be nor as safe as Americans think it is. Much has changed, but not enough. Significant shortcomings identified by the 9/11 Commission remain works in progress.<sup>4</sup> More attention has been given to bureaucracy than strategy. And the United States has not followed a balanced and integrated national strategy to blunt a narrow but global insurgency directed at the United States, its people and infrastructure, and its presence and influence in the Islamic world.

In fact, many actions taken over the past six years have made things worse. This litany of shortcomings takes on special significance given Al Qaeda's recent pattern of strikes around election time or during political transitions in the United States, Britain, Spain, and most recently Pakistan. The United States faces increased risk of another attack over the next year and a half. This places a special burden on the incoming administration. While Iraq is likely to be the dominant national security issue in the presidential campaign, homeland security could well present the next president with his or her first national security challenge.

## **The Current Course: Damaging and Unsustainable**

On September 11, 2001 President Bush declared a "war against terrorism" rather than a war against Al Qaeda, the organization responsible for the attack,<sup>5</sup> or the Taliban, which led a "terrorist-sponsored state" in Afghanistan and sheltered Osama bin Laden.<sup>6</sup> The president made sweeping changes in how the United States defined its security challenge.

We will not respond just to those who attacked us, he said. We will root out evil wherever it exists. He described a new bipolar world—those who are with or against

terrorists.<sup>7</sup> This was eventually codified in a strategic doctrine of preemption, enunciated in 2002 and reaffirmed in 2006 despite being discredited by the invasion of Iraq.<sup>8</sup>

Taken literally, this is a recipe for perpetual war, one that cannot realistically be waged or won. The existing strategy has actually boosted the fortunes of movements like Al Qaeda and state sponsors of terrorism, particularly Iran. The single-minded focus on forced intervention and regime change has precipitated more violence, not less; spread more resentment and radicalism within the Middle East, not less; and made another major attack on the United States more likely, not less.

Fundamental judgments made within hours of the attacks regarding the nature of this conflict must be seriously challenged. Our strategy needs to shift.

The United States cannot afford strategically, economically, or politically to stay on the offensive forever in an ill-defined and open-ended conflict. By the end of 2008, expenditures for the "war on terror" will exceed \$700 billion, with no end in sight.<sup>9</sup> Iraq could cost the United States as much as \$2 trillion before the mission there is completed.<sup>10</sup> At the current "burn rate" of more than \$15 billion per month, there are severe opportunity costs, creating critical shortages in other dimensions of national security, including homeland security. Increasing the commitment to these other areas can more decisively reduce the risk from terrorism.<sup>11</sup>

Terrorism is a tactic, not an adversary. The world will always confront terrorism, used as a political weapon by an inferior adversary against a superior opponent.<sup>12</sup> The Bush administration's existing broad-brush approach fails to distinguish the extent to which any particular violent extremist group directly threatens the United States or its

vital interests. This may be a generational struggle, but as experience in both Afghanistan and Iraq suggests, solutions cannot be imposed solely through military means.

In many respects, the “war on terror” has played into the hands of Al Qaeda, constituting the very kind of overreaction, with concurrent political, social, and economic costs that terrorists hope to precipitate.<sup>13</sup> Now, the overly broad strategic aims of perpetual war need to be retired in favor of a more realistic and definable set of objectives that can actually be achieved.<sup>14</sup>

## Missions Not Accomplished

We begin with the strategic disaster in Iraq. While there were valid long-term concerns regarding Saddam Hussein, the Bush administration’s ill-advised war of choice created a new battlefield that enabled Al Qaeda to establish a “franchise” in Iraq.<sup>15</sup> Even today, Iraq should not be considered the “central front” in the war against global terrorist networks.<sup>16</sup>

The ongoing conflict in Iraq clearly affects U.S. interests in the Middle East, but the



The twin towers of the World Trade Center burn behind the Empire State Building in New York on Sept. 11, 2001. Almost seven years later, the United States is neither as safe as it should be nor as safe as Americans think it is. AP Photo/Marty Lederhandler.

extent to which a specific military outcome in Iraq directly affects the security of the U.S. homeland is unclear. Whatever is salvaged will come at a cost that far exceeds whatever is ultimately accomplished.

In contrast, the fate of Afghanistan and Pakistan, where those responsible for 9/11 probably now reside, is more closely tied to the security of the United States and Western Europe. The invasion of Afghanistan is the principal reason U.S. homeland has not been attacked again, yet the shift of emphasis from Afghanistan to Iraq has enabled Al Qaeda Central to recover and reconstruct at least some of its terrorist infrastructure in Pakistan's tribal areas.<sup>17</sup>

Pakistan has been linked to several plots executed or discovered in Europe over the past two years, including the bombing of the London subway in July 2005 and the foiled plan to bomb aircraft flying between Britain and the United States in August 2006.<sup>18</sup> What's worse, the assassination of former prime minister Benazir Bhutto late last year, and other attacks in Pakistan since then, suggest that a mix of elements, including Al Qaeda, is trying to destabilize nuclear-capable Pakistan.

Stubbornly, the Bush administration and the military hierarchy cling to the judgment that Iraq is more important. The stunning statement by the Chairman of the Joint Chiefs that "in Afghanistan, we do what we can. In Iraq, we do what we must" reveals how our existing priorities have become disconnected from the evolving threat.<sup>19</sup>

More broadly, according to the National Intelligence Council, "pervasive anti-U.S. sentiment among most Muslims" is fueling the expansion of the Al Qaeda movement.<sup>20</sup> The United States is not at war with Islam, but the occupation of Iraq has given Al Qaeda leaders a pretext to

advance that view to a growing audience of radicalized young men.<sup>21</sup> This could precipitate the emergence of "lone jihadists" in the United States, paralleling what is now happening in Europe. Homegrown actors may be less lethal, but they will also be harder to detect.

Most of the world now believes, fairly or not, that America is on the wrong side of history. While the Bush administration acknowledged the vital importance of winning hearts and minds in its revised 2006 counterterrorism strategy, too often since 2001, U.S. policies have neither matched our values, nor what we preach to the rest of the world. We are perceived, accurately or not, as operating secret and illegal prisons, condoning torture, denying legal rights, propping up autocratic regimes, and subverting fair elections.<sup>22</sup>

The Middle East peace process, a source of both hope and grievance, languished until recently, removing a critical source of hope within the region. Our actions give credence to Al Qaeda's jihadist narrative that seeks to undermine the influence of the West in the Islamic world. This unprecedented isolation and resentment with which the United States is viewed today is a fundamental "metric" in the so-called battle of ideas and is a clear sign we are not winning.

### **The New Central Front: The United States Homeland**

The Bush administration's political rhetoric—that we are defeating terrorists in Baghdad so we do not have to confront them here—is fiction. This is not an either-or proposition. The risk to the United States is on the rise despite what we have done over the past seven years, and in many ways because of what we have done since 9/11. The next administration must change our strategic emphasis.

The central front in this on-going struggle must be the U.S. homeland. The past seven years represent a lost opportunity to sufficiently strengthen our defenses and improve national preparedness and resiliency in the event we are attacked again. Governments and the private sector must plan and act on the conviction that the next attack is a matter of when and how, not if. We cannot expect law enforcement to detect and disrupt them all.

To say that we are likely to be attacked again, however, neither suggests we should succumb to our fears nor endorse the politics of fear. Quite the opposite. Being prepared strategically and psychologically will lead to a more measured and effective response that will deny the terrorists what they seek. As the Gilmore Commission concluded, policies are best developed “in the quiet of the day instead of the crisis of the moment.”<sup>23</sup>

We must regain perspective regarding the threat itself, including on where terrorism fits within the full range of international security challenges confronting the United States in the 21st century. The Bush administration suggests that the terrorist intent is to destroy our way of life.<sup>24</sup> This is demagoguery. Al Qaeda is not the Soviet Union. The fact is 19 people cannot destroy our way of life.

If we overreact, however, we can destroy it ourselves. It is a mistake for the world’s lone superpower to view its security solely through the lens of terrorism as the Bush administration has done for the past seven years.<sup>25</sup>

The United States requires a new strategy, an integrated approach that employs and invests in all elements of national power, not just one. This includes intelligence to better understand the threat; military support to deny terrorists foreign safe havens; and coherent policies and effective strategic communications to de-legitimize the use

of terrorism as a weapon against innocent civilians and deter new generations of violent Islamic extremists from emerging.

We also need a recommitment to the homeland that involves more robust local law enforcement to prevent attacks at home; national standards and federal regulation to reduce our vulnerability to terrorism and protect the economy; and trained and equipped first responders if all else fails. The federal government must establish a true partnership with state, local, and private-sector players, taking a more sustainable approach that builds capabilities from the ground up rather than imposes unfunded mandates from Washington.

We must also provide more resources to match national requirements. Investments should enhance our ability to counter the terrorism threat, and promote far-reaching systemic improvements that will better position the United States to cope with major challenges and disruptions regardless of the origin—terrorism, yes, but also pandemics, natural disasters, and man-made events.

On all of these fronts, change is essential. Major terrorist attacks occurred around presidential transitions in 1988, 1993, 2000, and 2001. The next president must be prepared for an early challenge by Al Qaeda, one of its affiliates, or independent actors inspired by bin Laden but working on their own.

From this broad analysis, it is important to review the existing strategy, core missions that have been identified, specific initiatives that have been undertaken, and the existing distribution of resources. This will help identify the essential elements of a post-Iraq homeland security strategy, what needs to be done to make the United States more secure and better prepared to confront a range of challenges, and the level of resources necessary to meet these requirements.

## SEVEN YEARS LATER: HOMELAND INSECURITY

Two years before 9/11, the Hart-Rudman Commission declared homeland security to be “the primary national security mission of the U.S. government.”<sup>26</sup> Unfortunately, despite the terrorist attacks on 9/11, the Bush administration has yet to view it as such.

Given its impact on the world, the United States will always be in the terrorist crosshairs. As the Bush administration rightly points out in its *National Strategy for Homeland Security*, “we must understand and accept a certain level of risk as a perma-

nent condition.”<sup>27</sup> The United States offers a target-rich environment; this vulnerability cannot be completely eliminated.

The Bush administration has failed to adequately adapt to the 21st-century security environment. We continue to act based on the pre-9/11 mindset that military power is all that matters, even as we see its limitations in Iraq.

The creation of DHS in March 2003 combined 22 federal agencies—some effective and others not—into a single entity with a

### THE STILL EVOLVING DEPARTMENT OF HOMELAND SECURITY

Twenty-two federal agencies were combined in March 2003 into four major directorates, plus the United States Coast Guard and Secret Service. Through a subsequent internal review and follow-on legislation, DHS now consists of the Office of the Secretary and 16 components. Further changes may be necessary in the future, but the next administration should view this as a long-term rather than immediate requirement.

#### MARCH 2003

<p><b>Border and Transportation Security</b></p> <ul style="list-style-type: none"> <li>• The U.S. Customs Service (Treasury)</li> <li>• The Immigration and Naturalization Service (part) (Justice)</li> <li>• The Federal Protective Service</li> <li>• The Transportation Security Administration (Transportation)</li> <li>• Federal Law Enforcement Training Center (Treasury)</li> <li>• Animal and Plant Health Inspection Service (part)(Agriculture)</li> <li>• Office for Domestic Preparedness (Justice)</li> </ul>	<p><b>Emergency Preparedness and Response</b></p> <ul style="list-style-type: none"> <li>• The Federal Emergency Management Agency (FEMA)</li> <li>• Strategic National Stockpile and the National Disaster Medical System (HHS)</li> <li>• Nuclear Incident Response Team (Energy)</li> <li>• Domestic Emergency Support Teams (Justice)</li> <li>• National Domestic Preparedness Office (FBI)</li> </ul>
<p><b>Science and Technology</b></p> <ul style="list-style-type: none"> <li>• CBRN Countermeasures Programs (Energy)</li> <li>• Environmental Measurements Laboratory (Energy)</li> <li>• National BW Defense Analysis Center (Defense)</li> <li>• Plum Island Animal Disease Center (Agriculture)</li> </ul>	<p><b>Information Analysis and Infrastructure Protection</b></p> <ul style="list-style-type: none"> <li>• Federal Computer Incident Response Center (GSA)</li> <li>• National Communications System (Defense)</li> <li>• National Infrastructure Protection Center (FBI)</li> <li>• Energy Security and Assurance Program (Energy)</li> </ul>
<p><b>U.S. Coast Guard</b></p>	<p><b>U.S. Secret Service</b></p>

#### FEBRUARY 2008

<ul style="list-style-type: none"> <li>• Office of the Secretary</li> <li>• Directorate for National Protection and Programs</li> <li>• Directorate for Science and Technology</li> <li>• Directorate for Management</li> <li>• Office of Intelligence and Analysis</li> <li>• Office of Policy</li> <li>• Office of Health Affairs</li> <li>• Office of Operations Coordination</li> <li>• Domestic Nuclear Detection Office</li> <li>• United States Customs and Border Protection</li> <li>• Transportation Security Administration</li> <li>• United States Coast Guard</li> <li>• United States Immigration and Customs Enforcement</li> <li>• United States Citizenship and Immigration Services</li> <li>• United States Secret Service</li> <li>• Federal Emergency Management Agency</li> <li>• Federal Law Enforcement Training Center</li> </ul>
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variety of missions, some compatible and others not.<sup>28</sup> (See table, page 11.) This is an extraordinary management challenge under the best of circumstances, never mind in the middle of a conflict. By contrast, the 1947 reforms that created the Department of Defense, Central Intelligence Agency and National Security Council were enacted after the conclusion of World War II.

The Bush administration established the Department of Homeland Security, then progressively lost interest until the department failed spectacularly following Hurricane Katrina. Multiple factors have limited DHS' development. The lack of regulatory authority and planning capabilities has undercut its bureaucratic clout. Poor management systems have led to budgetary waste. There is a disconnect between the department's increasing responsibility and its capacity to conduct effective oversight. The lack of stable and effective leadership and unifying culture, along with poor employee morale only exacerbate the problems.

DHS is not governed by a clear set of priorities, which makes true risk management difficult to achieve. Work across various agencies is not well-coordinated, and in some cases it is redundant.<sup>29</sup> DHS is overly dependent upon political appointees and contractors.<sup>30</sup> Only in its last year is the Bush administration building a bench of qualified career civil servants.<sup>31</sup> The level of resources committed to homeland security is insufficient to promote meaningful change.

Hurricane Katrina provided DHS its first real test. Even with advance notice, it failed, with tragic consequences. Many elements put in place to enable the federal government to manage future crises—the National Incident Management System,

National Response Plan, and the Homeland Security Operations Center—were not effective.<sup>32</sup>

Despite rhetoric about a partnership, communication and coordination across municipal, state, and federal governments was poor and cost lives. The DHS senior leadership did not view natural disasters as a priority, even though Katrina largely duplicated one of 15 national planning scenarios DHS developed in July 2004.<sup>33</sup> To a large extent, DHS has not been tested since.

## The Existing Homeland Security Strategy

The October 2007 National Strategy for Homeland Security released by the Homeland Security Council lists four strategic objectives in defending the United States in this age of terrorism:

1. Prevent and disrupt terrorist attacks.
2. Protect the American people, our critical infrastructure, and key resources.
3. Respond to and recover from incidents that do occur.
4. Continue to strengthen the foundation to ensure our long-term success.<sup>34</sup>

There are a number of important changes from the original July 2002 National Strategy for Homeland Security. The new strategy appears to attach a lower priority to mitigation or risk reduction, limiting the attractiveness or accessibility of potential targets or the impact of any terrorist event. Five years ago, reducing America's vulnerability to terrorism was listed as a specific policy imperative—and rightly so.<sup>35</sup>

More surprisingly, natural or man-made disasters are explicitly *excluded* in the Bush administration's latest definition of homeland security. While acknowledging the

importance of federal support in the event of natural or man-made disasters, this vital dimension of emergency preparedness is de-emphasized in favor of a strategy focused solely on terrorism.<sup>36</sup>

This judgment reflects the very mindset that contributed to DHS's feeble response to Hurricane Katrina in the first place. A major hurricane will be far more destructive and disruptive than a conventional terrorist attack. An avian flu pandemic will risk far more lives and stress the capacity of governments at all levels more than 9/11 did.

Specific missions are, oddly, not identified in the latest strategy. The July 2002 strategy identified six critical mission areas that served as the organizing principles for the Department of Homeland Security and are still valid today:

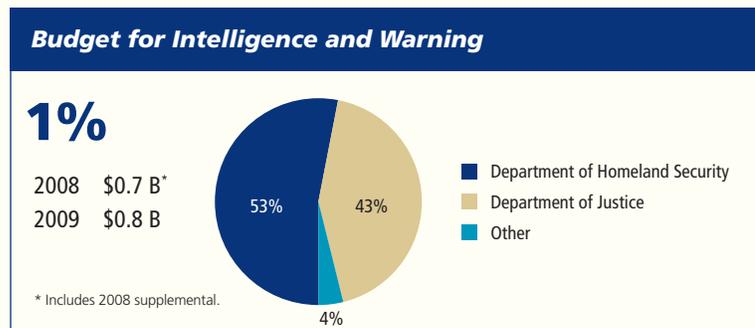
1. Intelligence and Warning
2. Domestic Counterterrorism
3. Border and Transportation Security
4. Protecting Critical Infrastructure
5. Defense Against Catastrophic Terrorism
6. Emergency Preparedness and Response

Closely associated with homeland security are the complementary homeland defense and civil support responsibilities of the Department of Defense which are reviewed as well.

Yet an analysis of actions taken since the establishment of the Department of Homeland Security five years ago shows how the Bush administration has failed to take a genuine risk-based approach. DHS has failed to set priorities based on the actual capabilities of terrorist networks like Al Qaeda, what is most likely to be targeted or disrupted, what we can least afford to lose, where the most significant consequences will occur in the event of a major disaster and areas where an effective

response can achieve measurable risk mitigation. Increasingly, management attention and budget increases are being directed away from real security concerns to immigration enforcement. This is more about domestic politics than the actual threat we continue to face.

### Intelligence and Warning



The 9/11 Commission concluded that we suffered a failure of imagination, policy, capabilities and management—but interestingly not intelligence, analysis, or warning.<sup>37</sup>

Iraq, by contrast, was an intelligence failure—flawed intelligence misused by civilian policymakers.<sup>38</sup>

Before 9/11, the intelligence system “was blinking red” in the summer of 2001, including the infamous Presidential Daily Brief report entitled “Bin Laden Determined to Strike in U.S.” in early August. But the president and his cabinet did not react sufficiently to what they were told.<sup>39</sup> Nonetheless, the intelligence community has been reformed. Considerable effort has been focused on changing the management and organization of the intelligence community, but less on building an effective system to produce and share better threat information.<sup>40</sup>

The establishment of the Director of National Intelligence, or DNI, has added a



A police officer patrols a station platform in Oakland, California. Police and canine patrols are the most effective means of protecting mass transit, a favored terrorist target. However, grants have not kept pace with security requirements, even as state and local budgets shrink due to the economic downturn. AP Photo/Jakub Mosur.

new, but as yet unproven, bureaucratic layer. It fundamentally altered the role of the Central Intelligence Agency, but not the Department of Defense, which still controls the majority of intelligence assets and roughly 80 percent of the estimated \$43.5 billion intelligence budget.<sup>41</sup> While funding is rising within this mission area, only 1 percent of the intelligence budget is dedicated to homeland security intelligence and warning.<sup>42</sup> Most of the 16 agencies that comprise the intelligence community remain focused on supporting conventional military operations.

The formation of the National Counterterrorism Center is an important innovation, even though it contradicts the legislative intent behind the Department of Homeland Security, which was supposed to assume this coordinating role.<sup>43</sup> The quantity and quality

of domestic intelligence analysis is improving, although progress in developing the planned information-sharing environment is still hampered by significant bureaucratic infighting. This limits establishment of an effective two-way flow of meaningful information with state, local, and private sector officials.

As of FY2007, DHS has deployed only 19 intelligence officers to state and local fusion centers. Placement of another 16 is planned this year, a pace that is too slow.<sup>44</sup> The 2007 legislation implementing recommendations of the 9/11 Commission also supports state and local representation at the federal level.<sup>45</sup> Yet too few state and local officials, including appropriate private sector representatives, have security clearances that enable greater coordination and information-sharing.

The Bush administration's new homeland security strategy highlights the importance of "intelligence-led policing."<sup>46</sup> Yet few cities (New York is by far the best example) have robust local intelligence operations, and the grant money that does exist is overly skewed toward the acquisition of technology rather than the hiring of people. What's worse, having committed more than \$400 million in FY2008 to law enforcement terrorism prevention, the president's FY2009 budget proposes a \$750 million *cut* in the state homeland security grant program that helps fund such activities.<sup>47</sup>

While intelligence collection and analysis can be improved, in a democracy, this should not take place at the expense of civil liberties and American values.<sup>48</sup> The United States, by design, has never established a ubiquitous domestic intelligence agency akin to Britain's MI5. The Bush administration's efforts to update laws affecting electronic surveillance are less about intelligence than reordering the balance of power among the branches of the U.S. government.<sup>49</sup> The use, and already the abuse, of so-called national security letters, the receipt of which cannot be challenged or even publicly acknowledged, turns co-workers, library clerks, and neighbors into unwilling spies.<sup>50</sup>

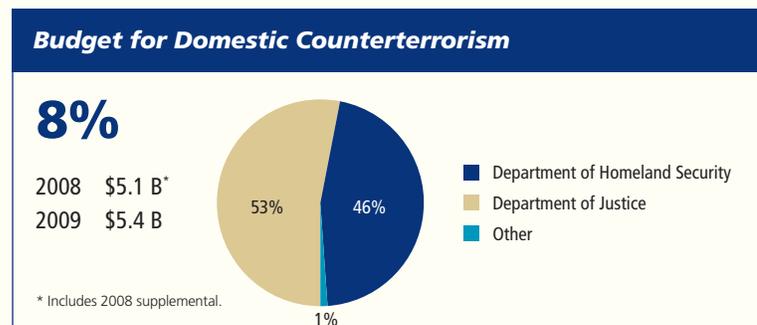
Meanwhile, the communication of threat information to the general public has been poor and at times political. Presidential admonitions to go shopping and buy plastic sheeting and duct tape have been parodied on late night television. The existing five-level color-coded homeland security alert system has created confusion and cynicism, inertia and unnecessary costs at state and local levels. The commercial aviation sector has remained stuck on orange or high alert for almost two years, diluting its significance.

Combating terrorist networks will require better intelligence, but gathering intel-

ligence about individuals rather than standing armies will not be easy. As one former CIA official cautions, "it's not about connecting the dots...there aren't enough dots."<sup>51</sup> Indeed, the physicians who attempted to bomb London's commercial district in July 2007 and subsequently crashed into the entrance of the Glasgow Airport terminal, reached both targets undetected—despite Britain's more robust domestic security apparatus and decades of experience. While British authorities were monitoring hundreds of groups involved in potential plots, these homegrown attackers, radicalized after arriving in Britain, were not apparently among them.

This strongly suggests that border security, a Bush administration priority, is insufficient if the future threat evolves primarily from Europe or from within the United States.

### Domestic Counterterrorism



According to the July 2007 National Intelligence Estimate, the ability of terrorist networks such as Al Qaeda to attract or inspire diverse, radical, and potentially violent individuals from around the world "will challenge current U.S. defensive efforts and the tools we use to detect and disrupt plots."<sup>52</sup> There has been no attack on the U.S. homeland since 9/11, although several plots involving individuals with varying degrees of competence have been disrupted, most recently involving Kennedy Airport

and Fort Dix in New Jersey. These are clear indications that some changes since 9/11 have yielded positive results.

The FBI is slowly changing its culture so that it can be as effective at counterterrorism as it is at law enforcement. The number of FBI-led joint terrorism task forces has increased significantly, which has strengthened links with local law enforcement. The FBI, however, has not recruited sufficient analysts and agents with crucial language skills and knowledge of target areas and groups. Institutional rivalries still persist. Counterterrorism analysts within the FBI's National Security Division continue to fight for appropriate status alongside traditional agents.

Immigration and Customs Enforcement is the other federal agency primarily responsible for domestic counterterrorism, although more of its leadership attention and assets are being directed against economic migrants, not terrorists. In fact, even though its overall budget increased for FY2008, the percentage devoted to counterterrorism declined by 10 percent.<sup>53</sup> Some members of Congress and DHS have deliberately conflated terrorism with immigration enforcement—two legitimate but distinct challenges.

A primary question, then, is whether adequate investments are being made at the right level of government. In many cities, for example, there are fewer police on the streets today (the foot soldiers of the home front) than seven years ago. This includes New York City, the most likely target of a future terrorist attack, where the police force has been cut by 5,000 officers since 9/11.<sup>54</sup> In contrast, the military plans to add 92,000 troops to the Army and Marine Corps, demonstrating how the current system fails to effectively evaluate tradeoffs involving national security requirements at home and abroad.

Even as homeland security demands on local law enforcement have increased—to support new structures, respond to alerts, protect critical infrastructure, and integrate planning and training at various levels—federal support to law enforcement has actually decreased. When it entered office, the Bush administration cut support for the Community Oriented Policing Services Program, or COPS, the principal program that supports police manning at the state and local levels.<sup>55</sup>

Despite declining budgets, New York City has invested significantly in counterterrorism, assigning 1,000 full-time equivalent personnel to the mission and 120 officers to the New York Joint Terrorism Task Force. It has formal programs to consult with private-sector security officers to share information and best practices. It has actively identified within its ranks hundreds of officers with fluency in key languages.

Not all of our cities require such a robust capability, but few cities will be able to add significant capability without federal assistance. This will continue to be the case as state and local budgets contract due to the ongoing housing crisis and subsequent decline in property tax receipts, the principal source of revenue for most cities.<sup>56</sup>

Nor can the private sector be automatically expected to take up the slack. Private security guards are poorly trained and paid, yet are expected to identify threats, stop attackers, and lead employees out of harm's way in the event of an incident. In fact, serious questions have been raised within the nuclear power industry about both the performance and reliability of private security companies and effective oversight by the government.<sup>57</sup> Individual companies and non-profit associations are taking action, coordinating private efforts with local governments, and providing common training, but more should be done systematically.

## Counterterrorism and Civil Liberties

Beyond our homeland security capabilities, the country has yet to determine *how* to combat terrorism. Specifically, still unanswered is how to provide government forces with effective tools at an acceptable cost, without curtailing civil liberties, the promotion of which is presumed to reduce terrorism. Some offer the “ticking bomb” scenario as justification for almost any government intrusion, even outside what is permitted under existing law or the Constitution. This is a false choice.

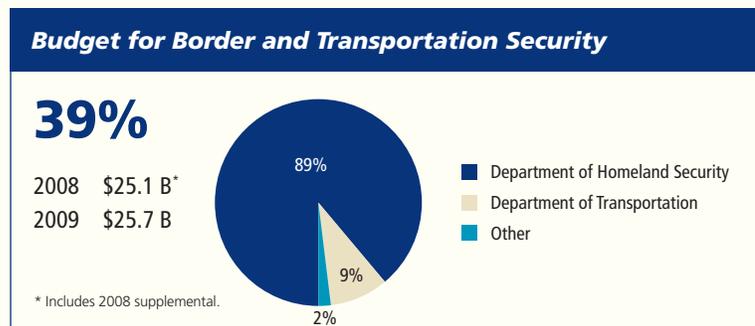
The USA Patriot Act, passed in 2001 and revised in 2006, removed supposed legal barriers between the nation’s intelligence and law enforcement arms, but its powers have already been extended beyond the stated purpose of combating terrorism. The 1978 Foreign Intelligence Surveillance Act is not out of date, although it should be amended to clarify rules regarding foreign-to-foreign communications that pass through U.S. switches. But the Privacy Act of 1974 is outdated and should be strengthened to reflect the modern information environment. The next administration needs to find the right approach to protect both American civil liberties and American lives.

There are certainly legitimate “check-points” where authorities have a need to verify an individual’s identity. Entering the United States is of course one case in point, as is boarding an airplane or working at a facility considered critical infrastructure. As the demand for personal information in public and private databases expands, however, the American people also have a right to expect that the use of personal data is directly related to the purpose for which it was collected.<sup>58</sup> If public support is to be maintained, there must be a convenient means to review personal information, correct inaccuracies,

and seek redress if an individual is repeatedly inconvenienced without cause, as with false positives on the no-fly list.

Abroad, too, the United States finds itself in an awkward position of promoting transparent governance and the rule of law around the world, but leaving itself open to claims of a double-standard at home. Extraordinary renditions, traditionally employed by the United States to bring criminal and terrorist suspects to justice, have been widely employed since 9/11 to detain suspects beyond the reach of the justice system and without internationally recognized legal rights.<sup>59</sup> The Bush administration and the Congress have yet to devise a set of procedures for military tribunals at Guantanamo that satisfy international legal standards.

## Border and Transportation Security



“Virtual borders” now exist well beyond our shores. International airline passengers are matched against terrorist watch lists before an airplane departs a foreign country. Shippers provide cargo data before a container is loaded on a vessel destined for the United States. Trucks crossing major land borders pass through radiation detectors. Despite these improvements, significant gaps remain in our ability to monitor who and what passes through our ports of entry. The ability of the “tuberculosis traveler” to both depart and then re-enter the country despite a national alert is a case in point.



The threat to global supply chains is more about containing the response than the attack itself. The closure of a major port, including the Maersk terminal at the Port of Los Angeles, picture above, would create billions in economic loss, exactly what Al Qaeda seeks. Better security systems and planning are necessary to avoid such a consequence. AP Photo/Reed Saxon.

The global aviation system remains a favored terrorism target. A repeat of the 9/11 suicide hijackings would be difficult—passengers and carry-on bags are more intensively inspected by government rather than private employees, cockpit doors are hardened, and the sky marshal program has been expanded—yet it is unclear if aviation security is staying ahead of a changing threat. The 2006 British bomb plot exposed serious weaknesses regarding liquid bomb detection. Most air cargo loaded on passenger aircraft is not given the same level of scrutiny as passenger luggage.<sup>60</sup>

The transit attacks in Madrid and London in the wake of 9/11 have not served as wake up calls to improve passenger rail security, also a prime target for domestic improvised explosive devices.<sup>61</sup> DHS con-

ducted vulnerability assessments, but it has done relatively little.<sup>62</sup> Virtually all major transit systems, most of which operate in major metropolitan areas, require public subsidies to operate. Fare increases cannot cover major security improvements without jeopardizing ridership.<sup>63</sup>

Technology such as closed circuit television proved its value after the London subway attacks, but the most effective deterrent is a visible and unpredictable police and canine presence throughout the subway system. Federal transit grants have been inadequate given the risk, and they generally limit police departments from using funds to offset personnel and operating costs. Congress in 2007 mandated improved planning and security assessments for major transit systems and authorized higher levels of

federal grants with more flexibility regarding operational costs and capital improvements.<sup>64</sup> Yet the Bush administration has proposed cutting targeted grants for critical infrastructure protection, including rail, passenger transit, and port security, by more than 50 percent from FY2008 levels.<sup>65</sup>

The 2002 Maritime Transportation Security Act, or MTSA, and follow-on International Maritime Organization International Ship and Port Facility Security Code have created strong global standards for port and vessel security, a far better approach than the protectionist impulse evident during the 2006 Dubai Ports World controversy.<sup>66</sup> Nonetheless, port security grants have thus far fallen short of the \$7.3 billion the Coast Guard estimated is required to fully implement MTSA.<sup>67</sup>

The 2006 SAFE Port Act and 2007 Implementing the 9/11 Commission Recommendations Act both mandated improvements in supply-chain security. The existing approach, however, relies too heavily on the screening of cargo data rather than the actual inspection of cargo containers, 9 million of which are shipped through U.S. ports each year. Supply-chain security is voluntary and government oversight cursory.

Despite the risk that disruption of global supply chains could create billions (or even trillions) of dollars in economic losses worldwide, less than 5 percent of shipping containers flowing are physically inspected.<sup>68</sup> The congressional mandate requiring 100 percent scanning of all shipping containers is a legitimate long-term vision, but cannot be accomplished within five years. DHS has only recently launched a test of the concept and future actions should be informed by its findings.<sup>69</sup>

Complicating matters, major trading partners have raised legitimate concerns. The

reason: Not all ports that export goods to the United States can afford to meet the emerging standard. But shared international solutions are the only effective means of protecting global systems we rely upon every day.<sup>70</sup>

In light of estimates that global trade will quadruple over the next 20 years, more needs to be done to manage post-disaster cargo flows to minimize system disruption that attackers hope to generate.<sup>71</sup> Much of this burden falls on the Coast Guard, which is under serious stress. The Coast Guard is largely responsible for maritime security, but personnel increases have not kept pace with wider responsibilities. The Pentagon plans to add 12,000 troops to its end strength in FY2009 even though a troop reduction in Iraq is certain this year and next. By contrast, the Coast Guard is forced to shift manpower from several mission, including drug interdiction, to meet its maritime security requirements.<sup>72</sup> Its equipment is outdated relative to its accelerated operational environment. The Coast Guard has launched a modernization program called Deepwater, but is struggling to manage it, a challenge throughout DHS. Even so, the Coast Guard should not have to wait 25 years to upgrade its aging and obsolete fleet.

The 9/11 Commission properly highlighted the link between travel and terrorism, but there is no consensus domestically or internationally regarding how much personal information governments should be able to access and retain. The United States and the European Union have agreed to share passenger name records, or PNR data, to screen international airline passengers. PNR data contributes to an advanced passenger information system that uses various tools, including travel history and link analysis, to assign a level of risk to people crossing the border. It is an important tool, but it requires better oversight.

## 17 Critical Infrastructure/ Key Resource Sectors

- Agriculture and Food
- Banking and Finance
- Chemical
- Commercial Facilities
- Commercial Nuclear Reactors, Materials, and Waste
- Dams
- Defense Industrial Base
- Drinking Water and Water Treatment Systems
- Emergency Services
- Energy
- Government Facilities
- Information Technology
- National Monuments and Icons
- Postal and Shipping
- Public Health and Health Care
- Telecommunications
- Transportation Systems

Under US-VISIT, international air and sea passengers are fingerprinted and present passports with embedded computer chips, which has eliminated visa fraud and the ability of terrorists and criminals to use multiple identities to enter the United States. But an effective system to track individuals exiting the country has not yet been developed, particularly at land border crossings.<sup>73</sup> Despite significant growth in the number of border crossings, there has been little investment in expanding the size or configuration of major land ports of entry to reduce delays.

With prodding from members of Congress, particularly from border states, DHS is attempting to develop an improved driver's license as a de facto national identification card that Americans can use to both board an airplane and cross a border. But a one-size-fits-all approach is likely to create more problems than real security. In isolation, the objectives of REAL ID (strengthening the verification of feeder documents that prove identity) and the Western Hemisphere Travel Initiative or WHTI (developing a

more secure and convenient credential that proves identity, citizenship, and status) are appropriate. But linking these imperatives through a centralized database can actually increase the risk of compromise.

A credential is ultimately only as strong as the systems that support it.<sup>74</sup> Congress has provided little funding to states to improve back-office manning, technology, and training.<sup>75</sup> And, even as the United States has pushed the rest of the world to adopt state-of-the-art biometric passports, we have delayed implementation at home because the agency that issues passports here, funded through fees and not normal appropriations, has been swamped by public demand.<sup>76</sup>

U.S. borders remain porous, where 700,000 undocumented people per year circumvent existing border, visa, and immigration controls. The vast majority, however, are economic migrants who pose little security risk.

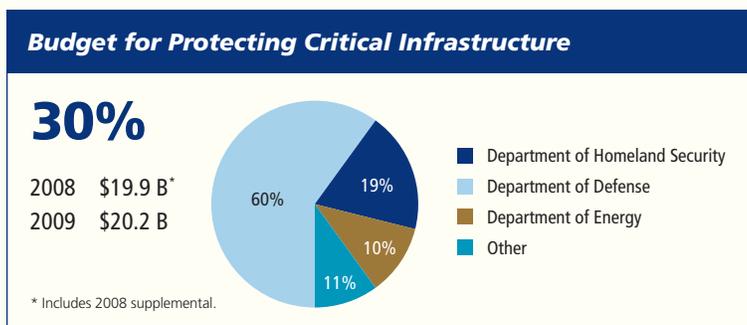
The Bush administration has placed more agents along our borders (in many cases

by depleting the ranks of border state law enforcement departments in the process) and is adding more technology through the Secure Border Initiative. It has tightened identification requirements to enter the United States from Canada despite few incidents of fraudulent documents or declarations.<sup>77</sup>

The preferred border “technology” of Congress, a 700-mile fence along the 2,000-mile southwest border, will be the U.S. equivalent of the Maginot Line and ineffective as long as the profound disconnect exists between the outside labor the U.S. economy needs and the number of visas available to both the skilled and unskilled foreign workers. Effective immigration reform would regularize the flow of needed workers and free up more resources within DHS to focus on individuals who do in fact threaten U.S. security.

Solving the border and immigration challenges is not something the United States can do itself. More effective and flexible collaboration with Canada and Mexico will be necessary. The Merida Initiative, a new regional security framework involving the United States, Mexico and the countries of Central America, is a good model.<sup>78</sup>

### Protecting Critical Infrastructure



The national security implications of critical infrastructure have been clear for more than a decade, since President Clinton issued

Presidential Decision Document 63 in May 1998. PDD-63, based on the findings of the Marsh Commission, established a five-year national goal of an effective public-private partnership to protect critical infrastructure from intentional acts to disrupt public health and a functioning economy.<sup>79</sup> This remains an elusive and unfulfilled goal.

Al Qaeda and its affiliates seek to damage the networks and systems that enable the U.S. economy and society to function. On September 11, Al Qaeda converted four commercial aircraft into weapons of mass disruption. Thousands of people were killed. Major landmarks were destroyed. Telecommunications were interrupted. Many workers in the financial capital of the world walked home. Businesses lost suppliers or lacked customers; some closed, never to reopen.

Terrorists continue to focus on high-consequence infrastructure. But they have also branched out to softer targets such as commercial areas, tourist destinations, and transportation systems, where large numbers of people congregate.<sup>80</sup> Yet the federal government has devoted most of its effort and money to protecting military and other government facilities, which is more about continuity of government than critical infrastructure protection.

Beyond terrorism, the United States has suffered at least three other significant infrastructure-related failures over the past four years: the 2003 Northeast black-out; Hurricane Katrina; and the 2007 bridge collapse in Minnesota.

All three failures reveal “brittle” infrastructure due to underinvestment, functional obsolescence, and neglect. This leaves the

U.S. economy and society unacceptably vulnerable to the same cascading impact and costs experienced seven years ago.<sup>81</sup>

Meanwhile, the Bush administration has been too deferential to corporate interests.<sup>82</sup> The private sector owns 85 percent of critical infrastructure, but the pace of change has been inadequate. The administration's faith-based belief in voluntary action is contradicted by market forces that favor efficiency and reduced overhead, not security. It has failed to effectively engage the private sector, particularly responsible companies that are willing to adapt, and failed to offer meaningful incentives to spur private sector security investments. The administration's primary focus has been to build stronger fences to secure the status quo rather than promote process and systemic change that does not just reduce risk, but in specific areas actually eliminates it.

Emblematic of this is Homeland Security Presidential Directive 7, which established 17 critical infrastructure/key resource areas but set no hierarchy (see box, page 20) based on threat, vulnerability, and consequence. The National Infrastructure Protection Plan describes a planning process rather than shaping a risk-based prioritization of critical infrastructure.<sup>83</sup> As of January 2006, it listed 77,069 potential targets in the National Asset Database. But only 14 percent were considered "nationally significant,"<sup>84</sup> and 1,700 assets were judged to require "great attention."<sup>85</sup>

Assessments of risk employed to place critical infrastructure in specific risk tiers are disconnected from the process by which the federal government distributes homeland security grants. DHS is only beginning to address critical infrastructure cross-dependencies. The financial services sector, for example, depends on electrical power, which in turn is managed through cyber-

networks. Weaknesses within public and private information systems, which record a broad array of social transactions and increasingly control most functions that we take for granted, now surface on an uncomfortably regular basis. Networks and files have been compromised through bureaucratic errors and system failures in the face of increasingly sophisticated hackers. While the nature of the risk is generally acknowledged, government and private sector leaders continue to underestimate the potential consequences. Clear roles, responsibilities and standards are not well understood across both public and private sectors.

### **Practical Assessments of Risk Required**

There are specific areas that require greater emphasis, beginning with chemical security. The presence of acutely hazardous materials at thousands of facilities across the country sets chemical security apart. A chemical release would instantly threaten far more than perished on 9/11.<sup>86</sup>

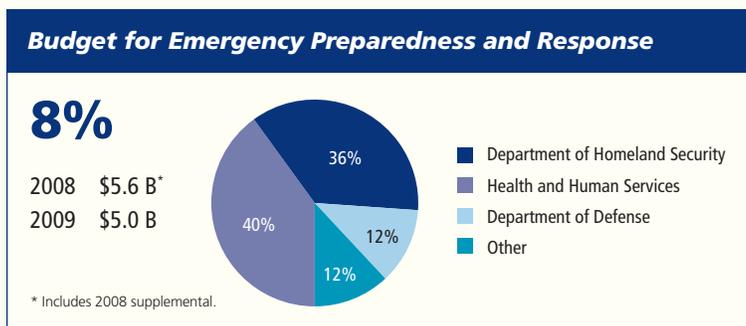
Deadly chemicals such as chlorine gas are transported on freight rail lines that flow through our major cities, an Al Qaeda priority.<sup>87</sup> If graffiti artists can draw on rail cars, terrorists can blow them up. Congress granted DHS interim regulatory authority in September 2006, but it is overly focused on physical plant security—better fences and lighting, video cameras, more guards, and access controls. But due to committee turf battles, it exempted some major chemical operators from security regulation, including drinking water and wastewater plants that are major users of chlorine.

DHS also failed to advance a system-wide approach to chemical supply chains as had been done for maritime security. The existing framework does not address what

happens inside the fence line. It ignores the adoption of more secure alternatives, generically called inherently safer technology, or IST, which could reduce the need to ship dangerous material in the first place.<sup>88</sup>

While Congress has introduced legislation that would make chemical security regulation permanent, it is questionable how aggressively DHS will exercise authority over thousands of chemical facilities with a limited budget and a few dozen people.<sup>89</sup> The \$50 million chemical security budget for FY2008 does not include any incentives to accelerate the slow pace of change within the chemical industry.<sup>90</sup> A new industry of third-party security auditors is expected to certify compliance with security regulations, but as the Enron Corp. scandal reminds us, even clear national standards must be subject to aggressive oversight. Unfortunately, the regulatory process DHS is enacting is overly secretive, which can inhibit change.

### Emergency Preparedness and Response



Once one of the federal government’s most effective agencies, the Federal Emergency Management Agency in 2005 lacked not only professional leadership, but also the necessary staff, communications, logistics and contracting systems, and regional structure to respond to an unprecedented (but not unanticipated) event such as Katrina. FEMA’s inadequacies allowed a natural disaster to become a national disgrace.

Questions have arisen since regarding FEMA’s position in the government wiring diagram. But the success or failure of a federal agency should not depend on its relationship with the president. Too little attention has been paid to FEMA’s lack of capacity to prepare for, respond to, recover from, and mitigate the risk of domestic disasters—all at the same time.

Given the prospect of more significant and costly catastrophes, whether due to more severe storms fueled by climate change or attacks from terrorists using more deadly technologies, the real issue is FEMA’s business model. Roughly 50 percent of the U.S. population now lives within 50 miles of a coast, vulnerable to hurricanes along the East and Gulf Coasts and wildfires and earthquakes on the West Coast.<sup>91</sup> Seven of the 10 most costly hurricanes have occurred in the past three years.<sup>92</sup>

Despite growing responsibilities, FEMA remains one of the smallest agencies within the federal government, with just over 2,600 full-time employees, although the number of permanent positions is increasing.<sup>93</sup> Unlike the military, which invests its operational capability in subordinate commands, FEMA has a weak regional structure, despite the fact

that disaster response is primarily a state and local responsibility. Yet, for political and institutional reasons, planning and execution are largely commanded from Washington.

The National Response Plan failed during Hurricane Katrina because it was a complex top-down product imposed on a bottom-up process—written in Wash-



President Bush gets a tour of the Superdome and downtown New Orleans that was damaged by Hurricane Katrina in New Orleans aboard Marine One on September 2, 2005. The Federal Emergency Management Agency (FEMA) lacked not only professional leadership, but also the necessary staff, communications, logistics and contracting systems, and regional structure to respond to an unprecedented (but not unanticipated) event such as Katrina. Despite its glaring failures during Hurricane Katrina, the Bush administration proposes cuts in federal support for disaster response in next year's budget. AP Photo/Susan Walsh.

ington with minimal input from the field and completely untested. Unfortunately, DHS repeated this mistake in the early development of its successor, the National Response Framework. Fortunately, the final version released in January 2008 reasserts a more traditional disaster response model, with DHS explicitly playing a support role to state and local authorities through a simplified chain of command.<sup>94</sup>

Responsibility for federal preparedness grants has also been restored to FEMA, reversing another flawed management decision made after DHS came into existence. The Bush administration, however, continues to propose draconian cuts to prepared-

ness-related grant programs for firefighters, medical response, emergency management, and homeland security planning, training, and intergovernmental coordination.<sup>95</sup>

When the White House released a detailed report of lessons-learned from Katrina in February 2006, a reduction of support for cities, states, and first responders was not listed.<sup>96</sup> Scarce resources are being squandered on Capitol Hill as well. Urban area security grants to New York and Washington, D.C., the two cities attacked on 9/11 and most likely to be struck again, were cut by 40 percent in 2006 because Congress prefers to spread the wealth across all states rather than concentrate

funding where the threat and consequence are most severe or where risk can be most dramatically reduced.<sup>97</sup>

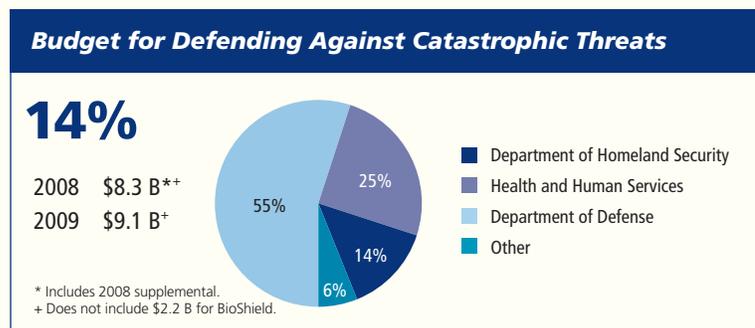
Despite the call to create a “national culture of preparedness,” there is no agreement as to *what* the country should prepare for—a catastrophic hurricane that will inevitably happen, a pandemic that could happen, or a nuclear terrorist attack that is unlikely to happen but would permanently alter the country if it did. Should we prepare for one of them, or all of them?

Fifteen disaster scenarios provide a planning platform, but there is no clear hierarchy in place so that cities and states can acquire capabilities that they both need and will actually use. The federal government now stresses the importance of individual readiness, but for the vast majority of the population, a terrorist attack or other disaster will occur with people at work or in school. Schools frequently serve as disaster shelters. Individual companies, local associations, and other non-profit organizations have employees, inventories, and other resources that can help communities cope. Even though they are placing greater emphasis on business continuity, governments have not adequately integrated the private sector into disaster planning.

The emergency preparedness and response mission only represents 8 percent of the homeland security budget. The vast majority of FEMA’s funding is provided *after* the disaster, which limits its ability to invest in pre-disaster mitigation that can limit loss of life, destruction of property and social disruption, all of which have strategic significance when trying to deter terrorist attacks. Indeed, in 2001 the Bush administration scaled back Project Impact, a successful disaster mitigation program that yielded four dollars in risk reduction for

every dollar invested—despite clear demographic trends and severe weather patterns that point to substantially higher levels of risk to people and property across the country.<sup>98</sup> The administration has proposed a 34 percent cut in pre-disaster mitigation funds for FY2009, despite receiving three times more in valid requests for support than available funding.<sup>99</sup>

### Defending Against Catastrophic Threats



“The gravest danger to freedom,” as President Bush rightly cautioned, “lies at the perilous crossroads of radicalism and technology.”<sup>100</sup> This is particularly true of nuclear and biological weapons, true weapons of *mass effect* which a terrorist network like Al Qaeda would like to obtain and would likely use. The Bush administration, for seven years, has inflated not the threat itself, but its imminence.<sup>101</sup> By declaring a “nexus” between terrorism and proliferation, it conflated the threat posed by nation states and terror networks, which led directly to the ill-advised Iraq invasion.

The president’s foolish rhetoric about an “axis of evil” and flawed strategy of preventive war drove North Korea to become a de facto nuclear state and Iran to accelerate its indigenous development program. The administration has shown greater pragmatism of late, but the seeds of a renewed global nuclear arms race have been sown

as many countries, including major energy exporters such as Saudi Arabia, express interest in developing “peaceful” civilian nuclear programs. Further nuclear breakouts in the Middle East or elsewhere increase the availability of dangerous technology, materials and know-how and the odds that they could be acquired by a terrorist group such as Al Qaeda.

In fact, the international nonproliferation regime is fraying. While the Proliferation Security Initiative is a useful addition, the Bush administration has not consistently supported existing efforts to secure or eliminate existing stockpiles.<sup>102</sup> Rather than promote the Comprehensive Test Ban Treaty, the Bush administration has envisioned a new generation of nuclear warheads with expanded missions that are unnecessary given the U.S. conventional military dominance.

Nuclear terrorism is “preventable.” But it is only preventable if the United States will work constructively to strengthen the existing proliferation regime, reduce reliance on nuclear weapons (which other countries use to justify their own pursuit of nuclear weapons), and use formal agreements to monitor and, to the extent possible, control relevant materials that would enable a terrorist group to become a nuclear power.<sup>103</sup>

The federal government has devoted significant attention to the detection of dangerous substances, particularly within urban areas. Portal radiation monitors have been deployed at most U.S. ports, some overseas, and at land borders. While the strategy makes sense, the effectiveness of the current generation of technology is questionable. The systems are vulnerable to false positives, since a range of materials naturally emit radiation. Nuclear material can also be shielded. A \$1.2 billion contract to purchase the next generation of technol-

ogy, advanced spectroscopic portal radiation monitors or ASPs, is on hold due to compromised testing results.<sup>104</sup>

## **Bioterrorism and Pandemic Threats**

The 2001 anthrax attack precipitated a significant expansion of biodefense programs. BioWatch was hastily deployed as a federally funded and locally administered effort to detect a biological attack in selected major urban centers. It piggybacked off an existing Environmental Protection Agency system to maintain air quality, but it is too labor intensive, does not provide real-time monitoring, and is not likely to detect a wide enough range of substances potentially available to a terrorist group.<sup>105</sup> The Aum Shinrikyo attack in the Tokyo subway in 1995 is a chilling example.

The inability to resolve the 2001 anthrax attack points out both the lack of sufficient controls and oversight of deadly agents and the lack of forensic capability to determine the origin of dangerous substances. Biological capabilities are difficult to contain, although more can be done regarding professional codes of conduct and peer monitoring of scientific research.<sup>106</sup> Local governments also have a limited ability to operate in a contaminated environment. The military, particularly the National Guard, continues to expand its number of response teams that can operate in a chemical, biological, radiological, nuclear, or conventional explosives environment. They should be consistently supported.

Our ability to intervene following an outbreak is questionable. At the federal level, significant funding continues to be committed to medical countermeasures for agents that are most likely to be weaponized. For FY2009, the president is requesting \$2.175 billion more for Project BioShield.

# In the event of a biological attack or pandemic, it is very likely that the public health and medical systems in almost every major city would fail.

Very little of that money is “dual use” and relevant to naturally occurring diseases that we are more likely to confront. Security and public health requirements should be better integrated.<sup>107</sup>

Case in point: The Department of Health and Human Services continues to build up the Strategic National Stockpile of medicines (a role that transferred to DHS and has rightly shifted back to HHS), but there is relatively little federal support to increase local capacity to contain an outbreak and administer care.

In the event of a biological attack or pandemic, it is very likely that the public health and medical systems in almost every major city would fail. First, our national surveillance is spotty. Some cities have significant capabilities, but most do not.<sup>108</sup> Yet the Bush administration is poised to cut \$27 million in funding for infectious disease detection and control from the Centers for Disease Control despite the growing relevance of the HHS to national security.<sup>109</sup>

Second, the country simply does not have a medical surge capacity—adequate levels of hospital beds, vital equipment, medical staff, routine supplies, or basic access to health care—to deal with a crisis, particularly one involving a mass evacuation of thousands of patients.<sup>110</sup> Only \$362 million is set aside for hospital infrastructure.<sup>111</sup> Advanced information and communication technology is not universally available to ensure

that electronic medical and pharmaceutical records will be accessible for patients who are moved in a crisis.<sup>112</sup>

## Food Safety

A number of warning signs have emerged both domestically and internationally regarding food and product safety. The lack of adequate early warning and supply chain forensic capabilities points to a systemic weakness that a deliberate attacker could exploit using a biological agent. Hundreds of people became ill (and at least one individual died) across more than 20 states due to an *E. coli* bacteria outbreak involving fresh spinach.<sup>113</sup>

There was insufficient information available, however, to enable investigators to pinpoint the source, which was also the case with the still-unsolved 2001 anthrax attack. The presence of toxins in toothpaste and lead paint on toys imported from China highlight the limited capabilities of small agencies like the Food and Drug Administration that are expected to assume increased security-related responsibilities.

## Homeland Defense and Civil Support

The U.S. military’s first strategic objective is to “secure the United States from direct attack.”<sup>114</sup> During the 20th century, this

entailed military operations in a different hemisphere directed at nation-states. Even now, the bulk of the military's counterterrorism activities are focused in Iraq and Afghanistan. The Bush administration's highest domestic military priority, missile defense, has little to no relevance to the terrorism threat we face now.

Homeland defense also encompasses civil support missions, providing manpower, logistics, communications, rescue, and medical care to civilian communities following a range of disasters.<sup>115</sup> Such tasks have up until now been considered "lesser included" missions that required minimal planning and preparation. That is a questionable assumption in light of 9/11 and Katrina, but it is unclear whether the military considers homeland defense as a core mission or if organization changes have made the situation easier or more complex.

After 9/11, the Pentagon restructured its regional command structure and established Northern Command or NORTHCOM to coordinate the active duty military's response in the event of an attack or major catastrophe that exceeds local civilian capabilities. To their credit, coordination between FEMA and NORTHCOM has improved, consistent with lessons learned from Katrina.<sup>116</sup> The Department of Defense is actively searching for ways to lend its considerable planning capabilities to help DHS, which does not yet possess the depth of planning expertise to match its responsibility.<sup>117</sup>

An integrated planning effort is the only way to overcome competing bureaucracies and multiple chains of command. Active military forces report to the Secretary of Defense, the Coast Guard and FEMA

report to the Secretary of Homeland Security and the National Guard to state governors. This has hampered federal support in the past. For instance, the National Guard under most circumstances will respond not at the direction of the president (unless federalized under Title 10, which suspends normal authorities), but under state agreements (known as the Emergency Management Assistance Compact or EMAC) among the nation's governors.

Moreover, the National Guard is no longer a strategic reserve, but rather is now an operational force with three competing missions—homeland defense, civil support, and combat overseas. The National Guard has the personnel to fulfill these requirements, but largely due to extended deployments in Iraq does not have the equipment it needs to deploy units elsewhere overseas, at the U.S. southwest border, and in response to a hurricane, tornado, or other special circumstances.<sup>118</sup> While the Pentagon and Congress have been addressing the Guard's equipment replacement and unit transformation needs, the reserve component faced a projected \$47 billion funding shortage for equipment as of FY2007, with sub-par readiness projected out to 2019.<sup>119</sup> This is unacceptable.

Even though the bulk of the National Guard's effort is domestic, it is structured and funded on its overseas combat mission. This should be reversed, with the National Guard trained, equipped and resourced based on homeland defense while preserving the option to deploy out overseas under the right circumstances. And even though they plan and serve together, the active military remains reluctant to place its units under the operational control of reserve units, an anachronism left over from the Cold War that merits critical examination.

## KEY QUESTIONS TO ANSWER ON HOMELAND SECURITY

A revised approach to terrorism will still rely on prudent and measured military action. But to be the most effective, a new homeland security strategy must place even greater emphasis on defense and deterrence, which first depends on better answers to some key questions that have been lost in the current public debate. Specifically:

- Who actually threatens the U.S. homeland?
- What are they most likely to target?
- What are the specific responsibilities of governments at all levels and the private sector?
- Does our existing resource allocation support a successful strategy?

### Who Actually Threatens Us?

Six years after 9/11, the next administration must reassess the nature of the long-term threat the United States faces from violent extremism, or more specifically bin Ladenism, in the post-Iraq environment. The next administration should discard the overly broad frame “global war on terror” and ignore misleading slogans such as “Islamofascism.”

Instead, it must revisit strategic judgments and recalculate our priorities based not on sunk military costs, but actual risk to the U.S. homeland. While by no means the only one, the key terrorist threat to the United States today remains Al Qaeda Central and the movement it has generated.<sup>120</sup> The current priority given to Iraq at the expense of Afghanistan and Pakistan is questionable.

While perhaps less capable of executing a spectacular attack of the scale of 9/11, Al Qaeda is the only terrorist network that has demonstrated both the will and the ability to strike the U.S. homeland.<sup>121</sup> Its core leadership has a new sanctuary in Pakistan’s tribal areas, from which it has provided some support and limited direction to sympathizers who have planned or executed attacks around the world, particularly in Europe. Record levels of poppy production provide a lucrative source of funding. Al Qaeda’s recovery is a direct consequence of the Bush administration’s decision in 2002 to shift its focus from Afghanistan to Iraq. The next administration should steadily shift its emphasis back to Afghanistan and Pakistan, where Osama Bin Laden and Ayman al Zawahiri remain a symbol of resistance, source of inspiration, and some financial and technical assistance.

Bin Laden continues to successfully attract local extremist groups that seek identification with the Al Qaeda “brand,” as occurred recently in the Magreb.<sup>122</sup> As a result, regional grievances directed at host governments, the “near enemy” in Bin Laden’s eyes, could become intertwined with Al Qaeda’s focus on the United States and the West, the “far enemy.”<sup>123</sup> Future attacks could also involve radicalized “self-starters” who exchange ideas through radical chat rooms but are independent actors.

Denying Al Qaeda another opportunity to strike at the United States requires not only disrupting his sanctuary and ability to function, but more importantly eliminating its legitimacy and appeal. Intelligence

continues to suggest that Iraq is less a safe haven for terrorists than a magnet. Foreign jihadis followed U.S. forces into Iraq and subsequently declared their loyalty to bin Laden.<sup>124</sup> Suicide bombers continue to flow into Iraq from neighboring countries, particularly Saudi Arabia.<sup>125</sup>

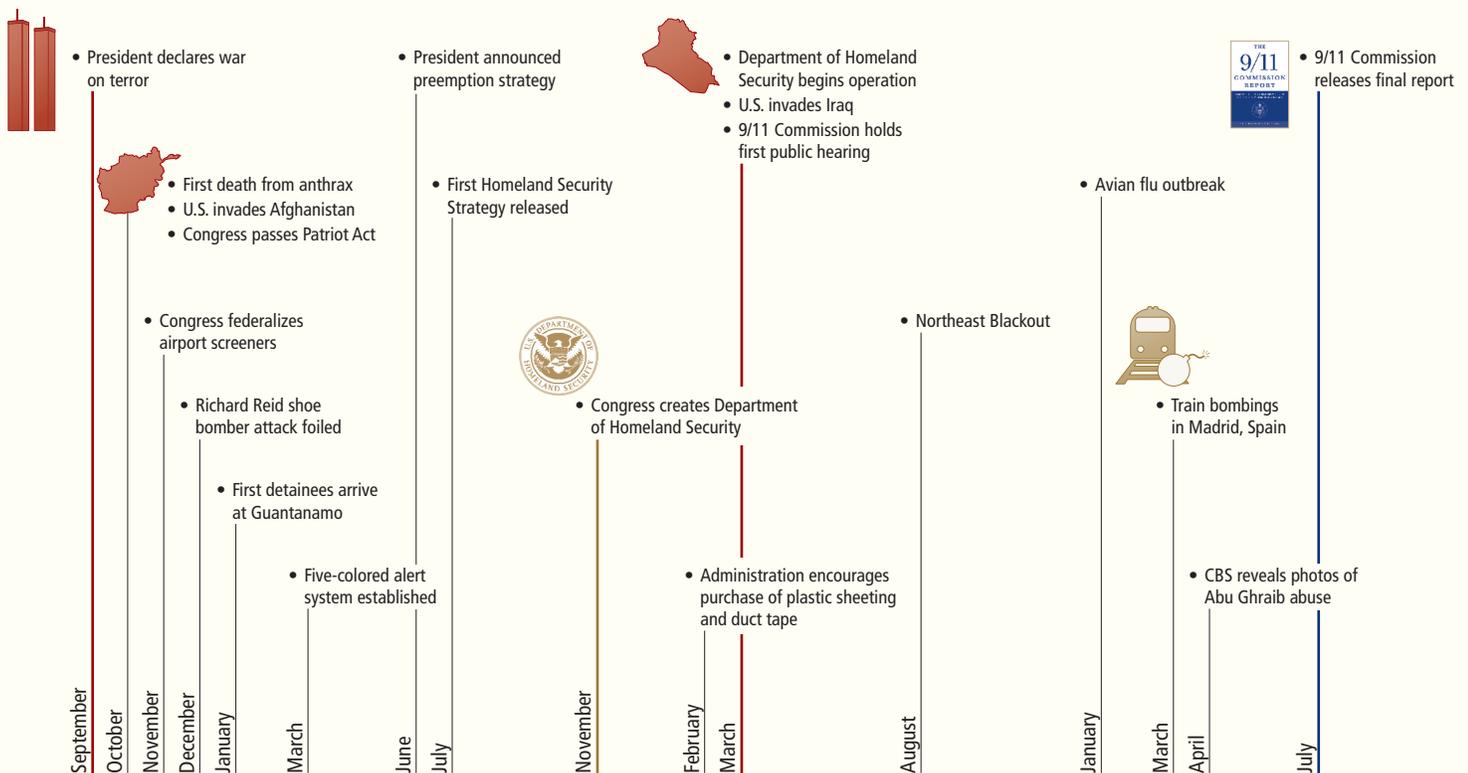
The suggestion that insurgents in Iraq will follow U.S. forces home when they leave is

an exaggeration. But it does point to a long-term counterterrorism requirement both inside and outside Iraq to ensure that Iraqi jihadis do not become a broader threat down the road.<sup>126</sup> But this can be achieved with fewer assets than are in Iraq today.

More importantly, the United States and its allies need to drive a wedge between affiliated groups and broader communities

## HOMELAND SECURITY TIMELINE

*Seven years after 9/11, we are not as safe at home as we should be. The invasion of Iraq gave Al Qaeda new life, left us unprepared for Hurricane Katrina and the job of building better homeland security incomplete.*

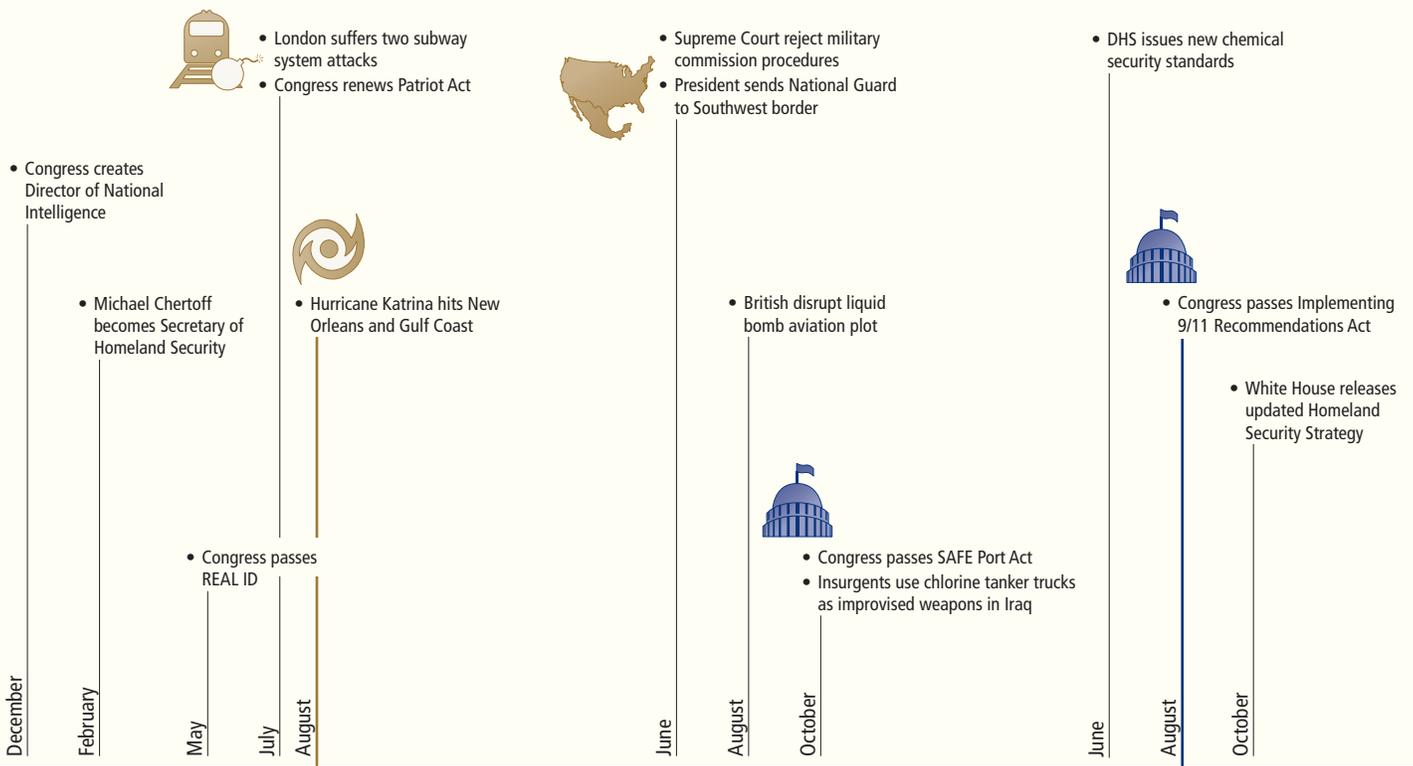


**FROM 9/11, A DIVERSION TO IRAQ:** The Bush administration diverts its attention from Afghanistan in pursuit of its "war on terror." This enables Al Qaeda Central to recover in Pakistan's tribal areas, which has been linked to several terrorist attacks and plots against the West since then.

**FROM DHS, A RUSH TO FAILURE:** The strategic and leadership focus on terrorism at the expense of broader disaster capabilities proved costly to New Orleans and the Gulf Coast during Hurricane Katrina. DHS still discounts the importance of natural disasters, which are likely to create far more damage than a terrorist attack.

that believe that America is a legitimate target and thus give radicals at least tacit support. On this front, Al Qaeda is actually vulnerable. The vision of Islamic society that bin Laden propagates—his bridge to the seventh century—is not shared by the masses.<sup>127</sup> In Iraq and elsewhere, Muslims have turned against bin Laden once they recognized that Al Qaeda’s violent attacks largely victimize fellow Muslims.

But turning the tide is simply not possible as long as the United States pursues its current strategy—occupying Iraq, defending autocratic leaders such as Musharraf and violating international norms regarding torture and the treatment of detainees. Such actions create the perception of grievance that opens the door to radical recruitment. The key is making this struggle more about Al Qaeda’s actions than those of the United States.



**FROM DISASTER, A BETTER ROADMAP AND NEW LEADERSHIP:** The 9/11 Commission outlined a series of strategic recommendations to improve homeland security. Congress has now acted on all of them while more aggressively pursuing its oversight role, even as the revised homeland structure prepares for its first presidential transition.

## What Is at Risk?

Al Qaeda does have a playbook. It consistently pursues highly visible attacks in order to attract global attention and undercut the policies of target countries. It seeks to inflict significant casualties on Western society and disrupt global networks, generating economic losses and social pressures that can influence Western policies. As the director of the FBI told Congress, “Al Qaeda is committed to damaging the United States economy and United States prestige, and will attack any target that will accomplish these goals.”<sup>128</sup>

While Al Qaeda’s strategy could change over time, it is well-defined: Terrorists are most likely to strike in or near world capitals and major urban centers; at well-known critical infrastructure that we rely upon every day; where large numbers of people work or gather; to disrupt the national or international economy; and ultimately to affect our political process. Future targets could also include softer commercial sites as we have seen in attacks in Indonesia and Jordan. Terrorist networks continue to test new technologies, such as the employment of chlorine gas tanker trucks as weapons in Iraq.<sup>129</sup>

Disaster planning and mitigation efforts must keep pace, including the development of a stronger infrastructure security hierarchy tailored to specific strategic aims, such as minimizing economic disruption and preserving our ability to recover from and respond to an attack. This could in turn influence the calculation of the attacker, who above all else, values success.<sup>130</sup>

## Who Is Responsible for What?

The American people expect government, primarily the federal government, to do everything possible to protect the United

States from risk. As the existing national security strategy makes clear, “Defending our Nation against its enemies is the first and fundamental commitment of the Federal Government.”<sup>131</sup> Most would add to that list detecting an outbreak of infectious disease, responding to hurricanes, and maintaining bridges from sudden collapse.

While responsibility for homeland security is shared, it cannot be outsourced. The federal government must do what needs to be done to protect the country but also prepare the country for future terrorism attacks and other disasters. This requires consistent federal leadership, an integrated planning process, the establishment of clear national standards and, where necessary, federal regulation to improve our security and preparedness. Then there needs to be a mix of incentives and direct investment to help the country do so as rapidly as possible.

While the federal government must “provide for the common defense,” states and communities have critical roles to play. It is far more likely that a local policeman, fireman or local ambulance crew will be the first on the scene of the next attack or disruption. The federal government must be willing to set higher national standards, particularly during this period of heightened risk, and then provide increased support to enable state and local authorities to improve our capabilities.

It is then the responsibility of state and local governments to devote the necessary resources to sustain stronger baseline security and preparedness capabilities over time. The federal government currently assumes that state and local governments can support broader responsibilities without knowing what their capabilities are and what their budgets can bear. Unfunded federal mandates are problematic, since city and state security investments are in competition with

other priorities, including education and health care, as tax revenues decline.<sup>132</sup>

The private sector needs to make security as important to their bottom line as efficiency. Existing market forces leave the country vulnerable to the lowest corporate denominator. In this just-in-time world, market incentives and social needs are not perfectly aligned.

Publicly traded companies have prospered on Wall Street by squeezing overhead to a bare minimum. The federal government lacks meaningful metrics to evaluate what the private sector is devoting to security and preparedness. By every indication, security spending has leveled off following a brief spike after 9/11.<sup>133</sup>

Government can help by creating a regulatory framework that requires companies to meet minimum security and preparedness requirements but differentiates those who choose to do more. Markets, which do appreciate the importance of “product assurance,” should attach greater value to companies that are best positioned to deal with any system disruption, regardless of cause.

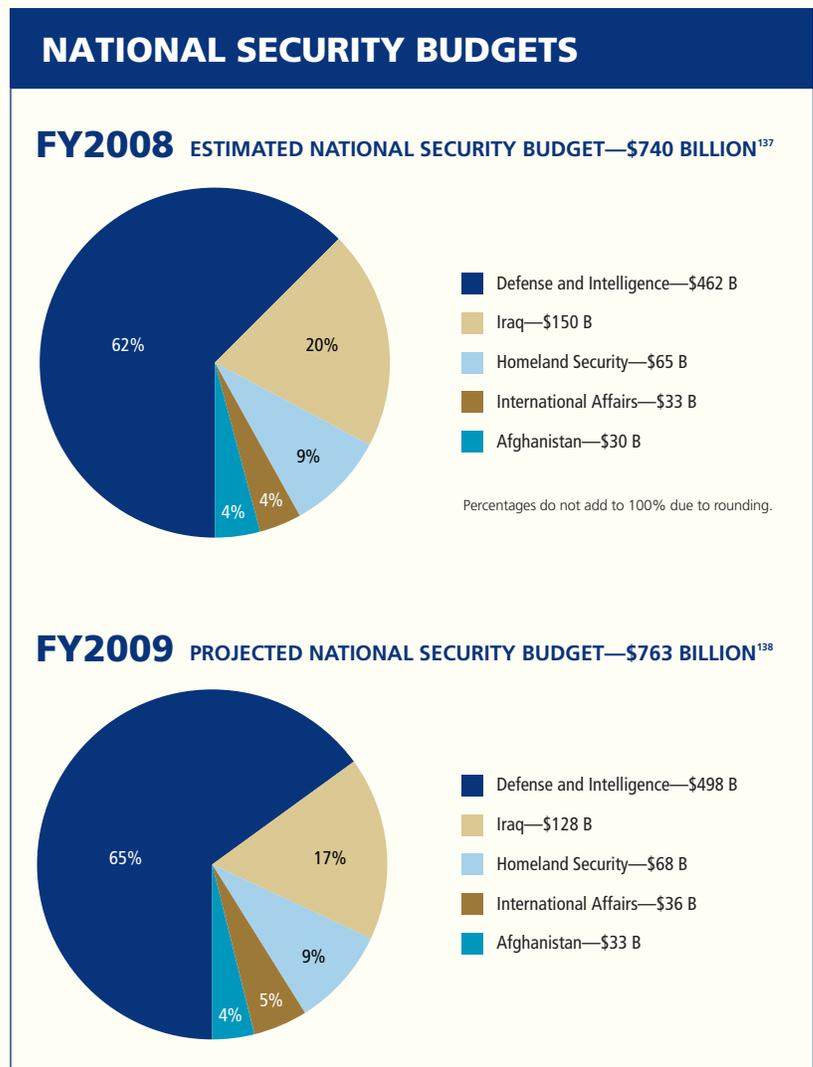
### What Is the Right Strategic Balance?

Even with funding increases since 9/11, homeland security is an under-funded mandate.<sup>134</sup> Without adequate resources and personnel, the Department of Homeland Security has been hesitant to assume responsibility, set national standards, regulate the private sector where necessary, and aggressively push the country to adopt a higher level of security and preparedness.

There is little sense of urgency to address gaps in protection and preparedness. In the most recent supplemental funding bill, for example, DHS received less *emergency* fund-

ing than the Department of Agriculture.<sup>135</sup> While a serious gap emerges between DHS’ responsibilities and capabilities, Secretary Michael Chertoff wrote to Congress in August 2007 declining additional funding, a step that his defense counterpart would seldom, if ever, take, certainly not during a self-described war.<sup>136</sup>

The budget for the Department of Homeland Security, roughly half what the federal government spends on homeland security (see chart), is on the rise, although recent increases are concentrated on border and immigration enforcement, which is more about domestic politics than the threat from Al Qaeda. But these increases have



come largely at the expense of critical infrastructure security and emergency preparedness (see chart).

We suffer from a strategic disconnect—the strategy we have places too much emphasis on military intervention, and not enough on non-military instruments that are more likely to reduce the terrorism threat to the United States.<sup>139</sup> We also suffer from a budget disconnect—our national security budget fully funds the military component, but not the other dimensions of national power, including homeland security and international affairs, that will help us defend against future attacks and deter the emergence of future generations of terrorists.

The national security budget for FY2008 is approximately \$740 billion (see chart). Eighty-six percent of what the United States spends on its security is devoted to offense, including current overseas operations. We spend twice as much defending Iraq as we do the United States. Operations in Iraq, which had no significant links to Al Qaeda before we invaded, consume five times the resources as Afghanistan, where the 9/11 plot originated.

Even with anticipated reductions in force levels in Iraq in future years, the strategic and budgetary imbalance will continue based on President's Bush budget submission for FY2009 (see chart).

The United States needs a new national security strategy—and a new investment strategy as well. The next administration should produce a unified national security budget that will better enable the executive and legislative branches to evaluate trade-offs across major functional departments and distribute resources strategically to better employ all dimensions of national power. A shift in strategy—a more balanced approach employing both soldiers and diplomats abroad as well as law enforcement agents and first responders here at home—must include a broader definition of what national security is and how we support all agencies charged with keeping us safe at home.

This is easier said than done. The United States over seven years has gone from financial surplus to deficit. The current economic picture is uncertain. Health care and entitlement programs will consume a higher percentage of the federal government's future resources. The full cost of reconstituting land forces—increasing end strength, replacing equipment consumed in Iraq and Afghanistan, and modernizing the force—will need to shift from emergency supplementals to the base defense budget in future years.

If homeland security is to be a strategic and budgetary imperative for the next administration, where does the money come from? The only viable option is by reducing our commitment to and the cost of operations in Iraq.

## SECURING THE U.S. HOMELAND

**T**he United States must aggressively mobilize its defenses at home and close known vulnerabilities before the next attack occurs. Our defenses will never be perfect, but they can be better. Homeland security is a permanent and vital dimension of our national security. It should not be a strategic afterthought.

Homeland security will require greater and sustained levels of resources to be effective. But the price of greater security should not be the sacrifice of fundamental civil liberties or security at the expense of our values. Since the U.S. society and economy are integrally linked to the rest of the world, fences will not work. The United States cannot secure its homeland alone. Whether combating terrorism or confronting infectious disease, this is a global challenge.

### *What Must Be Done*

A comprehensive and balanced strategy to protect the homeland encompasses five strategic objectives:

- **Prevent** terrorism attacks to the extent possible, refocus on Al Qaeda Central and the global movement it has inspired, reorder our overseas priorities, keep the perpetrators from employing the most dangerous technologies, and develop stronger counterterrorism and intelligence capabilities, particularly at the local level.
- **Reduce** the overall vulnerability of our society and economy to terrorism; secure critical infrastructure that terrorists are most likely to attack; and minimize the potential for cascading effects from any major system disruption.
- **Prepare** the country to effectively respond to and recover from a terrorist attack or other significant disaster that will inevitably occur, and create stronger regulation and incentives for the private sector.
- **Sustain** stronger homeland security consistent with our values through an integrated federal effort, appropriate support to cities and states, and sufficient resources to address long-term requirements.
- **Shape** the global environment to reduce instability and extremism; preclude the emergence of failing states or safe havens from which violence and terrorism emerge; and restore lost American credibility and leadership around the world.

### Prevent Terrorist Attacks

The American people expect the government to do everything necessary within the law and consistent with American values to prevent attacks on the United States. To fulfill this fundamental responsibility, the United States must:

- Eliminate the overly broad concept of a “war on terror,” shift forces and funding from Iraq to Afghanistan and help contain the spread of radicalization within Europe.
- Make borders smarter and the flow of goods and people into the country more visible, backed by an effective immigration system and targeted forms of identification and verification.
- Build an improved domestic intelligence and counterterrorism capability without

undue infringement on the privacy rights of American citizens and increase support to state and local law enforcement.

- Improve detection of and oversight over nuclear materials and biological research.

### *End the “War on Terror” and Refocus on Al Qaeda*

President Bush describes varied groups and state sponsors of terrorism as a single enemy, but only Al Qaeda has demonstrated the ability to attack the U.S. homeland from abroad or inspire one from within. The United States must shift its emphasis back to the perpetrators of the 9/11 attacks and the global movement it has spawned.

Given their link to 9/11 and various plots directed at the West over the past seven years, Afghanistan and Pakistan should be afforded strategic priority over Iraq. We should no longer view Pakistan through the lens of Afghanistan, but as a country of concern in its own right. Increased unrest within Pakistan also means increased anti-Americanism. If we are attacked again, it is much more likely to be traced back to Pakistan than anywhere else.

Seven years after 9/11, a “strategic stalemate” in Afghanistan is unacceptable.<sup>140</sup> While pushing NATO to do more, the United States must shift more resources to Afghanistan as it reduces its commitment in Iraq. While the situation in Iraq is improving, it must be carefully managed. A precipitous and complete withdrawal from Iraq is ill-advised. Bosnia provides a reasonable model where forces were regularly and steadily reduced over several years as the situation stabilized.

Specific initiatives to refocus our efforts on Al Qaeda include:

- **Isolate Al Qaeda in Pakistan.** Support to Pakistan should not be viewed as a binary choice between fighting terrorism or supporting democracy. The United States must ensure that its policies isolate Al Qaeda rather than turning them into freedom fighters against an increasingly oppressive and unpopular government. The United States should de-personalize its foreign policy—President Pervez Musharraf is not indispensable—and more assertively support civil society in Pakistan, including stronger democratic institutions such as an independent judiciary and media. Military assistance should complement such efforts. With a more legitimate government in place, Pakistan can seek a negotiated solution to the unrest within the Federally Administered Tribal Areas.

- **Surge in Afghanistan.** If Pakistan is unstable, it will have an impact on Afghanistan, and visa versa. U.S. force levels in Afghanistan should be substantially increased and Operation Enduring Freedom integrated into the NATO International Security Assistance Force. With more troops, the United States can pursue the same kind of counter-insurgency strategy in Afghanistan as it is in Iraq and reduce its reliance on air power, which has become a major political problem for the Karzai government. The U.S. poppy eradication strategy is misguided and risks turning Afghan public opinion against the U.S.-NATO mission. A legitimate economy will only emerge when there is greater stability on the ground and greater capability within the Afghan government.

- **Prevent an Al Qaeda Safe Haven in Iraq.** The United States must formally end the occupation of Iraq and shift more responsibility for interior security to Iraqi forces. A necessary long-term



Pakistani tribesmen hold a tribal meeting in the Pakistani tribal region of North Waziristan, near the Afghanistan border. Many Al Qaeda militants and their Taliban allies fled to Pakistan's semi-autonomous border regions after they were driven out of Afghanistan by U.S. and Afghan opposition forces after the September 11 attacks. Al Qaeda now enjoys de facto safe haven in the Federally Administered Tribal Areas of Pakistan. AP Photo/Abdullah Noor.

strategic objective in Iraq is to prevent the emergence of an Al Qaeda safe haven on Arab land.<sup>141</sup> A substantial residual U.S. military force should remain for an indefinite period to conduct stabilization, counterterrorism, and training operations, but troop levels can be reduced far more rapidly than President Bush has outlined.

- **Help contain the spread of radicalism in Europe.** The next administration must continue to work effectively with European law enforcement and intelligence agencies and repair the political damage of the past seven years. Europe faces a far more significant homegrown threat than does the United States, compounded by the fact that many of the post-9/11 plots in Europe have been linked to European govern-

ment support for the U.S. strategy in Iraq. The U.S. should encourage European governments to adopt more inclusive social and economic policies. Turkey's eventual accession into the European Union is of paramount importance.

*Make Borders Smarter and More Visible, but Still Open*

Fortress America is not possible or desirable. Friction at the border with high “false positives” produces transaction costs that exceed the security benefit.<sup>142</sup> Proper security will improve visibility so that we can reliably differentiate the right people who want to invent the next great thing from the wrong people who want to commit the next worst thing. This will enable legal commerce while stopping dangerous con-

traband. Joint initiatives with our leading trading partners, particularly Canada and Mexico, should not only improve border security but also close the economic gap between the United States and its immediate neighbors.

Given expanded Al Qaeda efforts to recruit Europeans who do not fit the prevailing terrorist profile, reliable advance travel information and secure credentials are increasingly important. But the driver's license should not be used as a de facto national identification and citizenship card. Verification of "feeder" documents that establish identity, one of the purposes of the REAL ID Act, is legitimate, but the passport is the credential best-suited to convey citizenship. The United States is insisting that the rest of the world use biometric passports. Americans should as well, as long as the biometrics are stored in a secure manner that prevents duplication.

Specific initiatives to make our borders smarter and more visible but still open include:

- **Deploy more agents at larger ports of entry.** More agents are required at the 317 U.S. ports of entry, particularly airports, not just along borders. Manning increases should be phased in over several years, based on training availability and the deployment of new equipment. Major ports of entry must be expanded to accommodate increased trade and visitor flows.
- **Improve watch lists.** Security agencies should exercise greater due diligence *before* adding names to security watch lists. They should also work more assertively to remove individuals who demonstrate they do not pose a threat. Today's arduous and flawed redress process has mistakenly flagged, among

others in recent years, Sen. Edward Kennedy (D-MA), Rep. John Lewis (D-GA), and Catherine "Cat" Stevens, wife of Sen. Ted Stevens (R-AK).

- **Patiently develop the Secure Border Initiative.** The Secure Border Initiative is conceptually sound but presents extremely complex challenges, particularly with systems integration. DHS' current approach, which seeks to validate the system on a small scale before ramping up to wider area coverage, is appropriate. Progress is unlikely to be linear, but DHS must demonstrate more effective contract management. The use of virtual rather than physical fences can reduce the potential burden on private-property owners along the border.
- **Integrate US-VISIT air exit system with TSA checkpoints.** Thanks to technological innovation, the US-VISIT program is realizing its potential, as validation of e-passports and collection of 10 fingerprints at air and sea ports of entry can be done within seconds. The current DHS plan to incorporate its exit requirement at airport check-in counters conflicts with the airline push toward automated check-in. A more realistic long-term option is to fulfill the exit requirement at existing airport security checkpoints.
- **Link land border exit system with entry to Canada and Mexico.** DHS has yet to develop a viable land exit tracking system; radio-frequency identification works for vehicles, but not people. Improved information-sharing arrangements with Canadian and Mexican border authorities, utilizing secure machine-readable passports or passport cards, can be developed while respecting the laws of each country. Joint patrols will enhance border cooperation as well.

- **Utilize multiple security credentials and distributed databases.** We should rely upon multiple secure documents backed by distributed databases tailored to specific security-related functions.<sup>143</sup> Making the driver's license into an über-credential will actually make it less secure. To cross a border or verify citizenship, U.S. citizens should have a passport or separate passport card that best meets the requirements of the Western Hemisphere Travel Initiative. The cost of the passport can be reduced by funding the passport agency more through regular appropriations rather than public fees.

- **Enact comprehensive immigration reform.** Illegal immigration represents a system failure rather than a security threat. The United States must substantially increase the avenues for workers with needed skills to work in this country legally, including resolving the status of the undocumented. Enforcement of a more effective immigration system—at borders, ports of entry, and at the workplace—must be a priority, which will enable federal agencies to concentrate more resources on genuine security threats to the country.

### *Improve Domestic Intelligence Analysis, Information-sharing and Warning Systems*

The United States does not need an American version of Great Britain's MI5 "secret police," which would be inconsistent with our laws and traditions.<sup>144</sup> The United States does need a domestic intelligence capability that rivals well-established foreign and military intelligence agencies. While constructing a counterterrorism capability within the FBI has been uneven, its emphasis on the rule of law is an asset, not a liability. Further bureaucratic tinkering will only delay progress by another

decade. The FBI needs to improve its ability to produce strategic (as opposed to case-specific tactical) analysis.

Some technical adjustments to the 1978 Foreign Intelligence Surveillance Act are necessary, such as changes to monitor foreign-to-foreign communications that happen to flow through fiber optic cables. This can be achieved, however, while maintaining proper oversight of the executive branch by Congress and the courts. The Bush administration's politization of the FISA issue is regrettable and unnecessary.

Better vertical integration, collaboration, and information-sharing among the federal government, state and local authorities, and the private sector must be accompanied by a cultural change that promotes "jointness" across the federal government and "inclusion" at lower levels.<sup>145</sup> The Muslim community within the United States, more educated, prosperous, and integrated into American society than its European counterparts, is an untapped asset that can be more effectively engaged and employed to prevent radicalism at home and encourage reform abroad.

Specific initiatives to improve domestic intelligence analysis, information-sharing, and warning systems include:

- **Update FISA and eliminate the Terrorism Surveillance Program.** The Foreign Intelligence Surveillance Act should be updated to reflect the modern communications environment. Oversight is critical, because communications involving U.S. citizens present legitimate privacy concerns. Procedures can be developed that simplify and minimize warrant requests while retaining an appropriate role for the courts and Congress. The Terrorism Surveillance Program should be terminated if this has not already been done.

- **Make the National Security Division a co-equal part of the FBI.** The counterterrorism and intelligence missions must have the same emphasis within the FBI as its traditional criminal mission.<sup>146</sup> The head of the NSD should be an associate director of the FBI. Integrating field intelligence groups into the day-to-day activities of the FBI's Joint Terrorism Task Forces across the country makes sense, but more effort is required to promote vertical and horizontal information- and intelligence-sharing with FBI headquarters and the agency's Joint Terrorism Task Forces.
- **Remove the NSA from the Department of Defense.** The next administration should “de-militarize” intelligence agencies whose reach extends well beyond the military battlefield.<sup>147</sup> The National Security Agency is a national resource and should be independent of the Department of Defense, given its increasing impact on civilian systems and ordinary citizens. Its leadership should report to the Director of National Intelligence.
- **Improve domestic intelligence requirements process.** DHS should stop fighting the Director of National Intelligence and the National Counterterrorism Center over turf, concentrate on integrating its internal intelligence capabilities and improve its interaction with local authorities and the private sector. DHS should be the dominant domestic intelligence consumer rather than seeking new responsibilities. The Director of National Intelligence should add a Deputy for Domestic Intelligence to manage the domestic component of the National Intelligence Program. The Department of Defense should rely on the FBI for domestic intelligence rather than stray into that mission itself. The domestic intelligence budget should be increased.
- **Create COPS II program for local intelligence analysis and information-sharing.** Establish a grant program to support more state and local intelligence analysts, with secure work facilities, communications, and broader security clearances. Federal representation in state and local operations/fusion centers should be expanded; the critical data flow automated; and more intelligence written at lower levels of classification for wider dissemination.
- **Increase data collection regarding recruitment and radicalization within federal and state prisons.**

By concentrating now on the most likely rather than worst-case scenarios, we can build up surveillance, intervention, preparedness, and planning capabilities that will be vital in any event of mass consequence, regardless of the cause.

Improve data collection and analysis regarding the composition of federal and state prisons and assess the potential for radicalization within prison populations.

- **Increase clearances for private security executives.** More private-sector chief security officers, particularly those with prior federal experience, should have their high-level security clearances restored to enable greater interaction with the FBI's Joint Terrorism Task Forces. DHS should sponsor secret clearances for key officials associated with any private sector operation that operates high-value critical infrastructure.
- **Improve standards for private security guards.** The private sector should raise standards (and pay) for its security guards and better integrate its operations with local police and emergency management agencies. By offering slots for private-sector security personnel to undertake academy-level security training, police departments can enhance coordination between the public and private sectors.

### *Keep the Terrorism Threat Conventional*

Our ability to control dangerous substances, technologies, and research; effectively detect the smuggling of a weapon; and rapidly respond to the outbreak of a disease has strategic importance. Done right, effective oversight, surveillance, and intervention capabilities can add to deterrence. The reason: potential attackers engaged in the most complex and costly forms of terrorism probably have only one chance at success. International cooperation is essential. We cannot contain this threat by ourselves.

While the prospect of a nuclear or bio-terrorism is the most deadly threat we

potentially face, we must draw the right lessons from the Japanese Aum Shinrikyo and U.S. anthrax attacks. We must also appropriately balance high-consequence/low-probability threats such as nuclear and biological weapons with the high-consequence/higher-probability risk associated with natural disease outbreaks such as SARS or avian flu that can create social and economic ripple effects with national security implications.

Programs such as BioShield, a federally funded initiative to encourage the private sector to develop vaccines for biological agents that are most likely to be converted into weapons, must be subject to serious threat-cost-benefit analysis. Funding directed at security threats is not readily applicable to naturally-occurring infectious diseases that are more likely. Efforts to improve biodefense should add to, not subtract from, equally important requirements in public health. By concentrating now on the most likely rather than worst-case scenarios, we can build up surveillance, intervention, preparedness, and planning capabilities that will be vital in any event of mass consequence.

We must also remember that this is a global challenge. Our actions must be consistent with and strengthen international agreements, protocols and cooperation. This is the best way, for example, to thwart the next A.Q Khan, Pakistan's infamous nuclear technology proliferator. (See page 67 for additional steps.)

Specific initiatives to keep the terrorism threat conventional include:

- **Improve nuclear forensic capabilities.** If deterrence is to remain a viable concept, the United States must have the ability to determine the source of fissile materials used in a nuclear terrorist inci-

# WHAT MUST BE DONE

## Homeland Security Policy Priorities for the Next Administration and Congress

OBJECTIVE	SECURITY PRIORITIES
<p><b>STRATEGIC OBJECTIVE 1</b></p> <p><b>Prevent Terrorist Attacks</b></p> <p>Refocus on Al Qaeda Central and the radical Islamist movement it has inspired. Improve domestic intelligence capabilities while preserving civil liberties. Keep the most dangerous technologies out of the hands of terrorists</p>	<ul style="list-style-type: none"><li>• Shift counterterrorism priority from Iraq to Afghanistan and Pakistan</li><li>• Help contain radicalization in Europe and North Africa</li><li>• Keep borders open, but make them smarter</li><li>• Improve domestic intelligence analysis, information sharing, and warning</li><li>• Improve detection of and control over nuclear and biological research and materials</li></ul>
<p><b>STRATEGIC OBJECTIVE 2</b></p> <p><b>Reduce Vulnerability to Terrorism</b></p> <p>Reduce overall vulnerability of our society to terrorism. Concentrate on critical infrastructure most likely to be attacked and minimize potential for cascading effects across the United States and global economy</p>	<ul style="list-style-type: none"><li>• Create clear critical infrastructure hierarchy to guide policy and funding decisions</li><li>• Close remaining gaps in aviation security</li><li>• Strengthen chemical security oversight</li><li>• Internationalize supply chain security standards</li><li>• Focus greater attention on passenger rail and transit security</li><li>• Improve redundancy and resiliency of energy production and distribution</li></ul>
<p><b>STRATEGIC OBJECTIVE 3</b></p> <p><b>Build National Preparedness and Homeland Defense</b></p> <p>Prepare the country to effectively respond to and recover from a terrorist attack or significant disaster that will inevitably occur</p>	<ul style="list-style-type: none"><li>• Invest in national preparedness based on most likely disaster scenarios</li><li>• Strengthen public health surveillance and medical surge capacity</li><li>• Fix the Federal Emergency Management Agency</li><li>• Tailor forces to Homeland Defense mission</li><li>• Protect the U.S. economy</li></ul>
<p><b>STRATEGIC OBJECTIVE 4</b></p> <p><b>Sustain Homeland Security</b></p> <p>Build stronger homeland security consistent with American values, alongside sufficient funding and an appropriate regulatory framework</p>	<ul style="list-style-type: none"><li>• Integrate Homeland Security and National Security planning, management, and budget</li><li>• Build long-term Homeland Security capacity</li><li>• Recommit to government transparency and the rule of law</li><li>• Improve threat-based public communication</li></ul>
<p><b>STRATEGIC OBJECTIVE 5</b></p> <p><b>Shape the International Environment to Reduce the Threat</b></p> <p>Reverse growing anti-Americanism and isolation. Restore lost U.S. leadership abroad. Strengthen international non-proliferation efforts. Prevent the emergence of weak states and potential future safe havens. Win the global battle of ideas</p>	<ul style="list-style-type: none"><li>• Undertake serious review of U.S. policies in the Islamic world</li><li>• Reduce U.S. reliance on nuclear weapons and increase control of nuclear technology</li><li>• Improve non-military crisis intervention capabilities</li><li>• Discredit Al Qaeda's ideology and reduce its global appeal</li><li>• Rebuild the American narrative to the world</li></ul>

## KEY ACTIONS

- Develop specific policy for Pakistan
- Continue efforts to prevent Al Qaeda safe haven in Iraq
- Enact comprehensive immigration reform
- Increase support to state and local law enforcement
- Convert civilian nuclear research reactors to low-enriched fuel

- Double volume of air cargo inspections at major airports
- Enact permanent chemical security legislation and promote inherent risk reduction
- Relax congressionally-mandated 100 percent container scanning deadline
- Enact mandatory minimum global supply chain security standards
- Greater action and information-sharing regarding cyber security

- Redo national disaster planning scenarios
- Increase federal support for medical infrastructure and pandemic/disaster planning
- Change FEMA's business model and strengthen regional capabilities
- Make homeland defense the National Guard's primary mission
- Create a civilian homeland security corps
- Use independent security audits to promote greater private sector action
- Develop a mix of financial instruments of offset terrorism risk

- Ensure a smooth presidential transition
- Develop integrated post-Iraq national security strategy
- Merge White House National Security and Homeland Security functions
- Send Congress a unified national security budget
- Preserve but streamline congressional homeland security oversight
- Update privacy law
- Make foreign direct investment reviews under the CFIUS process more inclusive
- Revise the five-color Homeland Security Alert System

- Be prepared to engage Iran directly and unconditionally
- Develop a sustainable energy security strategy
- Commission a nuclear policy review
- Extend the START Treaty with Russia
- Ratify the Comprehensive Test Ban Treaty
- Close the detention facility at Guantanamo Bay
- Provide detainees appropriate legal rights

## RESOURCE IMPLICATIONS

- Reduce troop levels in Iraq and shift \$40 billion to \$60 billion to other national security priorities
- Shift significant forces and funding to Afghanistan
- Increase counterterrorism funding for Department of Justice
- Increase nuclear threat reduction funding for Department of Energy
- Expand law enforcement grants for states and cities
- Subsidize cost of passports and other security-related credentials

- Increase manning and budget of Transportation Security Administration
- Expand capacity of DHS National Protection and Programs Directorate
- Increase transit security grants and hire more transit and rail inspectors
- Invest in micro-generation of electrical power in storm-prone communities

- Greatly expand DHS and Health and Human Services' state and local grant programs
- Reinstate Project Impact and increase FEMA's full-time manning
- Increase Coast Guard manning and accelerate Deepwater modernization program
- Eliminate National Guard equipment shortages
- Create a federal natural disaster reinsurance program

- Expand DHS manning commensurate with growing responsibilities
- Expand rather than cut homeland security grant funding
- Create an infrastructure trust fund
- Increase appropriations for passport and citizenship agencies

- Expand visas, exchange programs, and global scholarships
- Expand strategic communications and promote independent global media
- Increase budget of Office of Civilian Stabilization and Reconstruction
- Reduce arsenal of strategic nuclear weapons
- Freeze new nuclear weapon development
- Invest in sustainable energy alternatives

dent. The U.S. government should work cooperatively with the International Atomic Energy Agency to establish an international team of experts able to make such determinations and maintain an international stockpile database.<sup>148</sup>

- **Improve oversight of biotechnology and biodefense research programs.**

The United States should work with other governments, international governance, and scientific groups and private industry to develop appropriate security protocols to properly assess the value and risk associated with research programs and put appropriate control and oversight mechanisms in place to prevent the misuse of science and proliferation of dangerous technologies.

- **Enhance real-time detection capability within major metropolitan areas.**

The existing urban detection system is too labor intensive and narrowly-focused. DHS and HHS should have sufficient resources to create better real-time monitoring in all major metropolitan areas and around critical infrastructure to ensure early detection and rapid response. Detection and surveillance efforts should incorporate not just agents that are most likely to be weaponized, but also highly contagious and naturally occurring diseases as well.

- **Resolve questions, then deploy portal monitors.**

The emerging focus on shipping containers is appropriate. The next administration will inherit a decision regarding next generation portal-monitor technology. The Advanced Spectroscopic Portal monitors show promise, but there is time to conduct more realistic tests, then make an informed decision on deployment.

## Reduce Vulnerability to Terrorism and Limit Impact

Whether Al Qaeda's capabilities have diminished since 9/11, its objectives are clear: attack the "far enemy" in a highly visible way to exert maximum pressure on U.S. and Western policies on the Islamic world. This creates a strategic imperative for the United States to do whatever it can to deny Al Qaeda and its sympathizers what they seek.

While risk cannot be eliminated, certainly not at an acceptable cost, it can certainly be reduced by addressing known vulnerabilities, making terrorist acts harder to carry out, and increasing the resiliency of critical systems within society and the economy, thereby minimizing the impact of disruptions that do occur. The Bush administration and Department of Homeland Security rightly enunciated the need to reduce the country's vulnerability to terrorism in 2002, only to walk away from the responsibility five years later, preferring to simply defend the status quo. It should remain a clear priority.

To reduce our vulnerability to terrorism and other disruptions, the nation should:

- Establish critical infrastructure priorities to guide policy and funding decisions
- Close remaining gaps in aviation security, particularly air cargo
- Pass comprehensive chemical security regulation and strengthen government oversight
- Internationalize supply chain security standards
- Focus greater attention on passenger rail and transit security
- Improve redundancy and resiliency of energy production and distribution

## *Establish Critical Infrastructure Security Priorities*

While there are 17 critical infrastructure/key resource sectors, each of them important, different, and interdependent, the National Infrastructure Protection Plan needs to establish strategic priorities based on threat, consequence and impact—what Al Qaeda has demonstrated an interest in or ability to attack, what the country can least afford to lose or what will result in the greatest loss of life or economic disruption if successfully attacked, and where government or private sector action can yield the best return on investment.

Too much planning is done based on worst-case scenarios that could happen, rather than realistic scenarios that are much more likely to occur. The absence of clear national priorities have led to purposeless purchases in the name of homeland security, such as garbage trucks to remove contaminated material after an attack, with little effort to measure whether and how investments have actually made us safer.<sup>149</sup>

One area where worst-case scenarios are probably warranted is cyber-security. Common across all critical infrastructure sectors is the growing importance of computer systems, particularly Supervisory Control and Data Acquisition or SCADA systems that remotely control vital industrial operations across the global economy. These systems are increasingly vulnerable to attack by international hackers or company insiders. The primary risk remains theft of money or sensitive information, but the potential for loss of life cannot be dismissed. While the government has paid significant attention to this vulnerability over the past decade, the private sector continues to underestimate the risk and its potential financial exposure.

Specific initiatives to establish critical infrastructure security priorities include:

- **Establish critical infrastructure priorities to guide policy and funding decisions.** Critical infrastructure is just that, critical, but for different reasons. Infrastructure associated with high risk of death or injury may require stronger federal regulation and oversight. The stronger the link to the economy, the more likely the need for incentives to promote greater resiliency and redundancy. Infrastructure required for post-disaster response and recovery requires greater public investment and regional integration. Here is a prospective ranking by category based on strategic objective:

### **Catastrophic Impact**

- Chemical and water treatment facilities and freight rail
- Aviation
- Energy and electric grid
- Nuclear power
- Agriculture, food and biological sources

### **Continuity of Society and Economy**

- Ports and Supply Chains
- Cyber and information technology
- Passenger Rail and Transit
- Banking and Finance
- Electric grid
- Commercial facilities
- National monuments and icons

### **Continuity of Government and Emergency Response**

- Public health and health care
- Telecommunications
- Emergency services
- Postal and shipping
- Government facilities
- Defense industrial base

- **Strengthen standards and oversight regarding SCADA systems.** While innovation is more likely to emerge through private sector initiative rather than government mandate, the federal government must be more assertive in highlighting the growing cyber risk, particularly related to SCADA systems. It must hold the operators of vital systems more accountable to meet appropriate standards. Infrastructure sector security plans should include annual independent audits, along with an industry forum to assess risk and promote best practices.

### *Close Remaining Gaps in Aviation Security*

While the primary vulnerabilities that enabled the September 11 hijackings to occur have been addressed, terrorists have gone “back to the future” and are once again trying to smuggle bombs on board aircraft. While the 3-1-1 rule that limits liquids that can be placed in carry-on luggage is a reasonable interim response to the 2006 British liquid bomb plot, checkpoint personnel cannot pull shampoo, toothpaste, and baby food from bags forever.

Only a modest percentage of air cargo shipments are subject to targeted or random inspections despite the Transportation Security Administration’s own assessment that a bomb smuggling attempt is very likely.<sup>150</sup> Cuts and reprogramming of science and technology funding committed to high-explosives countermeasures—an example of DHS’s chronic underfunding of current operations—need to be reversed.<sup>151</sup> TSA must substantially increase the resources devoted to air cargo security, only \$55 million and 300 agents at present.<sup>152</sup> Its current plans to fulfill a 2007 congressional air cargo mandate by certifying most cargo as secure and inspecting the rest are backwards.

Shoulder-fired missiles or MANPADS have been used in attempts to shoot down commercial aircraft 35 times since 1978, but retrofitting existing commercial aircraft with additional protections is not economically feasible; it would cost an estimated \$10 billion—at \$1 million per aircraft—plus hundreds of millions per year to maintain.<sup>153</sup> Still, an aggressive research program is necessary.<sup>154</sup> More needs to be done regarding general aviation, which involves 200,000 airplanes at more than 19,000 airports, but perfect security is simply not possible.<sup>155</sup> But better use of watch lists for passenger screening is necessary and should be accelerated.<sup>156</sup>

Specific initiatives to close remaining gaps in aviation security include:

- **Strengthen air cargo security.** TSA should, as it has done for passengers and baggage, assume direct responsibility for air cargo security involving commercial passenger aviation. All air cargo that can actually be inspected should be inspected. TSA can double the volume of air cargo it inspects now by establishing government-run inspection facilities at major airports. But because not all air cargo carried on commercial passenger flights can be adequately inspected, a certified shipper program is necessary to clear the remaining 15-to-20 percent for which existing technology and procedures is less effective. TSA will require substantially more people and funding to meet the new congressional mandate.
- **Accelerate Secure Flight.** There is simply no reason why the aviation system does not have a replacement in operation for the existing Computer-Assisted Passenger Prescreening System, known as CAPPs II, which proved inadequate in 2001. Its successor, Secure Flight, must be fielded as soon as possible to enable more effective use of integrated

terrorist watch lists in passenger screening. Expansion of the trusted traveler program, which includes more extensive background checks, would relieve some of the inconvenience of increased airline security. Redress procedures to reduce false positives should be streamlined.

- **Perform frequent background checks for charter and general aviation crews and pre-clear passengers.** Charter crews and private pilots should be subject to annual background checks as the primary method of securing general aviation aircraft. In addition, the identity of passengers should either be known to the general aviation crew or verified through an accredited process that includes a watch list check.
- **Continue MANPAD technology development.** The Departments of

Homeland Security, Transportation, and Defense should collaborate with commercial aircraft manufacturers and accelerate research and development of on-board systems to defeat shoulder-fired missiles or MANPADs. But given inherent differences between commercial and military flight operations—military aircraft take off and land at the same base; commercial airliners do not—the MANPAD threat is different and the ultimate solution must be tailored to the commercial system.

#### *Strengthen Chemical Security Oversight*

Significant quantities of acutely hazardous materials at some 14,000 chemical manufacturers, water utilities, power plants, service companies, waste management facilities, and agricultural suppliers consti-



A Northwest Airlines cargo jet waits to be loaded with cargo from a Korean Air jet, in the background. Despite known attempts by Al Qaeda associates to place bombs in air cargo shipments, only \$55 million and 300 agents are dedicated to air cargo security at present. AP Photo/AI Grillo.

tute potential pre-positioned weapons of mass effect. Approximately 450 of these facilities potentially threaten more than 100,000 people if hazardous substances are released.<sup>157</sup>

Three toxic-inhalation-hazard substances—chlorine gas, anhydrous ammonia, and anhydrous sulfur dioxide—constitute more than half of the most serious risk to our society. DHS recognizes this risk, since chlorine gas is one of 15 risks highlighted in disaster planning scenarios developed in 2005. But it is unclear how effective DHS will be as a chemical security regulator (or the Bush administration wants it to be) with its limited budget and staff.

A comprehensive approach is needed that stretches across the entire chemical supply chain, from manufacture and transportation—arguably the point of highest risk—to storage and use. All major hazardous chemical producers and users should be subject to regulation. A viable risk-based strategy has to involve not just risk management but also the promotion of inherently more secure alternatives that would in essence remove many chemical facilities from the terrorist target list.<sup>158</sup>

Specific initiatives to make security a priority include:

- **Congress should enact comprehensive permanent chemical security legislation.** Congress must pass comprehensive legislation by 2009 establishing permanent national chemical security standards, while allowing for stronger measures at the state level. DHS, supported by EPA, should manage an aggressive screening process based on detailed risk assessments completed by a wide range of chemical producers and users. A permanent law should cover all facilities, including

ports, drinking water, and wastewater treatment facilities. It should address not just physical security, but also rail and surface transportation, now covered under separate rules. Rail security can be strengthened further. Restrictions on the flow of acutely hazardous materials through the nation's capital should be made permanent.<sup>159</sup> But congressional leaders must avoid turf battles that will hamper what is needed.

- **DHS must increase manning to effectively oversee chemical security.** DHS currently devotes fewer than 100 people to chemical security, many of them borrowed from other agencies. DHS' National Protection and Preparedness Directorate requires a substantial increase in manning to enable implementation of new chemical security rules, training of a new industry of third-party security auditors and aggressive oversight of an industry that has steadfastly resisted security mandates.
- **Promote inherent risk reduction.** DHS, in conjunction with EPA, should embrace the adoption of inherently safer and more secure processes—less volatile compounds, new technology, different manufacturing approaches, and storage techniques—as a key component of a risk-based national security strategy to protect the homeland. An area of emphasis should be conversion of all wastewater treatment plants from chlorine gas disinfection to liquid bleach or ultraviolet radiation, further reducing the shipment of hazardous materials through major cities. The federal government must expand available incentives, including targeted grants, matching loans and tax credits, to encourage change. DHS should establish a Center of Excellence to promote the adoption of inherently safer technologies.

## *Internationalize Supply Chain Security Standards*

Seaports are the on-off ramps to the multi-trillion dollar global economy. Any major system disruption will generate economic losses equal to the gross domestic product of many countries. The closure of West Coast ports, which handle half of all U.S. imports, would start at \$1 billion a day and rise rapidly after the first week.<sup>160</sup> A decision to close all ports following a terrorist attack, a likely political response absent a strong management system, would actually fulfill the perpetrators' key objective.<sup>161</sup>

Better tools are required to help future leaders avoid such a decision. But private sector efforts to secure supply chains, such as the Customs-Trade Partnership Against Terrorism or C-TPAT, are voluntary. Government on-site validation of security procedures are subject to advance notice, company cooperation, and only performed once.

Meanwhile, the participating companies enjoy preferences in container screening. Security standards should be applied that differentiate shippers and importers who do the minimum from those willing to do more. The existing system depends heavily on unreliable cargo descriptions on shipping manifests.<sup>162</sup> More can be inspected without measurable impact on cargo flow. Reductions in cargo theft, currently estimated at \$25 billion per year, can offset at least some security costs.<sup>163</sup>

While the Dubai ports controversy highlighted the importance of maritime security, the solution is not to block foreign operations at ports, but to promote a global security system of action, reporting, and oversight that protects supply chains from the point of manufacture through our ports to store shelves at major retailers such as Target or Wal-Mart. Shipping containers

are not the only or even the most likely potential target. Many ports could be shut down by sinking a ship while berthed, as was attempted with the USS COLE in Yemen in 2000, or in a critical shipping channel; others by destroying a single bridge or inter-modal transportation link.

Specific initiatives to internationalize supply-chain security standards include:

- **Extend deadline for 100 percent container radiological detection and imaging.** Recent legislation has properly established 100 percent scanning and imaging of shipping containers as the long-term vision for supply chain security, but the arbitrary three-to-five year implementation deadline is unrealistic. Better technology must be developed, particularly regarding six-sided container scanning technology, and deployed without creating significant economic costs. The next administration and Congress should carefully evaluate the pilot programs underway as part of the Secure Freight Initiative and adapt the implementation timeline based on lessons learned.
- **Make maritime security regulations threat-based.** Regulations governing maritime security should be updated to give more weight to the actual terrorism threat to ports rather than just the vulnerability of any individual facility. Port security requirements should be tiered based on threat analyses. Some facilities, such as an LNG terminal, could be targeted, but most facilities on shore will be used to facilitate an attack rather than being hit directly. Federal grants should cover not just the establishment of stronger standards, but maintenance and upgrades required over time.
- **Strengthen oversight of small boats.** Since ports can be effectively closed

by sinking a vessel in the shipping lane, greater Coast Guard oversight of small vessels makes sense. If the Coast Guard increases its harbor surveillance, including more stringent licensing and oversight, it will need increased manning to maintain a more active presence on the water.

- **Enact mandatory minimum supply chain security standards.** Participation in the Customs-Trade Partnership Against Terrorism or C-TPAT initiative should promote a mandatory minimum security standard for all major companies involved in global trade. Independent third-party audits can be used to differentiate companies that do the minimum from those who do more, and benefits scaled appropriately. C-TPAT members should be subject to random, no-notice manufacturing site and supply chain inspections.

### *Focus Greater Attention on Passenger Rail and Transit Security*

Transit systems are the most frequent target for global terrorists. They are designed to be open and accessible, which limits security options. But the ability to safely operate transit systems is closely linked to broader policy objectives, such as reducing oil consumption (69 percent of our consumption of oil is for transportation<sup>164</sup>) and global warming, which will impact our national security over the long-term. The tidy traditional policy and budget divide between what is domestic and what is national security is no longer adequate.

While transit fares have been raised to cover some increased security costs, there are limits. Transit systems battle the automobile as the commuting method of choice, even with the current cost of



A liquefied natural gas (LNG) tanker makes its way through Boston Harbor past downtown Boston. An attack on Boston's urban LNG facility would have devastating consequences. More off-shore LNG terminals need to be constructed to improve system redundancy, along with more diversified and sustainable sources of energy to lessen our dependence on fossil fuel imports. AP Photo/Michael Dwyer.

oil. System-wide security improvements, including better communications and lighting in tunnels, barriers around bridges, and access controls for car barns, cannot be accomplished without substantial federal assistance or subsidies from transit system operators, primarily cities and states.

Specific initiatives to focus greater attention on passenger rail and transit security include:

- **Increase transit security grants.**

Greater emphasis should be placed on operational support as much as technology. Grants should be provided to police departments that secure transit systems, not just transit agencies that operate them. They need to be flexible enough to offset at least some cost of police and canine patrols within transit systems, by far the most effective available security measure, as well as system upgrades and new construction that can improve both security and efficiency.

- **Hire more transit and rail inspectors.**

The Transportation Security Agency requires more than the current 100 inspectors to evaluate security at the nation's 500 passenger transit systems. There should be at least one federal inspector for every major transportation system in the United States.

### *Improve Redundancy and Resiliency of Energy Production and Distribution*

Given rising energy prices due to increasing global demand, any major system disruption could send markets skyrocketing and even spark a global recession. The primary vulnerabilities overseas involve both production and transportation. Terrorists have attempted to shut down Saudi Arabia's primary production facility at Abqaiq. Well-known chokepoints, including the

Strait of Hormuz, are vulnerable to attacks as sinking of the oil tanker *Limburg* in 2002 illustrates. Elsewhere, major U.S. suppliers such as Nigeria have been hampered by regional unrest that could be exploited by violent Islamists.

Within the United States, energy infrastructure is broadly distributed and varied: 300,000 oil and natural gas production facilities; 4,000 off-shore platforms; 278,000 miles of natural gas pipelines; 361 seaports; 104 nuclear power plants; and 80,000 dams. Any major system disruption would be costly; the loss of production and refining capacity following several Gulf hurricanes is still being felt. Even the temporary loss of an Alaska pipeline for corrosion repair caused a price spike.

Nuclear facilities pose a unique security challenge. While well regulated, questions surround the design-basis threat, including the numbers and capabilities of guards and rigor of periodic security exercises. Open cooling ponds, if attacked by air, could result in a release of deadly radiation. New designs should incorporate broader security and non-proliferation policy objectives. Energy distribution systems are dependent on computer systems that are attacked every day by either rogue or state-sponsored hackers.

Or consider the cascading failure of the Northeast energy grid in 2003, which took only 43 seconds to unfold. While triggered by a tree, not a deliberate cyber-attack, it demonstrated the importance of information technology to the operation of large and complex systems we depend upon every day. Stronger cyber-security standards for public companies were included in the 2002 Sarbanes-Oxley legislation, but new Internet vulnerabilities are being discovered on a regular basis.

Specific initiatives to improve redundancy and resiliency of energy production and distribution include:

- **Promote micro-generation to improve resiliency and recovery.** The restoration of electrical power is crucial to getting communities back up and running following a major disaster. Key government and private sector assets should invest in micro-generation, particularly solar power, to enable key functions to resume operation more rapidly, before broader repairs on the regional grid are completed. The faster communities have access to power, the more dramatic the recovery.
- **Expand liquefied natural gas capacity away from population centers.** As LNG imports expand and consumption grows, future expansion should occur away from major population centers, avoiding the construction of potential terrorism targets. The decision by New York to approve three new LNG stations, but situate them well off shore is an excellent example of combining better security with market reality.<sup>165</sup>
- **Increase research on safer nuclear power.** If nuclear energy is a partial solution to the challenge of greenhouse gases, the next generation of nuclear power plants must be safer and proliferation-resistant, and linked to a realistic plan for nuclear waste disposal.

## Build National Preparedness and Homeland Defense

Despite government's best efforts, disasters are going to occur. Unfortunately, as Hurricane Katrina demonstrated, the United States is still ill-prepared. The federal government emphasizes its partnership with state

and local levels and the private sector. Now it must put real leadership, consistent action, sustained support, and better coordination and planning behind its rhetoric in order to restore lost credibility and a sense of shared purpose and trust. Governments must:

- Make national preparedness an urgent priority, particularly public health and medical readiness
- Change the business model of the Federal Emergency Management Agency
- Provide the National Guard and Coast Guard with the mission and resources to defend the homeland
- Protect the U.S. economy from costly disruptions

### *Make National Preparedness an Urgent Priority*

While the government now talks the talk of national preparedness, it has yet to set priorities and devote the resources necessary to make the country better able to cope with and recover from significant disasters of any kind. Resources are being provided to state and local authorities, but vague guidance leaves too little accountability. There is not enough emphasis on general sustainment capabilities.

Planning within the Department of Homeland Security, while rightly promoting a long-term process to support national cooperation, remains too complex and Washington-centric. While the federal government has assisted with planning, few plans have been rigorously tested. The existing health care system is struggling to deliver care on a daily basis, for example, much less in a crisis situation.

Most urban areas do not have the capacity to handle the influx of patients that would likely follow a bioterrorist attack

or pandemic. DHS and HHS lack effective metrics to determine just how much is being spent at state and local levels on preparedness. Existing funding is spread across too many priorities, based more on politics than need. DHS has devised standards of performance for the private sector without incentives that would encourage the private sector to go beyond market requirements.

Specific initiatives to make national preparedness an urgent priority, particularly crisis medical care, include:

- **Rebuild public health surveillance and medical surge capabilities.** The president's FY2009 budget request proposes \$4.4 billion to defend against bioterrorism and \$507 million to defend against an influenza pandemic. These priorities are backwards. We need significant investment every year to cope with the domestic implications of global health and environmental challenges. Beyond stockpiling countermeasures, the federal government must substantially increase its direct support to hospitals—many of which are experiencing financial strain—to enable them to increase capacity, purchase greater quantities of equipment and supplies, and effectively plan for a true crisis.
- **Redo national planning scenarios based on real-world risk.** Disaster scenarios that guide capabilities for which cities, states, and the federal government should be trained, equipped, and manned should be based on the realistic-case rather than worst-case scenarios. A ten-kiloton nuclear explosion belongs on the list, but should not be at the top. The last item on the list, a cyber attack, is actually the threat that the United States faces every day. Planning based on situations we are most likely to confront in the next three to five years will best promote effective cooperation and trust that is still

severely lacking across levels of government. Exercise results should also be used more effectively to improve disaster planning. (See page 56.)

- **Ability to shelter in place key to recovery and business continuity.** Communities need to invest greater attention and resources to sheltering in place, ensuring that government facilities, schools, hospitals, nursing homes, private businesses, and large gathering places are equipped with sources of food and water to support significant numbers of people at least two days after an event occurs. This measure will enable authorities to execute a safe and orderly movement out of harm's way, particularly if an incident involves a weapon of mass effect. Places of employment should be used more extensively as points of delivery for emergency medical care.
- **Interoperable communications grants should emphasize training over technology.** The challenge today is less about technology and more about bureaucracy and culture. A growing array of portable communications devices—radios, cell phones, blackberries and so forth—offers unprecedented opportunities for interoperable and redundant communications. Technology cannot overcome cultural obstacles. Federal funding should primarily support realistic training and exercises that enable communities to build effective communication networks and protocols in advance of the crisis.

### *Change the Business Model of the Federal Emergency Management Agency*

Various proposals to reestablish FEMA as an independent agency are well-intentioned, harkening back to the late 1990s when it

was politically supported, professionally staffed, and well led. FEMA's failure was primarily a lack of capacity at the regional and national levels. The old preparedness model, maintaining a skeleton disaster capability and ramping up once disaster strikes, is no longer adequate.

Whether we face more disasters in the future, those that occur will likely be more severe and costly than we have experienced in the past. The answer does not lie in a different bureaucracy, but in a significant increase in operational capability: a modern and transparent logistics capability; a national response plan that works; and sufficient resources to deliver on its responsibilities to communities and states based on joint plans that have been developed from the bottom up and frequently tested.

Federalizing or militarizing disaster response is not the answer. The system must be federally supported, but community-based. A stronger regional structure and robust command, control, communications, computers, and intelligence or C4I structure should improve coordination between the Departments of Defense and Homeland Security and their key elements, including FEMA, the National Guard, and Northern Command.

Specific initiatives to fix what went wrong during Hurricane Katrina include:

- **Invest in FEMA before disaster strikes.** Project Impact should be reinstated, and with it better advance planning and mitigation before the next natural or man-made disaster. To do this, FEMA requires more full-time personnel so that it can plan, mitigate, and respond—all at the same time—alongside a larger budget that cannot be raided for other purposes besides national preparedness. FEMA should be granted greater independence, but remain within DHS.
- **Develop an integrated regional command and control system.** Build a strong homeland security planning, communication, coordination, and information-sharing capability to mirror the legacy military C4I capability from the Cold War. FEMA's regional headquarters and the Coast Guard's network of joint operations centers can serve as the backbone. Operational planning, consequence management, and intelligence/information fusion centers should be integrated and, to the extent possible, co-located.

While the government now talks the talk of national preparedness, it has yet to set priorities and devote the resources necessary to make the country better able to cope with and recover from significant disasters of any kind.

- **Build an inclusive and transparent logistics system that effectively employs the private sector.** FEMA should take advantage of the superior capabilities of the private sector to create a more effective system of response and recovery. This includes better situational awareness, creating a common response picture that is readily accessible to federal, state, and local authorities to help monitor a post-disaster response and track the status of specific requests for assistance.

### *Provide the National Guard and Coast Guard with the Mission and Resources to Defend the Homeland*

Homeland security and homeland defense can no longer be treated as “lesser included” missions. The National Guard and Coast Guard should be designated as the principal homeland security and homeland defense forces to respond in a crisis.

The National Guard should be funded, equipped, and trained based on the homeland defense mission rather than overseas combat, as envisioned in the final report of the Commission on the National Guard and Reserves.<sup>166</sup> The National Guard could still deploy overseas as the constabulary force for stabilization operations that the United States currently lacks.<sup>167</sup> To compensate for the National Guard’s shift in mission emphasis, the Army Reserve should take on more of the heavy combat reserve role.

The National Guard should be supported in this role by the active military, in the same way that the Navy supports the Coast Guard in its present law enforcement role. In a crisis situation, the emphasis must be to preserve civil authority and continuity in the midst of a traumatic and confusing situation.

Specific initiatives to provide resources the National Guard and Coast Guard need to defend the homeland include:

- **Make homeland defense the National Guard’s primary mission.** In a crisis situation, National Guardsmen with full law enforcement authorities should deploy in defense of the homeland or in support of civil authority. More emphasis should be given to light infantry, policing, and combat support capabilities that serve important functions at home and abroad.<sup>168</sup> The National Guard requires a higher level of readiness and more modern equipment. The National Guard should retain the continental air defense mission, but the Air National Guard should expand its airlift capabilities. The Department of Defense should fully support chemical, biological, radiological, nuclear, and explosive assessment and response units, largely focused on the National Guard, that can operate in a contaminated environment and provide rapid support to local communities.
- **Strengthen the National Guard’s operational structure.** The National Guard requires a more robust command structure that reflects its real-time responsibilities. A National Guard general should serve as the deputy commander of NORTHCOM. A larger percentage of the NORTHCOM staff should be from the reserve component. The National Guard should be in command of and the primary force provider to ARNORTH, NORTHCOM’s land component, as it already is for AFNORTH, NORTHCOM’s air component. When necessary, the active military should deploy in support of the National Guard. While the National Guard Bureau should continue to coordinate cross-state agreements as part of

# REORDERING OUR PRIORITIES

*A new Homeland Security Strategy must assess risk based on the actual capabilities of adversaries, the most likely challenges we will encounter, and where government and private sector action can have the greatest impact to mitigate any consequences.*

RANK AND RISK SCENARIO	THREAT	VULNERABILITY AND CONSEQUENCE	POTENTIAL FOR MITIGATION
<p><b>1</b></p> <p><b>IMPROVED EXPLOSIVE DEVICE</b></p>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Most likely weapon of choice</li> <li>• Bomb technology and supplies readily available</li> <li>• Within Al Qaeda's existing capability</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Transportation systems</li> <li>• Energy, commercial, and government facilities</li> <li>• Sporting events and national icons</li> </ul>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>• Improved monitoring of bomb materials</li> <li>• Police and canine patrols</li> <li>• Better detection technology, particularly for liquid explosives</li> <li>• Buffer zones</li> </ul>
<p><b>2</b></p> <p><b>INDUSTRIAL CHEMICALS</b></p>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Al Qaeda has experimented with chlorine tankers as weapons in Iraq</li> <li>• Wide range of industrial chemicals used across society and economy, easily accessible</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Roughly 450 chemical facilities. Each places at least 100,000 people at risk</li> <li>• Freight lines through major cities, adjacent to critical infrastructure</li> <li>• Major industrial and transportation accidents occur frequently</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Comprehensive chemical security regulation</li> <li>• More secure methods of manufacturing, storage, and use</li> <li>• Rail-rerouting away from major urban centers</li> </ul>
<p><b>3</b></p> <p><b>INFORMATION TECHNOLOGY/CYBER</b></p>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Attacks on information systems occur every day</li> <li>• An estimated 40,000 hackers exist as hired guns waiting for a target</li> <li>• Terror networks becoming more technologically sophisticated</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• All vital social, economic, and governmental functions rely on information networks</li> <li>• Frequent reports of system and data compromise</li> <li>• Cyber infrastructure, including cable landings and switching stations lightly protected</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Stronger network security standards</li> <li>• Regular independent security audits</li> <li>• Strengthened infrastructure sector planning, common threat analysis and best practices</li> <li>• Physical security of key junctures</li> </ul>
<p><b>4</b></p> <p><b>MAJOR NATURAL DISASTER</b></p>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Intensity of weather-related disasters increasing due to global warming</li> <li>• Potential for increase in storms, more extreme weather patterns</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>• Roughly 50 percent of U.S. population now lives within 50 miles of a coast</li> <li>• Seven of 10 most costly hurricanes have occurred in past three years</li> <li>• Concentration of energy infrastructure in Gulf</li> </ul>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>• Stronger zoning laws and improved building codes</li> <li>• Greater investment in pre-disaster planning and mitigation</li> <li>• Reduction of greenhouse gas emissions</li> </ul>
<p><b>5</b></p> <p><b>RADIOLOGICAL DISPERSAL DEVICES</b></p>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Weapon probably within capabilities of Al Qaeda</li> <li>• Wide range of radiological sources used in commercial and medical applications</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Radiological materials are loosely controlled</li> <li>• Attractive area denial weapon, would generate significant disruption, loss of access to key infrastructure and high remediation costs</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Export controls and strengthened accounting of radiological sources</li> <li>• Expanded CBRNE capabilities to operate in contaminated environment and perform rapid remediation</li> </ul>

RANK AND RISK SCENARIO	THREAT	VULNERABILITY AND CONSEQUENCE	POTENTIAL FOR MITIGATION
<p><b>6</b></p> <p><b>INFECTIOUS PANDEMIC</b></p>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Influenza pandemics have occurred every 24 years on average</li> <li>Avian flu, SARS, and West Nile offer current or existing warning signs</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Increased global mobility neutralizes natural boundaries</li> <li>Limited global surveillance capabilities, questionable ability to contain outbreak</li> <li>Major outbreak would greatly affect global trade</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Improvements in global public health surveillance and international cooperation</li> <li>Greater investment in medical infrastructure, readiness and planning</li> </ul>
<p><b>7</b></p> <p><b>BIOLOGICAL AGENT</b></p>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>U.S. has suffered an anthrax attack in 2001 of unknown origin</li> <li>Al Qaeda demonstrated an interest in biological weapons, but no evidence of actual production</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Despite letters to multiple recipients in several states, only five deaths resulted</li> <li>As scientific knowledge dispersed, threat of malicious use could grow</li> <li>Significant liability for institutions engaged in biological research</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Improved real-time detection capability in urban centers</li> <li>Stockpiling of medical countermeasures</li> <li>Laboratory surge capability</li> <li>International protocols to monitor bioresearch</li> </ul>
<p><b>8</b></p> <p><b>CHEMICAL ATTACK</b></p>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Aum Shinrikyo attack in Tokyo in 1995</li> <li>Some experimentation in Iraq</li> <li>Limited Al Qaeda research into chemical weapons, probably within capabilities</li> </ul>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>Extensive availability of dual-use technology</li> <li>Substantial barriers exist to successful weaponization and dispersion</li> <li>Air intake systems for transit, commercial buildings vulnerable</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Improved real-time detection capability in urban centers</li> <li>Increased surveillance around critical infrastructure</li> <li>Expanded HAZMAT response capabilities to contain impact</li> </ul>
<p><b>9</b></p> <p><b>NUCLEAR BOMB</b></p>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>No evidence that Al Qaeda has successfully obtained fissionable material</li> <li>Considerable technological, financial and logistical obstacles to acquisition and detonation</li> </ul>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>Complicity by state sponsor probably a requirement</li> <li>Need to assemble components and import weapon allows multiple opportunities for disruption</li> </ul>	<p><b>HIGH</b></p> <ul style="list-style-type: none"> <li>Detection equipment at border</li> <li>Accelerated security and reduction of fissionable material</li> <li>International nonproliferation agreements to improve monitoring and that reduce availability</li> </ul>
<p><b>10</b></p> <p><b>FOOD CONTAMINATION AND ANIMAL DISEASE</b></p>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>Risk of deliberate contamination of food supply low</li> <li>Risk of outbreak due to natural causes or negligence growing</li> </ul>	<p><b>MEDIUM</b></p> <ul style="list-style-type: none"> <li>Increasing incidents of food-borne illnesses</li> <li>Limited ability to contain outbreak due to lengthy supply chains</li> <li>Increased reliance on foreign suppliers</li> </ul>	<p><b>LOW</b></p> <ul style="list-style-type: none"> <li>Increased inspections by and resources for the FDA</li> <li>Better government and private sector supply chain surveillance</li> </ul>

the Emergency Management Assistance Compact, it should expand its links with the Department of Homeland Security.

- **Eliminate National Guard equipment shortages.** The National Guard is experiencing a significant equipment shortfall due to ongoing operations, particularly in Iraq. While it still has the personnel to meet commitments at home and overseas, all states are at a severely degraded state of readiness, which hampers their ability to potentially confront multiple simultaneous disasters. While the Army has allocated funding to replenish National Guard equipment, efforts to close the equipment gap should be accelerated.
- **Create a Homeland Security Civilian Corps.** A key to crisis response is to harness the civilian capabilities that exist in every community—doctors, nurses, lawyers, city managers, communicators, logisticians, water, and sanitation experts—all of whom boast the skills necessary to help rebuild a basic level of society and economy. The concept should be vigorously pursued and supported by every state governor and attached to the joint force headquarters of the National Guard. Organized civilian response detachments could be deployed more systematically for a domestic crisis like Hurricane Katrina and also be made available for overseas missions through the State Department Office of Stabilization and Reconstruction.
- **Accelerate modernization of the Coast Guard.** The Coast Guard has been coping with mission creep for two decades. Its expanded missions and responsibilities far exceed its personnel and aging equipment. Execution of its Deepwater modernization program has been flawed, although management

improvements are underway. Nonetheless, the Deepwater program should be accelerated to a 15-year rather than a 25-year effort to improve Coast Guard readiness.

### *Protect the U.S. Economy from Costly Disruptions*

Terrorism is an economic weapon, and the stakes are very high. Since the private sector is likely to be the target of future attacks, governments must provide incentives for private sector action and also create opportunities for real public-private partnerships.

Terrorism risk insurance is a good case in point. Despite Bush administration objections, Congress rightly renewed the Terrorism Risk Insurance Program, which provides for a sharing of terrorism risk between the government and the private commercial insurance market that has kept commercial coverage both available and affordable. The government and the private sector should work cooperatively to promote a broader range of long-term mechanisms to manage terrorism risk.

The ineffective federal recovery program for Hurricane Katrina demonstrated that it is better to have established disaster-response programs in place before the next attack than to coordinate ad hoc programs after the fact. Given the very real potential for more and deadlier storms in the future due to global warming, federal and state governments must devise more effective means of managing the risk of natural disasters as well, tied to more prudent zoning standards and stronger building codes.

By minimizing the economic loss and disruption of a terrorist attack, we prevent groups such as Al Qaeda from achieving their strategic objective. If this threat constitutes a war, as President Bush suggests,

# The private sector is likely to be the target of future terrorist attacks; governments must provide incentives for private sector action and create opportunities for real public–private partnerships.

then the government should be involved, particularly given the risk of a potential—even if remote—major nuclear or biological attack that exceeds available capital in the private market.

Specific initiatives to protect the U.S. economy include:

- **Use security audits and public reports to create market differentiation.** Independent annual corporate security audits should be based on a sliding scale, much like bond ratings, so markets, shareholders, and the insurance industry can fairly assess risk across a wide range of industries. Benefits should accrue based on the willingness of companies subject to government regulation, national standards, or simply industry best practices to go beyond minimum standards to secure operations that can be affected by terrorism or disruptions likely to have significant economic or social impact. Public companies, in annual filings to the Securities and Exchange Commission and company shareholders, should disclose their assessment of security trends, including how terrorist threats affect operations; a general description of actions taken; compliance with homeland security regulations; and an estimated security budget. This requirement should include foreign companies that own and/or operate America’s critical infrastructure.
- **Create a long-term terrorism risk insurance program.** The federal government will have to share responsibility and risk for acts of terrorism with the private market for an indefinite period. Congress rightly extended the existing federal “backstop” in December 2007, but the strategy should be to develop multiple instruments, including mutual risk pools, catastrophe bonds, and private and public reinsurance, to attract adequate capital. The federal government should consider favorable tax treatment as an incentive. The program should cover both domestic and foreign-sponsored acts of terrorism.
- **Make commercial terrorism-risk insurance mandatory.** The federal government is currently providing temporary reinsurance to the private terrorism risk insurance market. In return for such support, owners/operators of all critical infrastructure, at least structures and networks vital enough to be listed in the National Asset Database, should be required to purchase adequate levels of terrorism risk insurance. All businesses should be encouraged to develop effective continuity of operations plans that are consistent with local or regional disaster response planning.
- **Create a federal natural disaster reinsurance program.** The federal

government should provide disaster reinsurance at actuarially sound and competitive rates to state catastrophe funds that provide insurance protection for natural disasters that cannot be adequately addressed by the private insurance market, such as earthquakes, flooding, and hurricanes. Support would only be provided to states that meet federal disaster preparedness guidelines, including improved development and building codes regarding coastal properties and flood plains. State catastrophe funds would set aside a percentage of proceeds for disaster mitigation.

### **Sustain Homeland Security for the Long-Term**

The threat of terrorism is a long-term challenge. The United States must achieve a higher level of security and then sustain it. This requires the informed support of the American people, respect for the rule of law and American values, and a tempered vision of what is necessary to achieve real security. All this will require consistent allocation of adequate funding, guided by strategy rather than politics. Specifically, the federal government should:

- Integrate homeland security into national security planning and policy development and budgeting
- Put homeland security on a more sustainable funding path
- Recommit the United States to the principles of transparency and the rule of law
- Reform congressional oversight of the homeland security program and budget
- Give the Department of Homeland Security time to mature; and
- Improve threat-based public communication

### *Integrate Homeland Security within National Security Planning, Budgeting, Management, and Oversight*

“The boundaries between domestic and foreign have blurred,” Richard Clarke told Dr. Condoleezza Rice at the start of the Bush administration.<sup>169</sup> Yet, homeland security at the White House has evolved as a competing power center rather than an integrated policy imperative, a “third wheel” according to the 9/11 Commission.<sup>170</sup>

Global terrorists bent on attacking the United States do not recognize artificial dividing lines between domestic and international, public and private. National interests extend from all 50 states to all nation-states.

The federal government must not only have an integrated national security strategy, it must support the strategy with a budget that adequately funds all elements of national power. The formation of the Department of Homeland Security, while providing an important nexus for planning, coordination, and action, is a daunting management challenge. Progress has definitely been handicapped by the sheer size of the merger, constant organizational change, and management turnover during its three years of existence.

The process of developing the first-ever Quadrennial Homeland Security Review can help the next administration assess the future threat environment, what is required to protect our society and economy, and the resource implications for all levels of government and the private sector. The QHSR should attempt to calculate how much is being spent on homeland security below the federal level so that the importance of federal support can be properly assessed.

Attention should also go to reforming the current congressional committee structure,

where 88 committees/sub-committees have jurisdiction, inhibiting the development of comprehensive approaches to homeland security.

Specific initiatives to integrate homeland security within national security planning, budgeting, management, and oversight include:

- **Ensure a smooth initial presidential transition.** Al Qaeda challenged both the Clinton and Bush administrations within weeks or months of their inaugurations. It is imperative that the Bush administration ensure there is an effective transition, and that competent people and functioning systems are in place when the department's new leadership arrives. Recent efforts to put more career civilian employees in top leadership positions are encouraging and long overdue.<sup>171</sup> The next administration needs to be prepared to aggressively put a new leadership team in place, reestablish homeland security as a policy priority, and if the intelligence justifies it, put the country on alert. The Secretary of Homeland Security should be confirmed on inauguration day. It should resist the political temptation to arbitrarily rewire the Department of Homeland Security. Changes may eventually be appropriate, but it is not a first-order challenge.
- **Develop a new integrated post-Iraq national security strategy.** The next administration must develop a single strategy for national and homeland security that employs all elements of its national power, not just one. After Iraq, the United States must give greater weight to homeland security and international affairs, reducing the vulnerabilities that terrorists can exploit. The government must prepare the country for another attack, reverse rising anti-Americanism that is used to justify attacks, and driving a wedge between violent extremists and Muslim populations that give them tacit support and legitimacy.

icanism that is used to justify attacks, and driving a wedge between violent extremists and Muslim populations that give them tacit support and legitimacy.

- **Restate core Homeland Security missions.** Reversing a curious decision by the Homeland Security Council, the next administration should restate formal homeland security missions so that the country's homeland security priorities are clear. They should be:
  - Domestic Counterterrorism and Information-sharing
  - Border and Transportation Security
  - Critical Infrastructure Protection and Resiliency
  - National Preparedness, Disaster Mitigation, and Emergency Response
  - Citizenship, Immigration, and Enforcement

Relative to homeland security's original 2002 missions, it is increasingly difficult to differentiate intelligence and counterterrorism. They should be combined. Likewise, defending against catastrophic threats is inferred as part of an all-hazards approach to national preparedness. Conversely, sustainable homeland security requires both advocating for legal immigration and citizenship while also enforcing an updated and realistic system that fulfills the needs of the country.

- **Merge the White House national security and homeland security functions.** The next president, at the start of the new administration, should issue a national security executive order that: consolidates the executive branch national security policy coordination responsibility; merges the staffs of the National Security and Homeland Security Councils; and names a Deputy Assistant to the President for Homeland

Security and Domestic Counterterrorism with full access to the Oval Office.

- **Send Congress a unified national security budget.** Beginning in FY2009, the Office of Management and Budget should include a cross-cutting national security budget analysis with the president's budget. It must ensure that the president's budget supports a balanced strategy and fairly evaluates difficult strategic tradeoffs so that marginal increases in investment actually yield security returns. The Office of Management and Budget should produce a cross-cutting analysis that segments funding by major national security mission area so that a fair evaluation of different courses of action and capabilities can be made.
- **Streamline congressional oversight.** Congress should further streamline its committee jurisdiction to reduce overlapping and inefficient responsibility. Congress needs to provide strong oversight of homeland security efforts, but avoid micromanagement. One method to overcome turf battles is for Congress to produce more comprehensive cross-jurisdictional legislation, as it did early in 2007 regarding the remaining recommendations of the 9/11 Commission. This can only happen if congressional leadership gives enough clout to the House and Senate Homeland Security committees.

### *Build Long-Term Homeland Security Capacity*

Across critical areas of homeland security, there is a gap between actions required and available resources. Where possible, homeland security should be self-sustaining and less dependent on the political vagaries of the annual budgeting process. This is not

to take away Congress' power of the purse. Congress must exercise vigorous oversight of homeland security priorities and how they match up with resource allocation.

A mix of security fees (such as the aviation passenger security fee), federal grants, dedicated trust funds—the highway trust fund, sustained through gasoline taxes, is a good example—and private sector incentives, including tax credits and liability protection in return for stronger performance than markets may require, are needed. Given the growing security role played by such agencies as Citizenship and Immigration Services and the State Department Passport Services Office, organizational funding based primarily on fees is a questionable business model for an area of growing importance.

Security efforts will be more sustainable if they are “dual use” and offer broader societal benefits beyond just security. The homeland security grant program must be reformed and the amount of federal investment increased. The overall grant program should be all-hazard, but specific programs should be targeted at prevention or preparedness, both vital missions.

Total state and local grant funding for FY2008, just over \$3 billion, is simply not enough to make a difference.<sup>172</sup> It takes too long to dispense assistance from the federal government through states and down to the local level. Military commanders have been given millions in contingency funds that they can deploy quickly to solve unexpected problems or exploit promising opportunities. Subject to significant oversight, the Department of Homeland Security should have some available funding that can be dispensed rapidly and targeted against changing requirements.

Specific initiatives to build long-term homeland security capacity include:

- **Give DHS the personnel it needs to do its job.** DHS does not have the operating capacity to match its growing responsibility. It needs 15,000 to 20,000 more personnel in the field assigned to key agencies, including TSA, FEMA, and the Coast Guard. It needs more people devoted full-time to chemical security, air cargo security, disaster planning, and mitigation and in liaison positions at the state and local fusion centers.
- **Dramatically increase homeland security grant funding.** Rather than cuts, homeland security grant funding should be substantially increased, with specific grant programs designated as security-related (detect and prevent terrorist attacks) or emergency preparedness-related (mitigate the consequences of a disaster and speed the recovery). Existing grant programs should be consolidated, with emphasis on counterterrorism, intelligence/information-sharing, urban areas security, critical infrastructure protection, emergency response, disaster mitigation, and medical readiness. The majority of this funding should be allocated based on risk factors—terrorism risk for security and all hazard risk for emergency preparedness grants—and targeted at metropolitan areas. Formula grants can be based on a set percentage and distributed to all states to establish a baseline capability in support of the National Preparedness Guidelines.
- **Create a security contingency fund within DHS.** Given the current budget cycle, it can take three years to spot a problem and solve it or an opportunity and take advantage of it. This is too long. DHS needs a fund modeled after the military’s Commanders Emergency Response or CERP Program to enable rapid action in light of an emerging threat, offset unanticipated costs or to create new incentives within a dynamic operating environment.
- **Launch a transportation and infrastructure security trust fund.** Resources from various user fees, duties, and taxes should be combined into a transportation network and critical infrastructure trust fund to modernize, replace, and secure critical infrastructure throughout the United States. Improvements would only be funded from the trust fund for infrastructure listed within the National Asset Database. The fund would include a portion of the federal gas tax, which should be increased by at least five cents per gallon, and a percentage of customs fees collected at U.S. ports alongside any security fees imposed on passengers, goods, and shipping containers that flow through all U.S. ports.
- **Increase appropriations for passport and citizenship agencies.** Chronic underinvestment directly related to budgets that rely on application

Across critical areas of homeland security, there is a gap between actions required and available resources.

fees has resulted in poor management and significant processing backlogs for passports, green cards, and naturalization petitions.<sup>173</sup> Congress should fund a higher percentage of the operations of the passport agency within the State Department and Citizenship and Immigration Services within DHS through the normal appropriations process, given their increasing importance to national security. This will reduce the cost of security credentials such as the passport and make them more affordable.

### *Restore Government Transparency and Recommit to the Rule of Law*

Terrorism, while a serious threat, does not require altering the fundamental relationship between the government and the American people. Even during the Cold War we did not succumb to our worst fears. We should continue to rely on constitutional standards that as Supreme Court Justice Anthony Kennedy put it in *Hamdan v. Rumsfeld*, “have been tested over time and insulated from the pressures of the moment.”<sup>174</sup>

U.S. courts have consistently demonstrated their ability to deal with complex terrorism cases, even those involving secret and sensitive information. Rather than being a constraint, treating terrorism as primarily a criminal matter in fair and transparent legal proceedings adds to our political legitimacy at the terrorists’ expense.<sup>175</sup>

A key objective should be preserving continuity of and public confidence in government at all levels. Unless the United States is under an overwhelming threat of additional attack, or the impact of an incident completely overwhelms local and state government, the federal response should be to support rather than supplant civilian authority, particularly at the local level.

Public access to information and open debate is not dangerous, but rather is the essence of democracy that we present to the world as the antidote to violent extremism. The removal of large quantities of public information since 9/11 is counter-productive. Rather than provide information to attackers, excessive secrecy more likely inhibits the development of effective countermeasures.<sup>176</sup>

An effective homeland security program may require wider governmental access to personal information, such as telephone calls and emails. But privacy protections must keep pace. Otherwise, perceived intelligence dots may actually be stray bullets that wrongly implicate ordinary citizens.

Specific initiatives to recommit the United States to the principles of federalism and the rule of law include:

- **Reverse tide of government secrecy.** There are now more than 100 categories of sensitive, but unclassified information within the federal government, all created with the stated intent of protecting the American people. This burden fundamentally contradicts one of the key lessons learned from 9/11—that important information must be shared, not closeted. Ultimately, the sharing of information within government and the public strengthens rather than weakens our security. The next administration should significantly reduce the number of sensitive but unclassified categories of information within government and the volume of information that is withheld from the public.
- **Update existing privacy laws.** There are significant privacy implications from a range of initiatives, from the development of privacy rules for data mining associated with intelligence collection and threat identification to the role of

electronic surveillance. The Privacy Act of 1974 should be updated to reflect the 21st century information environment. Chief privacy officers have been established in statute for some national security agencies, but Congress should consider adding positions for the Departments of Treasury, Health and Human Services, and Social Security Administration. The Office of Management and Budget should be given a coordinating role to manage privacy protections across the federal government.

- **Include local authorities in the CFIUS process.** The Committee on Foreign Investments in the United States process should include consultations with state and local governments when appropriate. Such a step would have helped in the Dubai Ports World case. While Congress has made positive adjustments in the CFIUS process, if homeland security involves a genuine multilevel government partnership, then authorities with a direct interest in a transaction involving national security-related state and local critical infrastructure, such as major ports, can be consulted as part of this confidential process.

### *Improve Threat-Based Public Communication*

The federal government requires more effective means of communicating with its partners. The Homeland Security Alert System should be restored to its original purpose, communicating threat information to law enforcement, emergency management, and first responders, not the public.

A nationwide shift to orange, or high, has occurred only five times,<sup>177</sup> the last in late 2003 based on flawed analysis.<sup>178</sup> All alerts since then have been localized or sector-

specific, most recently red for aviation in conjunction with the recent British bomb plot. When alerts are issued, the federal government must do more to help local officials offset increased personnel costs.<sup>179</sup>

Specific initiatives to improve threat-based public communication include:

- **Revise the color-coded Homeland Security Alert System.** HSAS should be restored to its original purpose, to advise federal, state, and local military and law enforcement officials, not the public. Public communication should be focused on specific actions. The nationwide Amber alert system can help accomplish this. The revised threat program should be backed by a contingency fund to defray a portion of state and local overtime costs associated with elevated alerts.
- **Focus preparedness messages on business continuity.** Every family should have a disaster plan. Some do, but more do not. But the vast majority of families are affiliated with businesses and schools, most of which will have business continuity or disaster plans that will involve taking care of employees or taking care of students in an emergency. A community-based approach—organizing action and messaging based on family relationships with businesses, schools, churches, neighborhood associations or other non-profit groups—is likely to be successful in building not just a “culture of preparedness” but also a country that is actually better prepared than it is today.

### **Shape the International Security Environment to Reduce the Threat**

By occupying Iraq in the name of preventing the spread of nuclear weapons, the United States has perversely created more

terrorists and new safe havens, accentuated the global appeal of nuclear weapons, and stoked anti-Americanism around the world to all-time highs. Rather than attempting to defeat terrorism through military means—an impossible task—the United States must shape the global environment to de-legitimize the ideology behind its primary adversary.

In addition, in order to reduce the potential of the nuclear nightmare scenario and the threat of terrorism worldwide, the United States must reestablish common cause with the rest of the world, just as it did during the Cold War. Specifically, the United States must:

- Undertake a serious review of U.S. policies and their impact on the Islamic world
- Reduce reliance on nuclear weapons and extend international non-proliferation agreements
- Prevent terrorist safe havens through improved crisis intervention capabilities
- Reverse the United States' global isolation and win the battle of ideas

#### *Undertake a Serious Review of U.S. Policies and Their Impact on the Islamic World*

Reversing this rising anti-Americanism requires a sober review of U.S. policies, the impact they have on key regions, and the extent to which they inflame the political, economic, ethnic, and religious sources of conflict that fuel global extremist movements.<sup>180</sup>

Rather than an honest broker and constructive force for change, the United States is now perceived in the Middle East as an occupier. While significant engagement during the 1990s did not preclude terrorist attacks, there is little chance for fundamental change without serious and sustained

dialogue with all regional players. Efforts to isolate Iran for three decades have little to show but missed opportunities. In 2003, Iran offered unconditional talks on the full range of issues with the United States, which the Bush administration declined.<sup>181</sup> Ultimately, the United States must test Iran's willingness to negotiate rather than posture. If the United States worked pragmatically with the Soviet Union, it can do the same with Iran.

The clear association between oil and conflict is a global challenge and serious security vulnerability, but energy independence is a political slogan, not a strategy. The United States will always be linked to global energy markets. Without a realistic energy security policy, the American military will find itself, as it did during the Gulf Wars of 1991 and 2003, engaged in future conflicts to ensure access to oil.<sup>182</sup>

Specific initiatives to undertake a serious review of U.S. policies and their impact on the Islamic world include:

- **Make the Middle East Peace Process a true priority.** The next administration should make the peace process a true priority and more inclusive, including moderate representatives from all elected governments who have a stake in the outcome and are willing to seek a peaceful resolution. Resolution will require direct presidential engagement. The next president should reappoint a cabinet-level special presidential envoy to work full-time on the peace process.
- **Lower the temperature with Iran.** Consistent with the latest national intelligence estimate, the next administration should be prepared to engage in a serious negotiation with Iran without precondition to resolve long-standing and serious challenges, including its support for

terrorist groups and nuclear ambitions. Iran's presidential elections in 2009 could provide an opening to change the current dynamic between the two countries.

- **Develop a sustainable energy security strategy.** The United States will not reduce the violent Islamic threat of terrorism to the homeland with oil approaching \$100 per barrel. National vehicle fuel economy standards must be increased, since oil accounts for 96 percent of the fuel used for transportation in the U.S.<sup>183</sup> Public transportation must be improved. Sources of energy, including renewable energy and biofuels, must be expanded. Nuclear power will play a role, consistent with broader non-proliferation objectives. The United States should constructively reengage the world on a new international agreement on climate change. The United States cannot just do any one of these things—its national security demands that it do all of them.

### *Reduce Reliance on Nuclear Weapons and Extend International Non-Proliferation Agreements*

If the United States does not want to confront a terrorist group with a nuclear weapon, then it must reduce the number and utility of nuclear weapons and the availability of fissionable material and nuclear technology. This is an instance where the United States must lead by example.

Any potential tactical gain of a new nuclear bunker-buster weapon is offset by significant negative strategic consequences. Given the prevailing U.S. superiority in conventional military capability, treaties that deter the emergence of a nuclear arms race in the Middle East, ability of a state sponsor of terrorism to develop a nuclear weapon

or transfer relevant technology to extremists such as Al Qaeda are constraints on potential adversaries and advantageous to the United States.

To that end, all international agreements must include strong monitoring and reporting protocols and verification mechanisms. In 2009 and 2010, multiple opportunities exist for the United States to declare its intent to: reduce its reliance on nuclear weapons; negotiate the elimination of a significant number of warheads; and expand controls over the spread of nuclear technology that will make it harder for states to become declared nuclear powers, thereby averting a dangerous 21st century nuclear arms race.

Specific initiatives to reduce reliance on nuclear weapons and increase control over nuclear technology include:

- **Commission a nuclear policy review.** The next administration should undertake a comprehensive nuclear policy review to assess nuclear-related threats from both conventional states and terrorist groups. This review should examine how nuclear weapons, technology, and power affect our national security; how the Non-Proliferation Treaty can be strengthened; how existing arms control treaties can be extended or expanded; and efforts to secure fissionable material accelerated. In addition, this review should decide how the United States can continue to deter potential adversaries while reducing our reliance on nuclear weapons, and how restrictions on stockpiles, weapons testing, and the production of fissionable material can move the world toward the elimination of the threat of nuclear terror. The nuclear policy review should put the United States in a position to:

# In order to reduce the potential of the nuclear nightmare scenario and the threat of terrorism worldwide, the United States must reestablish common cause with the rest of the world.

- Reduce its arsenal to 1,000 warheads
- Extend the START Treaty
- Ratify the Comprehensive Test Ban Treaty
- Adhere to the IAEA Additional Protocol
- Freeze new nuclear weapon development

■ **Reinvigorate the global non-proliferation regime.** The United States should accelerate existing threat-reduction efforts to secure and destroy dangerous weapon stocks and fissionable material before terrorists buy them on the black market. The next president should establish a goal of globally ending the production of material and negotiate a new global regime that controls the nuclear fuel cycle to allow for the peaceful development of nuclear energy without creating more nuclear states. Any state that acquires nuclear technology while an NPT member should be required to surrender that capability if they subsequently withdraw from the treaty. A failure to do so should be referred to the UN Security Council for possible sanction.<sup>184</sup>

■ **Convert global research reactors from high- to low-enriched uranium fuel.** Of the more than 100 research reactors that continue to operate using HEU fuel that presents a pro-

liferation risk, over half operate in or use fuel provided by the United States.<sup>185</sup> A U.S. conversion and fuel return program has existed for 30 years, a similar effort with Russia for more than a decade. These efforts merit a higher priority, more resources, and an accelerated timetable to eliminate this proliferation risk from relatively insecure facilities.

## *Prevent Terrorist Safe Havens Through Improved Crisis Intervention Capabilities*

Terrorism is strongly associated with failed or failing states, what defense analyst Thomas Barnett calls the “non-integrating gap.”<sup>186</sup> Decisions to intervene in the future should be based on the need to prevent the emergence of terrorist safe havens— as opposed to creating the conditions that enable one to occur, as in Iraq.

The track record of U.S. international interventions over the past two decades is decidedly mixed. More often than not, the United States has failed to achieve its strategic objectives. Military interventions have taken longer and been far more costly than initially anticipated.

Bin Laden’s decision to focus on the “far enemy” was a direct result of the requirement to station U.S. forces for an indefinite

period within Saudi Arabia to contain Saddam Hussein in the aftermath of the first Gulf War. The Department of Defense recently designated peacekeeping/stabilization operations as a core military mission. It requires more units and soldiers specifically trained for the types of missions the U.S. military continues to confront.

Iraq demonstrates that elections are not enough to help societies in conflict transition from autocracy to democracy. Resources and expertise are required to build effective political processes and government institutions. Better interagency planning is needed. The government must correct the current imbalance in capabilities within the Departments of Defense and State so that the military can hand off a mission to a professional cadre of nation-builders, not a “pick-up team” like the Coalition Provisional Authority.

Specific initiatives to prevent terrorist safe havens through improved crisis intervention capabilities include:

- **Support the State Department Office of Civilian Stabilization and Reconstruction.** The State Department’s Office of Civilian Stabilization and Reconstruction must be supported, both inside and outside the Department of State. Current plans for a cadre of roughly 3,000 civilian experts should be fully funded so that, rather than an invasion force, the United States can deploy “nation stabilizers” instead.<sup>187</sup> This civilian response force can train with the National Guard and be available to the Department of Homeland Security in the event of a domestic emergency.
- **Put military power behind the stability mission.** Department of Defense Directive 3000.05 establishes stability operations as a core mission

that should give priority “comparable to” combat operations.<sup>188</sup> Land forces are projected to grow by 92,000 in the coming years, although given the almost inevitable financial crunch the government faces, 30,000 is a more realistic figure. The vast majority of the increase should be for Special Forces, trained and equipped to deal with crises involving failing states, sub-regional conflict, and mass migrations. Military education and training should be revamped, with more emphasis on diverse language and cultural skills and civil affairs. Developing the National Guard as a homeland defense force gives the United States a more flexible constabulary capability it does not currently possess.

### *Reverse U.S. Global Isolation and Win the Battle of Ideas*

The war on terror is a form of political warfare and a battle of narratives which the United States is not winning. The rise of anti-Americanism in the world is a critical metric that the U.S. government must both understand and reverse if it is to reduce the threat to the homeland.<sup>189</sup>

Because of the power of the Internet and the global media environment, terrorist networks such as Al Qaeda spend considerable time not just planning attacks, but how to promote them after the fact.<sup>190</sup> The United States must engage more forcefully and realistically in this war of ideas. It must get inside the decision-making cycle of communities that give terrorists explicit or tacit support.<sup>191</sup>

The answer is not to attempt to recreate the formal propaganda structure, including the United States Information Agency that served us well during the Cold War. That era is long gone.<sup>192</sup> Nor is it worthwhile

to purchase positive news coverage as the Pentagon has attempted to do in Iraq. The challenge is not an inability to communicate, but what and how we communicate.

The issue instead must be defined based on what America is rather than who its adversaries are. National leaders cannot make decisions with willful disregard to how they would be received around the world, as the Bush administration has done. This is not about winning a popularity contest, but about restoring global leadership and influence.

The Cold War was won, says Brookings Institution Senior Fellow Philip H. Gordon, not by occupying the Kremlin but because the occupant of the Kremlin “abandoned the fight, because the people he governed stopped believing in the ideology they were supposed to be fighting for.”<sup>193</sup> Capitalism and free markets won; communism and repression lost.



Al Jazeera’s English-language channel anchors prepare for the evening news at their bureau in Washington. Rather than vilifying outlets such as al Jazeera, the United States should engage them repeatedly, challenging when appropriate editorial decisions viewed as promoting violence and conflict. AP Photo/Haraz N. Ghanbari.

The lessons of the Cold War can be applied to the threat of terrorism. The United States must reopen its doors to international students, particularly from the Middle East.<sup>194</sup> We must reverse restrictive post-9/11 visa measures that affect our economic and intellectual competitiveness and international standing, even if it involves some increased risk.<sup>195</sup> We also cannot allow anti-immigration groups that would seal our borders fundamentally change the relationship between the United States and the rest of the world and turn what has always been a national strength into a security liability.

Specific initiatives to reverse U.S. global isolation and win the battle of ideas include:

- **Assemble better data on the perpetrators and victims of terrorism.** The National Counterterrorism Center and Department of State should improve their data collection regarding global

incidents of terrorism—who the terrorists are, what social networks they come from, what triggered their decision to engage in terrorism, and who their victims are. Future reporting to Congress and the public should return to the format previously used for the Patterns of Global Terrorism Report—abandoned by the Bush administration after a political embarrassment involving the release of incomplete findings in 2004—and offer greater insight regarding the perpetrators, victims, methodologies, and other factors underlying acts of terrorism. Such data, free of any political agenda, should

benefit U.S. public diplomacy and also provide policymakers objective means of evaluating counterterrorism strategies and country-specific policies.

- **Rebuild the American narrative to the world.** Contrary to what President Bush has said, terrorism is directed in large part at what we do, not who we are. Conversely, as Senator John McCain (R-AZ) said, what we do is about who we are, not who they are.<sup>196</sup> The abuse at Abu Ghraib, the sub-contracting of torture through extraordinary rendition of terrorism suspects to autocratic regimes, and disregard for international norms represented in the detention facility at Guantanamo Bay, Cuba, are inconsistent with American values and strategically counterproductive, providing significant and long-lasting propaganda opportunities for insurgents.<sup>197</sup> We must practice what we preach, acting not on the “one percent solution”<sup>198</sup> but on what is right and just. The next president should:

- Make an unequivocal commitment to the Geneva Conventions
- Close the military detention facility at Guantanamo Bay
- Establish military tribunals that pass both courts of law and public opinion
- Provide detainees habeas corpus rights
- Terminate CIA secret prisons
- Render terrorist suspects to authorities for valid and transparent legal proceedings

- **Keep America’s doors open.** Expand permanent visas, international exchange programs, and academic scholarships

for the world’s best and brightest, particularly from Muslim-majority countries to study, work, and live in the United States, while also significantly expanding the opportunity for legal employment by less-educated workers that our society desperately needs. The United States hosts 17 of the top 20 research universities in the world.<sup>199</sup> We need qualified applicants to continue to promote entrepreneurship within the United States and around the world. At the same time, we should accelerate the processing of refugees from Iraq to come to the United States, beginning with those who have risked their lives to support U.S. forces in Iraq. Having precipitated the crisis in Iraq, the low number of refugees admitted thus far is a national disgrace.

- **Promote independent global media.** The State Department, not the Pentagon, should have the lead on public diplomacy and strategic global communications. The United States should support the expansion of genuinely independent and privately owned media around the world where none exist. Middle East outlets have been complicit in supporting violence against U.S. interests, but the natural impulse to attempt to control content is a mistake. What is needed is a genuine marketplace of ideas that expands legitimate debate and encourages the peaceful resolution of differences. The United States, rather than vilifying existing outlets such as al Jazeera, should engage them repeatedly, challenging when appropriate editorial decisions viewed as promoting violence and conflict.

# BALANCING NATIONAL SECURITY POLICIES AND PRIORITIES

A balanced national security strategy must entail the addition of resources to support new efforts to boost homeland security, homeland defense, military transformation, domestic intelligence, public health, non-proliferation, and research and development for alternative energy sources.

Unlike any time in U.S. history, there have been no changes in spending priorities in the aftermath of the conflict in Afghanistan and President Bush's war of choice in Iraq, no call for public sacrifice. As Robert Hormats, a global financial expert, says, "The country is pursuing a pre-9/11 fiscal policy in a post-9/11 world."<sup>200</sup> For both strategic and budgetary reasons, we cannot afford to stay the existing course. The opportunity costs are too high. The existing military-dominated approach creates collateral damage that affects our broader policy. Iraq now commands a disproportionate share of America's national security resources, even as it exacerbates the terrorist threat to the homeland.

Upon taking office in 2009, the next president should undertake a strategic shift. Because there is no purely military solution to terrorism, the next president should actually follow that course. The military will remain engaged in various operations around the world as one element of a more effective approach rather than the first resort of a failed policy. But as part of a broad reassessment, the new administration needs to build broader capacities in areas that have been neglected or underutilized.

## Ten Funding Priorities

Strategy follows the money. Put simply, today we are following the military-dominated strategy we are funding—inflicting serious damage on the military in the process. The next administration must pursue a broader, more balanced strategy that places greater emphasis on defense and deterrence. This necessarily means that we need to invest in a different set of priorities. This report has highlighted 10 policy areas where increased funding is needed now:

- Domestic law enforcement and intelligence
- Control or reduction of dangerous nuclear and biological technologies
- Public health surveillance and intervention
- Medical preparedness and the delivery of health care
- Critical infrastructure protection, specifically chemical security
- Aviation security, specifically air cargo security
- Pre-disaster planning and mitigation
- Infrastructure redundancy and resiliency
- The National Guard and Coast Guard
- Civilian stabilization and intervention capabilities

We need to broaden how we define national security, what we perceive the threat to be and how we respond to it. The raw exercise of conventional military power will not work in an asymmetric conflict against an adversary without a standing army. Success is a valid and still achievable objective, but victory has no meaning in this conflict. Body counts do not matter—hearts and minds do.

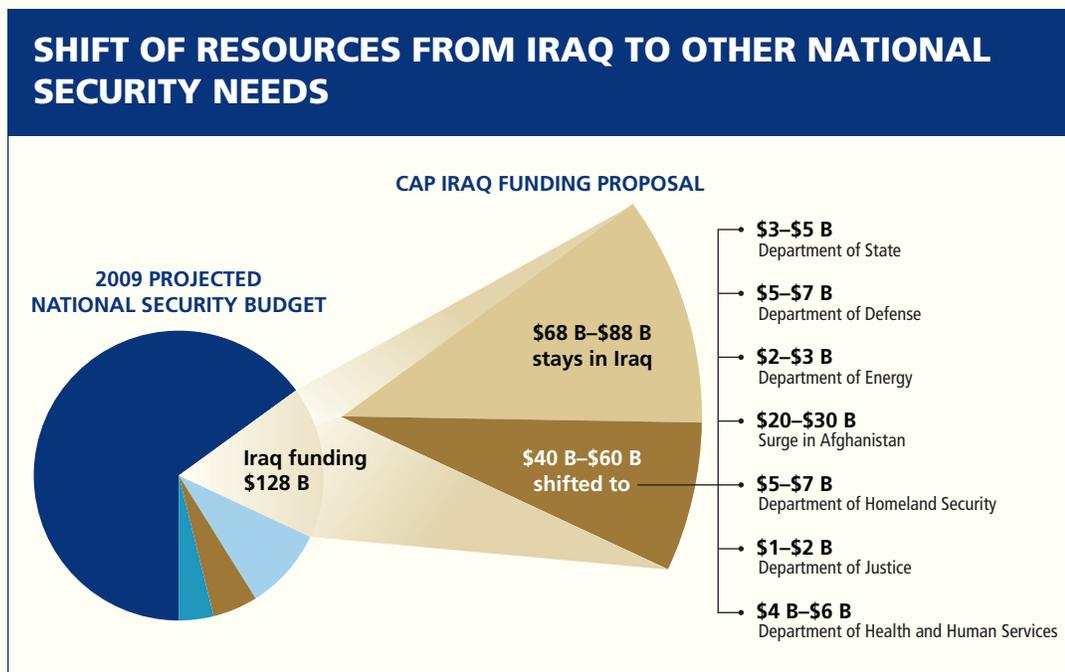
We must be realistic. Our strategy is not about preventing every attack—the price to our way of life would be too high—but rather about preventing extremists from obtaining the means to kill hundreds of thousands of civilians. Our strategy is not about militarily defeating an adversary, but rather about de-legitimizing terrorism within societies that tacitly support its employment. We need to convince them terrorism will never work. That is the essence of deterrence.

Knowing that terrible events will happen, regardless of the cause, our strategy must be to improve our defenses and preparedness at home. All risk cannot be eliminated, but more can be done to reduce risk to make it harder for terrorists to succeed and limit their impact if they do strike. Much has been done over seven years, but Hurricane Katrina demonstrated that many of the capabilities put in place are not relevant to the dangers we are most likely to confront in the years ahead. We must take the right steps for the right reasons.

A simple shift in strategy will not be successful unless we build greater capacity within the agencies responsible for the increasingly important non-military elements of our national security. Our political leaders must broaden what it means to be “strong on national security.” As a country, we need to recognize that, while our military personnel should be supported, so too should the police, public health officials, first responders, security guards, emergency room physicians, diplomats, and global development and crisis intervention experts who are also vital.

The country must recognize the importance of a range of agencies that will be crucial to this effort. The budgets of these agencies—and various sub-elements—need to increase dramatically:

- Department of State
- Department of Homeland Security
- Department of Health and Human Services
- Department of Justice
- Department of Energy



## Aligning the Strategy and Budget

The next administration will for many reasons need to address the precarious financial condition of the United States, which will necessitate restoring the fiscal discipline that was a foundation of the economic growth of the 1990s. There will be a significant competition for funding, not only for security, but also to address long-term challenges such as health care, social security, education, and aging and outdated infrastructure.

Given this complex budget environment, increased funding for homeland security, diplomacy, law enforcement, nuclear threat reduction, disaster preparedness, and public health/medical readiness, will necessarily involve budget offsets from other accounts. The only viable source of funding is the defense budget and current level of supplemental funding that support the existing war effort.

Quite simply, if we are going to reduce the terrorist threat to the U. S. homeland, then funding currently committed to offense must be shifted to other elements of our national security budget.

First, the next administration—for broader fiscal reasons—will need to slow and eventually freeze the existing rate of growth in the regular defense budget. The Pentagon will face difficult decisions as it evaluates how to both support ongoing global operations, manages its rising health care costs, sustains readiness, continues military transformation, and invests in tomorrow's technologies.

Second, the next administration must begin a significant reduction in military forces in Iraq. Given the existing expenditure of \$15 billion per month—approximately \$180 billion projected for the current fiscal year—for overseas operations, reducing force levels below 100,000 in Iraq—roughly one-third of total deployed forces to Iraq and Afghanistan today—could free between \$40 billion to 60 billion for other national security priorities, strengthening broader capabilities needed to support a different strategy. This level of funding has over the past few years been included as “bridge funding” inside the president's budget. What are required are adjustments within the existing unified national security budget. (See chart, page 73.)

By FY2010, a legitimate goal should be to devote roughly 80 percent of national security funding, including supplemental spending, dedicated to maintaining a strong and ready military, backed by improved intelligence. The remaining 20 percent would help secure the homeland and create an international political and economic environment that makes costly military intervention less likely.

Unless we shift to a more balanced approach and then invest accordingly, the threat of terrorism will continue to grow. Future attacks to the U. S. homeland will happen. And military intervention will continue to be our first rather than last recourse.

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- 195 Many foreign students became so frustrated with the visa application process that they abandoned their efforts to attend school in the United States, choosing locations in Europe and Asia instead. Overall visa applications dropped from 10.4 million in 2001 to 8.3 million in 2002. Visa approvals fell from 7.5 million in 2001 to 5.7 million in 2002. International graduate student applications are down 32 percent compared to a year ago, and student visa applications are down 24 percent from 2001. An American Association of Universities survey found that 59 percent of member institutions indicated a decline in foreign student applications. The number of Chinese and Indian students going to universities in Australia last fall was up by 25 percent and 31 percent respectively, and the comparable increases for Chinese and Indian students going to England is 36 percent and 16 percent respectively.
- 196 As referenced in Charlie Savage, *Takeover: The Return of the Imperial Presidency and the Subversion of American Democracy*, (Little, Brown, 2007), p. 221.
- 197 The U.S. Army-Marine Corps Counterinsurgency Field Manual, p. 48.
- 198 Suskind, *The One Percent Doctrine*, p. 62.
- 199 2007 Academic Ranking of World Universities, available at [http://www.arwu.org/rank/2007/ARWU2007\\_Top100.htm](http://www.arwu.org/rank/2007/ARWU2007_Top100.htm).
- 200 Robert D. Hormats, *The Price of Liberty: Paying for America's Wars*, (Times Books, 2007), p. 281.

## ABOUT THE AUTHOR

**Philip J. (P.J.) Crowley** is a Senior Fellow and Director of Homeland Security at the Center for American Progress.

He has authored several studies on homeland and national security issues, including *Keeping Bombs Off Planes*, an analysis of air cargo security requirements (with co-author Bruce Butterworth), and *Time to Act*, which outlined how to best implement the recommendations of the 9/11 Commission. Crowley has also testified before both the House and Senate on the need for stronger chemical security regulation.

P.J. is a frequent guest on network news programs, having appeared on the CBS Evening News, NBC Nightly News, Lehrer NewsHour, Countdown with Keith Olbermann, Hardball with Chris Matthews and the O'Reilly Factor, as well as the Diane Rehm Show, On Point and Talk of the Nation on NPR. His opinion articles have been published in leading newspapers such as the *Baltimore Sun*, *Denver Post*, *New York Daily News*, *San Francisco Chronicle*, *Seattle Post-Intelligencer*, and *Washington Times*.

During the Clinton administration, Crowley was Special Assistant to the President of the United States for National Security Affairs and served on the staff of the National Security Council. Prior to that, he was Principal Deputy Assistant Secretary of Defense for Public Affairs. Crowley served in the Air Force for 26 years, retiring at the rank of colonel in September 1999. He is a veteran of Operations Desert Shield and Desert Storm. During the Kosovo conflict, he was temporarily assigned to work with then NATO Secretary General Javier Solana.

Prior to joining the Center for American Progress, he served as vice president of the Insurance Information Institute, focusing on strategic industry issues that included the impact of terrorism on commercial insurance in the aftermath of the World Trade Center tragedy.

A native of Massachusetts, P.J. is a graduate of the College of the Holy Cross. He is married to Paula E. Kougeas, also a retired Air Force colonel and now a teacher. They have two children and live in Alexandria, Virginia.

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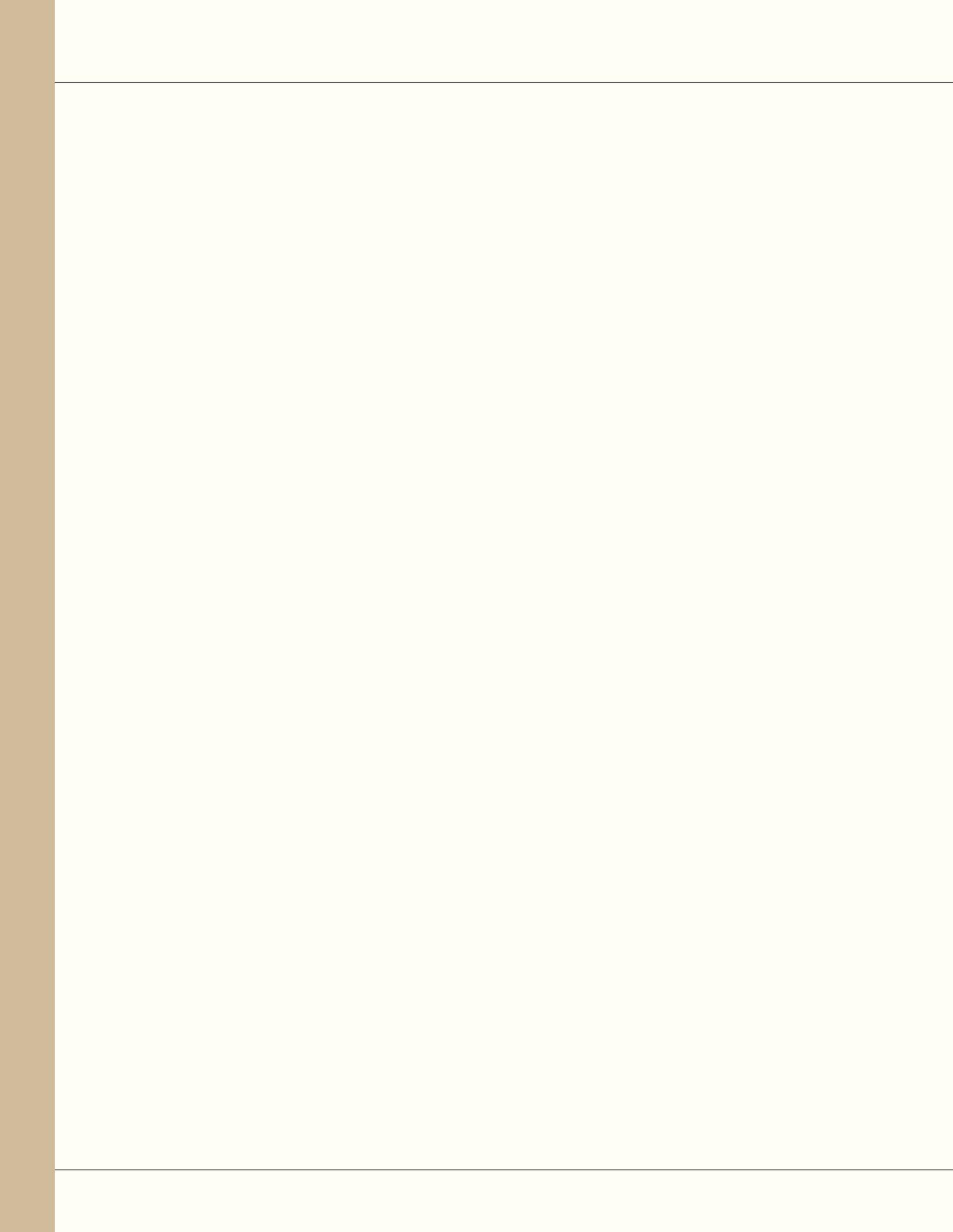
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