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DEFENSE REORGANIZATION

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

HIS VIEWS ON THE FUTURE STRUCTURE AND ORGANIZATION OF OUR DEFENSE ESTABLISHMENT AND THE LEGISLATIVE STEPS THAT SHOULD BE TAKEN TO IMPLEMENT DEFENSE REFORMS

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To the Congress of the United States:

On February 26, I spoke to the American people of my highest duty as President—to preserve peace and defend the United States. I outlined the objectives on which our defense program has rested. We have been firmly committed to rebuilding America's strength, to meeting new challenges to our security, and to reducing the danger of nuclear war. We have also been dedicated to pursuing and implementing defense reforms wherever necessary for greater efficiency or military effectiveness.

With these objectives in mind, I address the Congress on a subject of central importance to all Americans—the future structure and organization of our defense establishment.

Extensive study by the Armed Services Committees of the Senate and the House of Representatives has produced numerous proposals for far-reaching changes in the structure of the Department of Defense, including the organization of our senior military leadership. These proposals, sponsored by members with wide knowledge and experience in defense matters, are now pending before the Congress.

In addition, a few weeks ago I endorsed the recommendations of the bipartisan President's Blue Ribbon Commission on Defense Management, chaired by David Packard, for improving overall defense management including the crucial areas of national security planning, organization, and command.

For more effective direction of our national security establishment and better coordination of our armed forces, I consider some of these proposals to be highly desirable, and I have recently taken the administrative steps necessary to implement these improvements. In this message, I wish to focus on the essential legislative steps that the Congress must take for these improvements to be fully implemented.

Together, the work of the Packard Commission and the Congress represents certainly the most comprehensive review of the Department of Defense in over a generation. Their work has been the focus of an historic effort to help chart the course we should follow now and into a new century. While we will continue to refine and improve our defense establishment in the future, it will be many years before changes of this scope are again considered. Given these unique circumstances, I concluded that my views as President and Commander in Chief should be laid before the Congress prior to the completion of legislative action.

EXECUTIVE AND LEGISLATIVE RESPONSIBILITIES

In forwarding this message, I am cognizant of the important role of the Congress in providing for our national defense. We must work together in this endeavor. However, any changes in statute must not infringe on the constitutionally protected responsibilities

of the President as Commander in Chief. Any legislation in which the issues of Legislative and Executive responsibilities are confused would be constitutionally suspect and would not meet with my approval.

My views concerning legislation on defense reorganization now pending in the House and Senate reflect a reasoned and open-minded approach to the issues, while maintaining a close watch on the constitutional responsibilities and prerogatives of the Presidency. While I had considered forwarding a separate bill to the Congress, I concluded that this was not necessary since many of the legislative recommendations of the Packard Commission are already pending in one or more bills. However, additional changes in law are also proposed in those other bills, and such changes must be carefully weighed.

Certain changes in the law are necessary to accomplish the objectives we seek. Among these are the designation of the Chairman of the Joint Chiefs of Staff as the principal military adviser to the President, the Secretary of Defense, and the National Security Council, and the Chairman's exclusive control over the Joint Staff; the creation of a new Vice Chairman of the Joint Chiefs of Staff; and the creation of a new Level II position of Under Secretary of Defense for Acquisition.

Other proposed changes in law are, in my judgment, not required. It is not necessary to place in law those aspects of defense organization that can be accomplished through executive action. Nevertheless, if such changes are recommended by the Congress, I will carefully consider them, provided they are consistent with current policy and practice and do not infringe upon the authority or reduce the flexibility of the President or the Secretary of Defense.

GENERAL PRINCIPLES

The organization of our present-day defense establishment reflects a series of important reforms following World War II. These reforms were based upon the harsh lessons of global war and were hastened by the new military responsibilities and threats facing our Nation. They culminated in 1958 with the reorganization of the Department of Defense under President Eisenhower.

President Eisenhower's experience of high military command has few parallels among Presidents since George Washington. The basic structure for defense that he laid down in 1958 has served the Nation well for over 25 years. The principles that governed his reorganization proposals are few but fundamental. They are of undiminished importance today.

First, the proper functioning of our defense establishment depends upon civilian authority that is unimpaired and capable of strong executive action.

As civilian head of the Department, the Secretary of Defense must have the necessary latitude to shape operational commands, to establish clear command channels, to organize his Office and Department of Defense agencies, and to oversee the administrative, training, logistics, and other functions of the military departments.

Second, if our defense program is to achieve maximum effectiveness, it must be genuinely unified.

A basic theme of defense reorganization efforts since World War II has been to preserve the valuable aspects of our traditional service framework while nonetheless achieving the united effort that is indispensable for our national security. President Eisenhower counseled that separate "service responsibilities and activities must always be only the branches, not the central trunk of the national security tree."

Unified effort is not only a prerequisite for successful command of military operations during wartime, today, it is also indispensable for strategic planning and for the effective direction of our defense program in peacetime. The organization of our senior military leadership must facilitate this unified effort. The highest quality military advice must be available to the President and the Secretary of Defense on a continuing basis. This must include a clear, single, integrated military point of view. Yet, at the same time, it must not exclude well-reasoned alternatives.

Third, the character of our defenses must keep pace with rapid changes in the military challenges we face.

President Eisenhower observed a revolution taking place in the techniques of warfare. Advancing technology, and the need to maintain a vital deterrent, continually test our ability to introduce new weapons into our armed forces efficiently and economically. It is increasingly critical that our forces be able to respond in a timely way to a wide variety of potential situations. These range across a spectrum from full mobilization and deployment in case of general war, to the discriminating use of force in special operations. To respond successfully to these changing circumstances and requirements, our defense organization must be highly adaptable.

Where the roles and responsibilities of each component of our defense establishment are necessarily placed in law, they must be clear and unambiguous, but not so constrained or detailed as to impair operational flexibility or the common sense of those in positions of responsibility. Laws must not be written in response to the strengths and weaknesses of individuals who now serve. Instead, they should establish sound, fundamental relationships among and between civilian and military authorities, relationships that reflect the proper balance between our traditions and heritage and the practical considerations unique to military matters.

SPECIAL RELATIONSHIP BETWEEN THE PRESIDENT AND CERTAIN SUBORDINATES

I noted earlier that President Eisenhower brought to his Presidency a unique perspective and unprecedented military experience. Few Presidents have come into this office as well prepared as he to assume the responsibilities of Commander in Chief. This fact places a heavy burden on our defense establishment and requires the continued development of key institutions and relationships that constitute the framework of our current organization.

It has been my experience that within this framework there is a special relationship between the President, the Secretary of Defense, and the Combatant Commanders. In providing for the timely and effective use of the armed forces in support of our foreign

policy, our entire defense establishment is focused on supporting this special relationship and making it as effective as possible. All other aspects of our defense organization must be subordinate to this purpose.

The Secretary of Defense.—In particular, the law places broad authority and heavy responsibilities on the Secretary of Defense. The Secretary, in his responsibility as head of the defense establishment and in executing the directives of the Commander in Chief, embodies the concept of civilian control. No one but the President of the United States and the Secretary of Defense is empowered with command authority over the armed forces. In managing the Department of Defense the Secretary must retain the authority and flexibility necessary to fulfill these broad responsibilities.

Thus, where the Congress seeks statutory changes that would affect the Secretary of Defense, I will apply the following criteria:

—I will support efforts to strengthen the authority of the Secretary of Defense if there are areas in the law where his current authority is not sufficiently clear.

—The Secretary's authority should be delegated as he sees fit, and such delegation should never be mandated in the law apart from his concurrence and approval.

—The strengthening of other offices or components of the defense establishment should never be, nor appear to be, at the expense of the authority of the Secretary of Defense.

The Combatant Commanders.—The Unified and Specified Commanders are the individuals in whom the American people and our defense establishment place warfighting responsibilities. The Secretary and I consult the Combatant Commanders for their joint and operational points of view in determining how our military forces should be used and in determining our military requirements for important geographic and functional areas. Their successes in any future conflict would depend in large measure on how well we plan for their needs in today's defense budgets.

With this in mind, the Secretary initiated regular meetings with the Combatant Commanders and has provided them greater access to the Department's internal budget process. In addition, I am implementing the recommendations of the Packard Commission to improve the channel of communications between the President, the Secretary, and the Combatant Commanders; to provide broader authority to those Commanders to structure their subordinate commands; to provide options in the organizational structure of Combatant Commands for the shortest possible chains of command consistent with proper supervision and support; and to provide for flexibility where issues or situations overlap the current geographical boundaries of the Combatant Commands.

These changes reflect an evolutionary and positive trend towards strengthening the role of the operational commanders within the defense establishment. While I hope and expect this trend will continue, it is not necessary that these efforts be mandated in the law. If the Congress wishes to elaborate on the current law, there are several important issues that should be considered:

—In organizing for forces to maximize their combat potential under a variety of circumstances, the President and Secretary of Defense must retain the authority for establishing Combat-

ant Commands; for prescribing their force structure; and for oversight of the assignment of forces by the Military Departments. To be effective, this authority requires broad latitude and flexibilty and calls for a minimum amount of statutory constraint. Restrictions in the law that prohibit the establishment of certain command arrangements should be repealed. My authority as Commander in Chief is sufficient to deal with any necessary command arrangements or adjustments in the assignment of forces that unforeseen circumstances could require.

—In moving to strengthen the role of the Combatant Commanders we must establish an appropriate balance between enhancing their influence in resource allocation and maintaining their focus on joint training and operational planning. The Combatant Commanders must have sufficient authority and influence to accomplish their mission, within the constraints necessarily established by the Secretary, without being burdened with administrative responsibilities that detract from their primary role as operational commanders.

—Finally, we must not legislate departmental procedures. The changes I have initiated concerning the defense planning and budgeting process provide for the further development of the role of the Combatant Commanders. It is neither necessary nor appropriate for the Department's internal resource allocation process to be defined in law. The establishment and evolution of such procedures must remain the prerogative of the Secretary of Defense.

The Chairman of the Joint Chiefs of Staff.—In the relationship between the President, the Secretary of Defense, and the Combatant Commanders, there is a special role for the Chairman of the Joint Chiefs of Staff. The Chairman ranks above all other officers and devotes all of his time to joint issues. I deal with him or his representative on a regular basis and he serves as the primary contact for the Secretary and me on operational military matters. As a matter of practice, the Chairman also functions within the chain of command by transmitting to the Combatant Commanders those orders I give to the Secretary. Under the directive I recently signed to implement the recommendations of the Packard Commission, this practice will be broadened and strengthened.

In this regard, I have concluded that the Chairman's unique position and responsibilities are important enough to be set apart and established in law, and that he should be supported by a military staff responsive to his own needs and those of the President and the Secretary of Defense. In reaching this judgment I have carefully weighed the view that concentration of additional responsibility in the Chairman could limit the range of advice provided to me and the Secretary, or somehow undermine the concept of civilian control. While this concern is understandable, it does not apply to the structural changes I would endorse. Since the Chairman and the Joint Chiefs of Staff will continue to function together as military advisors and the Secretary's military staff, and the Chairman will continue to report directly to the President and the Secretary of Defense, none of the new responsibilities of the Chairman that I propose would diminish the authority or control of the Secretary of

Defense. Accordingly, I support legislation that will accomplish the following objectives:

—Designate the Chairman of the Joint Chiefs of Staff as the principal uniformed military advisor to the President, the National Security Council, and the Secretary of Defense;

—Place the Organization of the Joint Chiefs of Staff and the Joint Staff under the exclusive direction of the Chairman, to perform such duties as he prescribes to support the Joint Chiefs of Staff and respond to the President and the Secretary of Defense; and

—Create the new position of Vice Chairman of the Joint Chiefs of Staff and make the Vice Chairman a member of the Joint Chiefs of Staff.

While recognizing and providing for the special role of the Chairman in the law, the basic structure of the Joint Chiefs of Staff should be retained. The advantages and disadvantages of the current system, in which the Chiefs of the Services provide advice concerning both their military Service and joint issues, have been debated for many years and are well known. I believe that certain disadvantages will be remedied by a stronger Chairman without sacrificing the advantages of the current system. I find that the Chiefs of the Services are highly knowledgeable regarding particular military capabilities. And, just as important, joint military perspectives on both resource allocation and operations, developed under the Chairman's leadership, must be upheld and supported at the highest levels of the Military Departments.

For these reasons, as we take the appropriate steps to strenghten the role of the Chairman, the law must ensure that:

—The Service Chiefs remain members of the Joint Chiefs of Staff; and that, in addition to the views of the Chairman, the President is also provided with the views of other members of the Joint Chiefs of Staff.

—In addition, in creating the new position of Vice Chairman, the law must provide flexibility for the President and Secretary of Defense to determine who shall serve as Acting Chairman in the Chairman's absence.

In our efforts to strengthen the ability of the Chairman and the Joint Chiefs of Staff to be responsive to the civilian leadership, we must also make certain that the military establishment does not become embroiled in political matters. The role of the Chairman and other members of the Joint Chiefs of Staff is strictly advisory in nature and, with the armed forces as a whole, they serve the American people with great fidelity and dedication. In my view, change in the tenure of the Chairman or other senior officers that are tied to the civilian electoral process would endanger this heritage. I oppose any bill whose provisions would have the effect of politicizing the military establishment.

ACQUISITION REFORM

The Packard Commission has pointed out what we all know to be true: that our historic ups and downs in defense spending have cost us dearly over the long term. For many years there has been chronic instability in both top-line funding and individual pro-

grams. This has eliminated key economies of scale, stretched out programs, and discouraged defense contractors from making the long-term investments required to improve productivity. To end this costly cycle, we must find ways to provide the stability that will allow the genius of American ingenuity and productivity to flourish.

We also know that Federal law governing procurement has become overwhelmingly complex. Each new statute adopted by the Congress has spawned more administrative regulation. As laws and regulations have proliferated, defense acquisition has become ever more bureaucratic and encumbered by overstaffed and unproductive layers of management. We must both add and subtract from the body of law that governs Federal procurement, cutting through red tape and replacing it with sound business practices, innovation, and plain common sense.

The procurement reforms I have begun within the Executive branch cannot reach their full potential without the support of the Congress. We must work together in this critical period, where so many agree that our approach to defense procurement in both the Executive and Legislative branches is in need of repair. However, in moving forward to implement needed reforms, I urge the Congress to show restraint in the use of more legislation as a solution to our current problems.

The Commission identified the need for a full-time defense acquisition executive with a solid industrial background. This executive would set overall policy for procurement and research and development, supervise the performance of the entire acquisition system, and establish policy for the oversight of defense contractors. I concur with this recommendation.

—The Congress should create by statute the new Level II position of Under Secretary of Defense for Acquisition through the authorization of an additional Level II appointment in the Office of the Secretary of Defense.

Beyond this initiative, however, further change to the acquisition organization of the Department of Defense should be left to the Executive branch. The procurement reforms I have recently set in motion are fundamental and far-reaching and should be allowed to proceed without the burden of further piecemeal changes in two particular areas:

—First, with the exception of changes to procurement or anti-fraud laws I have already endorsed, we should refrain from further action to add new procurement laws to our statutes pending the complete review of all Federal statutes governing procurement that I have recently directed. The vast body of procurement law that now exists must be simplified and consolidated in a manner that will more effectively and efficiently respond to our national security needs.

—And second, we should take no further action to add new laws that would restrict the authority of the Secretary of Defense to hire and retain the high quality of personnel needed to administer the Department of Defense's acquisition program.

If citizens from the private sector who participate in the conduct of government are unfairly prohibited from returning to their livelihood, it will not be just their willingness to serve that will suffer.

The Nation will suffer as well. I will later report to the Congress on steps I am taking or that I propose the Congress take in these areas. And I will also review and report on the accountability of the defense industry to the Department of Defense, and to the American people. This review will address the ethics of the industry, the Department of Defense's oversight responsibility, and the role of the Department's Inspector General. I urge the Congress not to act in these important areas until it has had an opportunity to review my report.

While the Department of Defense and Executive branch are focusing on implementing the details of these reforms, I urge the Congress to focus its attention on the structural and procedural reforms that are also essential for the stability we seek.

Two-year defense budgets are an essential step toward stability. I urge the Congress to develop internal procedures for the authorization and appropriation of defense budgets on a biennial basis, beginning with the FY 1988 budget. My FY 1988 defense budget will be structured with this in mind.

The Congress should encourage the use of multiyear procurement where appropriate on a significantly broader scale. Multiyear procurement is a strong force for stability and efficiency. We have already saved billions of dollars through multiyear procurement and have never broken a contract or suffered a single loss to date. We want to continue and expand our efforts in this important area.

Milestone funding of research and development programs is also a form of multiyear contracting. I will work with the Congress to select appropriate programs to be base-lined in cost over a multiyear period so that these programs can be funded in an orderly and stable fashion. If we know what we want to accomplish, we can set a proper ceiling on costs and manage our program within those costs. I urge the Congress to support milestone funding and the base-lining concept of placing a ceiling on research and development costs.

Finally, there are some forty different committees or subcommittees that claim jurisdiction over some aspect of the defense program. This fragmented oversight process is a source of confusion, and it impedes the cooperation between the Congress and the Executive branch so necessary to effective defense management. I urge the Congress to return to a more orderly process involving only a few key committees to oversee the defense program. Only with such reform can we achieve the full benefits of those changes now underway within the Department of Defense.

Working together, we have accomplished a great deal over the past five years. Yet there is more to be done. This effort represents a new beginning for our defense establishment. When these reforms have been achieved, we will have:

—developed a rational process for the Congress and the President to reach enduring agreement on national military strategy, the forces to carry it out, and the stable levels of funding that should be provided for defense;

—strengthened the ability of the military establishment to provide timely and integrated military advice to civilian leadership;

—improved the efficiency of the defense procurement system and made it more responsive to future threats and technological needs; and

—reestablished the bipartisan consensus for a strong national defense.

The Packard Commission has charted a three-part course for improving our Nation's defense establishment. I have already directed implementation of its recommendations where that can be accomplished through Executive action. In this message, I ask that the Congress enact certain changes in law that will further improve the organization and operation of the Department of Defense. Now, the remaining requirement for reform lies within the Congress itself.

I began this message by emphasizing the important role of Congress in our defense establishment. In the organizational changes we now address, the Congress should be commended for fulfilling its broad responsibility to make laws to organize and govern the armed forces. However, with respect to the changes we must consider in the areas of budget, resource allocation, and procurement, the future is much less certain. To establish the stability essential for the successful and efficient management of our defense program, the Congress must be more firmly committed to its constitutional obligations to raise and support the armed forces.

Within the limits of my authority as President, I will continue to improve and refine the national security apparatus within the Executive branch. And I will support any further changes in procedures, regulations, or statutes that would improve the long-term stability, effectiveness, and efficiency of our defense.

In having fully committed ourselves to implementing the Packard Commission's recommendations, this Administration has overcome the difficult bureaucratic terrain that has stood in the path of previous efforts. Now, we face a broad ocean of necessary congressional reforms in which the currents of politics and jurisdiction are equally treacherous. We must not stop at the water's edge.

Only meaningful congressional reform can complete our efforts to strengthen the defense establishment and develop a rational and stable budget process—a process that provides effectively and efficiently for America's security over the long haul.

With a spirit of cooperation and bipartisanship, confident that we can rise to this occasion, I stand ready to work with the Congress and meet the challenge ahead.

RONALD REAGAN.

THE WHITE HOUSE, *April 24, 1986.*

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