



CENTER FOR THE STUDY OF THE PRESIDENCY

# LESSONS FOR THE 21<sup>ST</sup> CENTURY



## VULNERABILITY AND SURPRISE

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**W**E AMERICANS, WHO REMEMBER the Day of Infamy on December 7, 1941, said of this catastrophic surprise — “Why were we caught sleeping? We have learned our lesson. Never again.” Eight battleships were sunk or disabled, three cruisers and three destroyers heavily damaged or destroyed, and 2,403 service personnel killed. We were lucky that the three aircraft carriers were not in port.

Never again? Sixty years later, we have again experienced a similar devastation. In New York alone, \$83 billion worth of damage, and crises in the airline industry and tourism that accelerated a recession. Shortly before midnight on September 11, 2001, President Bush added to his diary, “The Pearl Harbor of the 21st century took place today.”

The lessons in both catastrophes involve the value of surprise for our enemy in war, and the cost to us of mindsets that made such surprises possible. The same type of rigid mindsets that kept us from anticipating Pearl Harbor and the Twin Towers also blocks our innovation in science and technology and inhibits our anticipation of financial crises at home and abroad. While we clearly need to cultivate the art of agile thinking, we also need to foster the creation of the structures and cultures that encourage us to think beyond the horizon.

This was exactly the purpose of a report from the Center for the Study of the Presidency (CSP) entitled *Comprehensive Strategic Reform: The Strategic Challenge*. It was made public just before September 11th. This report, the product of 23 leading authorities, was discussed in outline form with top officials throughout the preceding 12 months. More recently, CSP and the U.S. Institute of Peace convened a colloquium, chaired by Ambassador Richard Solomon, on lessons learned from December 7 and September 11, and it fell to me to lay the groundwork for that discussion. I draw from that effort here.

## DECEMBER 7, 1941

Was there any lesson from the first surprise that should have helped us to prevent the second? And are there any lessons from both that can help us for the future? The most significant lessons of the two disasters are: (1) the danger of fixed mindsets and over-compartmentalization, (2) denial in the moment of crisis, and (3) poorly organized systems that dilute contrarian strategic analysis, second judgments, and creativity.

Experts jump to the conclusion in both cases that the fault lay simply with a massive intelligence failure. But the conclusion does not stand up well to examination. There was plenty of warning. Leading up to Pearl Harbor, the first actual mistake—a judgmental one—was made by President Roosevelt when he overruled fleet commander Rear Admiral James O. Richardson and left the fleet at Pearl Harbor. Roosevelt was convinced that the forward positioned fleet served as a deterrent, not a tempting target. Yet over the years, there had been plenty of long-term “war warning” to the contrary. Japan’s aggressive moves against Manchuria, then China, and finally Indo-China; the military gaining the upper hand in Tokyo; and our subsequent oil embargo, which meant that Japan’s military-dominated government, knowing its oil supplies would be depleted within months, had either to submit to our demands, or go to war.

We had other warnings as well. In 1940 we cracked the Japanese diplomatic code, a feat named “MAGIC.”<sup>1</sup> In 1941, intercepts increasingly indicated an attack, but the target remained uncertain. President Roosevelt and the U.S. high command reasoned that the Japanese attack would aim at the British in Malaysia, Singapore, Hong Kong, or at the Dutch East Indies—sources of rubber and oil. Conceivably, but doubtfully, the Philippines was also a potential target along with the Panama Canal. Yet to U.S. leadership, attacking the United States seemed illogical. Therefore, why should it not be illogical for the Japanese?<sup>2</sup>

But their logic was not ours. The Japanese considered themselves boxed in and the breakout had an ominous proto-

type that our planners ignored: The hugely successful 1904 surprise attack by the Japanese without a declaration of war on the Russian fleet at Port Arthur.

Ironically, the clearest and most specific warning of an attack on Pearl Harbor came in January 1941, and it was rejected. Termed a “fantastic rumor,” the warning came not from an intercept, but was heard from many sources by the veteran Peruvian Minister in Tokyo, who passed it to our embassy: The Japanese were drawing up plans to attack Pearl Harbor. The U.S. Ambassador in Tokyo, Joseph Grew, sent the report to Washington. But the mindset of President Roosevelt permeated the chain of command. The Division of Naval Intelligence, and likewise the Army, placed “no credence” in the rumors; the war plans officer to then-Pacific Fleet Commander Admiral Husband Kimmel noted that such a move would be “utterly stupid” for the Japanese, and the Secretaries of War and Navy agreed.

The fatal flaw was that we believed that their logic had to be our logic. Within this same time frame, but from a different mindset, a brilliant Admiral Isoroku Yamamoto began to plan, and later wargame, his surprise attack from aircraft carriers on the U.S. fleet at Pearl Harbor. U.S. “battleship admirals” who had downgraded the potential of naval aviation, never dreamed that such a major carrier-based air attack could be attempted, much less successful.

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About nine months later, on September 24, 1941, U.S. intercepts revealed a request from Tokyo to its Honolulu consulate about the dispositions of specific ships at Pearl Harbor.<sup>3</sup> (There were no signals from Yamamoto’s six carrier task forces due to his communications blackout.) Meanwhile, large concentrations of air, sea, and land forces were clearly spotted moving into position for an attack in Southeast Asia.

On November 27th, a general war warning was sent from Washington throughout the Pacific, including Hawaii. The message to Admiral Kimmel explained that “Negotiations

with Japan...have ceased and an aggressive move by Japan is expected within the next few days.” But again, the objectives were not considered to be Pearl Harbor but the “Philippines, Thailand or Korean Peninsula, or possibly Borneo.” The overriding danger to Hawaii continued to be identified as sabotage because of the sizeable number of Japanese descendants living on the islands. For this reason, aircraft were redeployed wingtip to wingtip, which, ironically, made a better target for the Japanese air assault. The President continued to think of the powerful fleet at Pearl Harbor not as a target but as a deterrent, and therefore even believed that a last minute peace initiative might be worked out.

The most brilliant analysis of the Pearl Harbor disaster is Roberta Wohlstetter’s classic 1962 book, *Pearl Harbor: Warning and Decision*. She explains how Pearl Harbor illustrates “the very human tendency to pay attention to the

signals that support current expectations about enemy behavior. If no one is listening for signals of an attack against a highly improbable target, then it is very difficult for the signals to be heard.” She noted that

*The fatal flaw was that we believed their logic had to be our logic.*

the massive volume of indicators made it hard to screen out the “noise,” the contradictory or conflicting signals, from the true ones.<sup>4</sup> Veteran strategist Thomas Schelling wrote in his introduction to Wohlstetter’s book, “If we think of the entire U.S. government and its far-flung military and diplomatic establishment, it is not true that we were caught napping at the time of Pearl Harbor. Rarely has a government been more expectant. We just expected wrong. And it was not our warning that was most at fault, but our strategic analysis.”<sup>5</sup>

## **SEPTEMBER 11, 2001**

Turning to September 11th, we have a different kind of mindset. We suffered tremendously from the fact that an annual investment of \$30 billion in our intelligence agencies produced precious few sources of “human intelligence” such as agents and informers in Afghanistan. But there was a dif-



ferent kind of warning. We had an extraordinary range of intercepts, as well as a terrorist pattern, giving us long-term warning as Japanese patterns of aggression had during the decade prior to Pearl Harbor: The World Trade Center in 1993; the Khobar Towers in Saudi Arabia in 1996; the U.S. embassies in East Africa in 1998; and the USS Cole in the summer of 2000. An al-Qaeda intercept about a “Hiroshima in America” even foreshadowed the tragic events of September 11, 2001. In fact, in 2000, the Hart-Rudman Commission issued a warning about just such escalating terrorist threats, even calling for the creation of a Homeland Defense czar, at a minimum.

At the beginning of that year, the “millennium” year, a terrorist attack on the Los Angeles International Airport was foiled by a customs service official who happened to discover explosives in the trunk of a car. RAND terrorism authority Brian Jenkins writes, “the clear signal that bin Laden’s terrorists were looking at airports produced no security changes. Lulled by luck, we slept.”<sup>6</sup>

Nineteen or more men, with back-ups, were able to move into this country, some even taking aviation training, and easily penetrate airport security to render one of the most dramatic and devastating surprises in human history, all while under the ultimate direction of a man in a cave in Afghanistan.

It is important for current and future government leaders to understand that catastrophic failures due to faulty mindsets can happen to outstanding war leaders. The events of December 7th and September 11th challenge today’s President to develop an architecture that:

1. Identifies, even if it can’t avoid, fixed mindsets;
2. Challenges all widespread or comfortable assumptions; and
3. Cultivates innovation and imagination.

Furthermore, this challenge is far more important today than during the Cold War. Then, two great superpowers confronted each other through a rather rigid and linear archi-

ecture. To prevail, we needed what Sir Isaiah Berlin called the single-minded hedgehog, dealing with a central, overriding, and lumbering threat that could include nuclear war. Today, however, we face the need for a total reversal of our strategic perspective from a focus on one central opponent to a diverse world filled with new and evermore complex risks. We need the mind of the wily fox—agile, supple, and mobile, looking in many directions at diverse risks, dangers, and opportunities. The uncertain global scene is filled with failing states, religious fundamentalism, new forms of terrorism—bio, nuclear, cyber—turbulent capital markets, and revulsion against globalization for those left out.

How do we discard old mindsets, cultivate unconventional ideas, and really think anew about the expired preconceptions of the Cold War?

As earlier mentioned, the CSP panel report on *Comprehensive Strategic Reform* addresses these new challenges for the 21st century. The report argues that instead of moving to a hoped-for new world order when the Cold War ended, we encountered new forms of disorder. Restructuring and adapting our national security machinery is a must, but such a transformation needs to occur not just in the armed forces, as Secretary Rumsfeld has been

*Catastrophic failures due to faulty mindsets can happen to outstanding war leaders.*

spearheading, but across the entire national security structure. It should start with a strategic appraisal of our strengths, weaknesses, and our critical deficiencies. For example, by the year 2000, airport insecurity was clearly a critical deficiency.

The CSP report encourages our current leaders to develop systems and exercises to think outside the box in a way that produces action. An essential element for doing so is the establishment of a contingency planning analysis group available to the White House, with a gaming team that is not involved in managing day-to-day crises, but instead thinks over and across the horizon.

As former Chairman of the House Intelligence

Committee, Lee Hamilton, explained at our December 2001 seminar, “We’re terrific at collecting intelligence. We’re not all that good at analyzing it quickly and getting it to the right person.” Wohlstetter and Schelling wrote about Pearl Harbor: We need better intelligence but, even more so, we need better analysis.

President Eisenhower had a planning board, a “look ahead group,” as part of his NSC structure that remained separate from the NSC’s operations coordinating board and was responsible for longer-range analysis. Eisenhower, as an experienced five-star general, believed that the daily crises drown out longer-range thinking and that this failing needed to be corrected structurally. But he believed that this group had to remain closely connected to the policy makers. When he took office, President Eisenhower initiated a sweeping policy review (the Solarium exercise). Not just an A team, but competing B and C teams discussed Cold War strategy options.

The reason for these structures, as Eisenhower put it, is that the people burdened with daily operations and crises simply lack the necessary time to engage in “forward thinking,” gaming, and imaginative examinations that challenge fixed assumptions. Nevertheless, if Eisenhower felt he needed it, it is doubly needed in the unpredictable post-Cold War period, and not just by outside think tanks, but at top levels of the government where policy officials are fully engaged and required to participate. The President needs a dedicated group focused solely on contingency planning and gaming to look ahead. For example, if we had had a C team in the White House, and it had gamed our critical deficiencies, we could have better realized that airport and border security was dangerously porous leading up to September 11.

It is worth noting that two months before September 11th and the subsequent anthrax attacks, a dramatic bio-terrorism exercise was organized not inside but outside of government at the Center for Strategic and International Studies (CSIS). Entitled *Dark Winter*, it dealt with a hypothetical massive smallpox attack for which, the participants found, we were truly unprepared. In the late 1970’s, CSIS created

scenarios of airline hijackings, including one that used an airliner as a weapon. In 1980, CSIS war-gamed a terrorist threat to the New York City financial district. RAND and other think tanks had similar efforts, but the government did too little.<sup>7</sup> The think tanks produce indispensable work but often are not close enough to the Executive Branch to produce action.

## MILITARY INNOVATION

In this context, let us turn to the art of military tactics and strategies that have produced great surprises through new methods of warfare. Admiral Yamamoto's Pearl Harbor surprise took advantage of the mentality of "battleship admirals." They downgraded the role of naval aviation, which General Billy Mitchell had tried to demonstrate in the 1920's.

*The President needs a dedicated group focused solely on contingency planning and gaming.*

The First Lord of the Admiralty, Winston Churchill, was only able to make progress on WW I armor over the opposition of attrition-minded western front generals, using a naval term, "tanks," to launch a development effort. The first tank attack finally occurred on the western front at the 1917 battle of Cambrai, led by Lt. Col. J.F.C. Fuller (later the famed historian). But both he and U.S. pioneer Lt. Col. George Patton were instructed to go back to horses after the war.

As Vannevar Bush was eventually to write, "For all the technical devices that were later to be used in the second war, except only atomic energy, practically every basic technique had appeared, waiting only construction and development. And this was in 1918." He goes on to write, "...there had been almost no serious exploration of [WW I's] technical lessons by 1939."<sup>8</sup> Meanwhile, in the 1920's, German General Hans Von Seeckt began to build the combined arms blitzkrieg concepts, which Hitler later used to slice through France, beginning on May 10, 1940, in a surprise far greater than Pearl Harbor.

Once engaged in WW II, the U.S. re-organized itself in an extraordinary way throughout the spectrum of intelligence, science, technology, finance, tactics, and strategy. When faced with a full-fledged Cold War, Truman and Eisenhower did likewise. Not only was the NATO Alliance arguably the greatest single achievement in strategic alliances in history, but it offered integrated structures. These involved the North Atlantic Council at the highest level, the Military Committee, and Assistant Secretaries of Defense for Planning, Armaments Cooperation, and Science and Technology, along with the Unified Commands. In crisis after crisis, the Soviets attempted to divide NATO, yet the Alliance held firm.

When NATO moved from nuclear superiority to parity, we fell into a codified mindset that was based on an absolute belief in the concept of “mutual assured destruction” (MAD). We convinced ourselves that the Soviets would follow the logic we devised: no one could win a nuclear war because self-destruction was assured. Although the Soviets had achieved conventional superiority, we ourselves threatened to respond to a major conventional attack with limited nuclear strikes thus “signaling our determination.” In this flawed mindset, we reasoned that such a “signal” would not be considered nuclear war, and the Soviets would not escalate. A limited nuclear strike by us to “signal” our determination, however, would likely have been met not with Soviet de-escalation and pull back of conventional forces, but with a similar limited nuclear strike on the United States, thus politically “signaling” right back at us. Fortunately, these concerns all vanished with the end of the Cold War. In NATO’s biennial exercises, the entire Alliance engaged in this political dance, always confirming a blind faith that MAD would not lead to global catastrophe. All the while, there were actually several alternatives available:

- ▶ Reagan’s strategic defense initiative, where he dramatically rejected MAD;
- ▶ Conventional reorganization and build-up; and,
- ▶ A tactical defense initiative using the information revolution to shift the conventional balance.

We now know the Soviets most feared losing with the first and third options. This fear helped to spur Gorbachev's dramatic turn-around because, with an ailing and backward economy, he knew the Soviet Union could not compete with a U.S. technological initiative.

As we moved away from the Cold War, and the single, overarching opponent disintegrated, many of the rigidities of the Cold War structures remained. We did not initiate a real strategic appraisal as Eisenhower had. Instead, in the 1990's, the two-war strategy became dogma. We were, in effect, planning to refight the Korean and Gulf Wars. Immediately after the Gulf War, this doctrine made sense, but soon it became a rearview mirror approach to global strategy that inevitably introduced new rigidities and blocked investments in a much-needed military transformation.

The Gulf War stood out as a brilliant "combined arms" victory, reflecting not only outstanding war leadership and strategies, but also the effects of many of the weapons developed in the late 1970s when Dr. William Perry was director of the Pentagon's Defense Research and Engineering. Revolutionary weapons such as the Joint Direct Attack Munition (JDAM) and the armed Unmanned Aerial Vehicle (UAV) indicate that this process continues during the global war on terrorism. Success in the Gulf also was the fruit of major organizational reform of the Pentagon's command structures as a result of the Goldwater-Nichols Act, which emerged in the 1970s from a CSIS study.

In the late 1990s, the Joint Chiefs initiated a search for new agility with their reports *Joint Vision 2010* and *Joint Vision 2020*. They offered a new framework of doctrine and programs for the four uniformed services with operating concepts of dominant maneuver, precision engagement, full spectrum dominance, and focused logistics. Recognizing emerging trends in the on-going revolution in military affairs and the shift toward "network-centric warfare," the emphasis was on the importance of information superiority and it attempted to break mindsets that were based on heavy armor division, traditional platforms, specialization, and service compartmental-

ization. As former Vice Chairman of the Joint Chiefs of Staff Admiral Bill Owens wrote, the military revolution offered the potential to “lift the fog of war.”<sup>9</sup> Nevertheless, it was not until the Rumsfeld transformation drive and the September 2001 Quadrennial Defense Review (QDR) that the old mindset of re-fighting two past wars was broken. That said, our transformation strategy, including defense of the homeland, had not been rapid enough to abort the surprise of September 11, 2001. It was rapid enough, however, to produce stunning success in the war in Afghanistan.

If military history holds any fundamental lesson for us, it is that the new largess in defense spending must not become a substitute for a transformation both of our military force and our entire national security structure.

*Not until the 2001 QDR, was the old mindset of re-fighting two past wars broken.*

The goal must be to become both more anticipatory and more agile, to include more agile leadership. The Rumsfeld QDR has offered a significant shift in this direction with its move toward a “capabilities-based model—one that focuses more on how an adversary might fight than who the adversary might be and where a war might occur....”<sup>10</sup>

## SCIENCE INNOVATION

As we seek to avoid another catastrophic surprise, we should reinforce our nation’s efforts to ensure stability and security by investing in breakthrough research and development that provide us and our allies with technological superiority. Former Energy Secretary and Chief of Naval Operations Admiral James Watkins said at the CSP-U.S. Institute of Peace colloquium, “the Cold War was won by the incredible capability of this country to ... tak[e] advantage of the latest in technology, which was experiencing a staggering exponential growth.” Creative thinking and unfiltered basic research becomes especially important when marshaling research facilities in the private and public sectors. To a certain degree, the Pentagon has been doing this sort of outreach with its Defense

Science Board, Office of Net Assessment, and the Defense Advanced Research Project Agency (DARPA), as has the CIA through the National Intelligence Council.

The application of science to war is key in the strategic equation. For the equation to be effective, we must increase investment in basic research and original thinking. Long before Pearl Harbor, Churchill had given birth to such an effort in besieged Britain, which became known as the “wizard war.” Scientists created the breakthrough to radar – the resonant cavity magnetron. In the summer of 1940, the Prime Minister sent his radar pioneer, Sir Henry Tizard, to Washington to help jump start American scientists, and this is exactly what scientist-engineer Dr. Vannevar Bush grasped with organizational vigor in what became known as his “microwave committee.” Plainly, it was radar that saved England from invasion.

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Later, U.S.-U.K. cooperative efforts also won the battle of the Atlantic and led German Grand Admiral Doenitz to write, “For some months

past, the enemy has rendered the U-boat war ineffective. He has achieved this objective, not through superior tactics or strategy, but through superiority in the field of science....”<sup>11</sup> Likewise, in the Pacific, our turning point victory at Midway was made possible by our technological feat of cracking the Japanese military code.

The United States had its own genius in Vannevar Bush. He was an engineer, manager, and, with Roosevelt’s backing, organizer in mobilizing science in America. Bush headed a National Defense Committee and reached out to our great research universities. Advances burgeoned with such breakthroughs as penicillin at Johns Hopkins; rocket development at Cal Tech; nuclear fission at the University of Chicago; ballistics at Princeton; hydraulic fluids at Penn State; and underwater sound and explosives at Harvard and Columbia. Such developments as the proximity fuse and sonar gave allied forces decisive advantages, along with the Manhattan



project. All this came from scientists thinking creatively and breaking mindsets.

Dr. Maxine Singer, president of the Carnegie Institution of Washington, the position once held by Vannevar Bush from 1939 to 1955, wrote two weeks after the New York and Pentagon attacks that “scholars, scientists, and engineers who work in our great universities, industries and research institutions can ... contribute much more than just novel ways of using technology. Many are trained and experienced problem solvers whose approach to difficult problems is to step “out of the box” because that is where scientific and technical questions are most likely to yield.”<sup>12</sup>

Outside the box thinking is too often discouraged. For example, Robert Goddard, a physicist at Clark University, had to battle skeptical mindsets in his calls for the development of U.S. V-2 type rockets. When an alarmed Enrico Fermi first went to Admiral Hooper in the Navy Department to warn of the potentialities of the Uranium-235 bomb in the hands of a Hitler, he was waved off. But many scientists too were doubtful that a chain reaction was possible.

Before the nuclear age, military technology was the product of engineers developing and building weapons. In *From Crossbow to H-bomb*, Bernard and Fawn Brodie pointed out that the atomic bomb changed all that. *The application of science to war is key in the strategic equation.* The scientist emerged as the primary architect, and, I might add, frequently operated outside conventional thought.<sup>13</sup> Fortunately for the United States, Vannevar Bush spanned the Hot War with Germany and Japan as well as the beginning of the Cold War with the Soviet Union. So did many other great scientists, such as James Conant and Edward Teller, who, with others, produced the marriage of nuclear weapons and missiles to stay ahead of the Soviets. General “Hap” Arnold, head of the Air Force, took the initiative of setting up the RAND Corporation, close to but outside of the Air Force, and the other services undertook their own initiatives for outside

thinking. President Eisenhower established a Science Advisor, a Foreign Intelligence Advisory Board, which had a key role in developing the U-2, and, in the Pentagon, DARPA, in order to reach deep into the private sector expertise of science and industry. Jack Kennedy later outdid Eisenhower and challenged our scientists and nation to put a man on the moon.

## **CAPITAL MARKETS**

As in science, the broadened strategic spectrum must now include the fluid world of capital markets and currency valuation. The numbers astonish: daily foreign exchange transactions increased from \$10 billion to \$20 billion in the 1970s to over \$1.8 trillion in 1999. Meanwhile, global capital market flows increased five-fold, from \$794 billion in 1991 to over \$4.3 trillion in 2000.

Here is another area where the U.S. and the international financial institutions too often are caught flatfooted and devoid of preventive strategies. Take the recent case of Argentina and its debt default and devaluation. During the Menem Administration, the original commitment of Argentina to peg the peso to the dollar was immediately successful in

*The IMF mindset held to its rigid requirements as if a disaster was not knocking on the door.*

cutting inflation, and, together with other major reforms, such as privatization, contributed to economic progress. But more recently, Argentina suffered from the consistent strength of the dollar. Brazil (Argentina's main trading partner) dealt a further blow to Argentina's competitiveness by depreciating its currency in the late 1990s. At the same time, Argentina failed to control its spending, fiscal imbalances became unsustainable, indebtedness mounted quickly to over \$140 billion and trade competitiveness continued to decline due in large part to weak export industries. Argentina's recession deepened, thus feeding its already significant political discord.

Nevertheless, the IMF mindset held to its rigid require-

ments as if a disaster was not knocking on the door. U.S. officials thought that a firewall could be built to contain fallout from an increasingly distressed nation. In fact, new contingency planning to challenge older assumptions was needed so that measures could be taken to avoid financial collapse and political catastrophe. The IMF and U.S. Treasury were perceived to have been withdrawing support from Argentina altogether, which at the time accounted for nearly 25% of the emerging markets bond index. Devaluation after years of stability and default on its debt, were judged to be the best course for restoring growth to Argentina when in fact Argentines had put their trust in their currency board regime and were holders of more than 60% of the country's debt. The result has been political chaos, destruction of the banks, a disillusioned public that rejects the open market models so successful in the 1990s, and the prospect of political contagion for other countries in the region.<sup>14</sup>

*In all cases we need a “strategic approach” to break down compartmentalization.*

The capital markets and currency problems have now become larger problems that threaten the survival of this South American democracy, which knows all too well the Peron era of populist authoritarian rule. It would be sad indeed if at the time we rescue Afghanistan, we lose Argentina.

The crisis that flowed from the Mexican devaluation in 1994, and the subsequent crises of the late 1990s, should have been a warning. The traditional crises with which the IMF had been dealing were “current account crises,” but the highly mobile and volatile capital markets that had come into play during the late 1990s were not fully understood or respected by the Fund. In addition, foreign direct investment flows grew to huge proportions and displayed a stability not seen in portfolio flows. As one IMF official admitted, “...the Fund was slow to shed its old mindset...” “I thought the team in Asia was sort of conditioned by the framework they had in mind.”<sup>15</sup> Capital

account crises, the complex undercurrent of the Asian financial crisis that was touched off in Thailand, can be far more dangerous and contagious than current account crises. The prescriptions they demand are dramatically different from the traditional priority simply placed on budget balancing and a tighter fiscal belt.

From military surprise to science and technology to capital markets, the challenges of the 21st century require the mobilization of agile thinkers, contrarian analysis, and creative outreach to the best of the private sector. But in all cases we need a wholistic “strategic” approach to break down compartmentalization.

When I worked with the legendary Admiral Arleigh Burke to establish CSIS in 1962, he constantly emphasized the need to look at issues and problems from a range of angles

*Without a more anticipatory system in place, devastating surprises are all the more likely.*

or points of view. This strategic approach is like taking out insurance against rigid mindsets. He felt the compartmentalization of

the Executive Branch was the enemy of a coherent strategic approach to national security. I felt the same about Congress after I served on a congressional staff in the late 1950s, and learned first hand about committee compartmentalization and House-Senate divisions. If this was a problem in 1962, it has since multiplied vastly, with 200 committees and sub-committees now populated with sprawling staff numbering over 10,000.

Today, there are approximately 40 agencies in the Executive Branch involved in Homeland Defense and approximately 40 committees and sub-committees in the Congress. Several recommendations of CSP’s *Comprehensive Strategic Reform* report aim to overcome this division and compartmentalization, and, in exchange, to create strategic coherence for better use of power and influence globally, better defense at home, and a better return on the taxpayer’s investment. Most of the report’s panelists favor formation of a Joint Strategic Committee composed of the chairs and ranking

members of Appropriations, Intelligence, Armed Services, International Relations, and a few others, with no legislative power. This would bring together the strategic “pieces” while recalling Arleigh Burke’s admonition to consider strategic issues from a range of viewpoints, which in turn challenges mindsets while building consensus. All panelists felt that certainly some overarching group was needed in homeland security. One panelist, Fred Iklé, has cited the precedent of the Joint Atomic Energy Committee, which was created in 1946 to integrate the Congressional approach to that challenge.<sup>16</sup>

The Center’s panel report emphasizes that today, “the United States confronts a fundamental strategic transformation. This transformation presents a broadened strategic spectrum and requires that our leaders and institutions anticipate, manage, and respond with agility.... The structures and doctrines of the Cold War have in some cases become weaknesses, many of their assumptions no longer valid. The U.S. government must develop a new organizational structure...to anticipate challenges to U.S. interests far in advance and to...use all of America’s many tools of power and influence.”

The panel’s proposals are intended to enhance leadership at the top, for which ultimately no organizational restructuring or technological advance can substitute. President Bush’s outstanding war leadership has demonstrated this point. But history shows that even a great war leader such as was Franklin Roosevelt, with his prior experience as Assistant Secretary of the Navy during WWI, could make a tragic mistake in leaving the Fleet at Pearl Harbor as a tempting target. A different system—one devised to challenge mindsets, make better use of intelligence, and cultivate more creative analysis—might have made all the difference.

Granted, the similarities between December 7, 1941 and September 11, 2001 are far from exact. Over time, without a more anticipatory system in place, devastating surprises are all the more likely. A reformed system today could also serve us far more broadly than just in mitigating surprise attack. By fostering creative solutions to new challenges and by furthering transformational breakthroughs in defense,

science, technology, finance, and diplomacy, we can better shape the global strategic environment. But at the heart of this new system must be a new agility that encourages and rewards constant questioning of the “conventional wisdom” and produces a cohesive, strategic perspective, thus arming our leaders with America’s greatest strengths.



## ENDNOTES

<sup>1</sup> The best account of codebreaking in World War II is contained in Stephen Budiansky, *Battle of the Wits*, Free Press, New York, NY, 2000.

<sup>2</sup> A brilliant naval officer and chief of war plans, Rear Admiral Richmond Kelly Turner, did draft a memo expressing concern about a surprise attack on Pearl Harbor; he argued the desirability of torpedo nets within the harbor itself. Indeed, the dangerous vulnerability of ships docked in an exposed anchorage had been demonstrated by the British Naval attack on the Italian fleet at Taranto. Two other officers thought outside the box: Major General Frederick L. Martin, commander of the Hawaiian Air Force, and his Navy counterpart, Rear Admiral Patrick Bellinger of the immediate Naval Defense Forces. They issued a document on March 31, 1941 for joint action in case of attack. The report warned, among other things, of a potential attack and recommended daily 360-degree patrols to reduce the probability of surface or air surprise. There were, however, not enough planes to carry out such a sustained mission, especially long-range reconnaissance. See Gordon W. Prange, *At Dawn We Slept: The Untold Story of Pearl Harbor*, Penguin USA, New York, NY, pp. 45-47, 748-749. Admiral Kimmel’s complaints are found his *Admiral Kimmel’s Story*, Henry Regnery Co., Chicago, IL, 1955.

<sup>3</sup> This intelligence was never passed to Fleet Commander Kimmel or the Army Commander in Hawaii, Lt. General Walter Short. It was believed that they automatically received “MAGIC” reports. Furthermore many more intelligence signals pointed to a major attack mounting against the British and Dutch while MAGIC revealed other Japanese consulate inquiries around the world.

<sup>4</sup> Of course, successful surprise attacks in World War II were in no way unique to Pearl Harbor: MacArthur was unprepared in the Philippines, and the British, at the “impregnable” Singapore Naval Base, surrendered to the Japanese because its seaward guns could not defend against an overland attack. The French were surprised on May 10, 1940 because the Nazi Blitzkrieg did not attack the Maginot Line but came through the so-called impenetrable Ardennes. Stalin, in the wake of his pact with Hitler in 1939 was certain that Hitler would not attack him in 1941, even though Churchill warned him otherwise. During the Cold War, the U.S. was surprised in June 1950 by the North Korean attack, and MacArthur, after his drive North, was surprised by 300,000 Chinese troops intervening while he had assured Truman at the Wake Island meeting that this would not happen. In all cases, there was some appropriate warning, but it could not penetrate mindsets to the contrary. See Richard K. Betts, *Surprise Attack: Lessons for Defense Planning*, Brookings Institution Press, Washington, DC, 1982.

<sup>5</sup> Roberta Wohlstetter, *Pearl Harbor: Warning and Decision*, Stanford University Press, 1962, p. VII.

<sup>6</sup> James F. Hoge Jr. and Gideon Rose, *How Did This Happen?: Terrorism and the New War*, Public Affairs Press, New York, NY, 2001, p.10.

<sup>7</sup> The *Washington Post* reported on October 2, 2001 of an exercise sponsored by the Defense Department’s Office of Special Operations and Low-Intensity Conflict as far back as 1993 at Langley Air Force Base. This included discussions on the use of commercial planes as bombs to destroy major landmarks (stimulated in part by earlier threats of Algerian terrorists to crash a hijacked commercial airliner into the Eiffel Tower). This draft report was circulated through the Pentagon, Justice, and FEMA, although it was never published, reportedly in order to avoid giving terrorists ideas!

<sup>8</sup> Vannevar Bush, *Modern Arms and Free Men: A Discussion of the Role of Science in Preserving Democracy*, Simon and Schuster, New York, NY, 1949, pp.16-17.

<sup>9</sup> Admiral Bill Owens with Ed Offley, *Lifting the Fog of War*, Farrar, Strauss, and Giroux, New York, NY, 2000. Also see Douglas A. MacGregor’s *Breaking the Phalanx: A New Design for Landpower in the 21<sup>st</sup> Century*, Praeger Press in cooperation with the Center for Strategic and International Studies, Westport, CT, 1997.

<sup>10</sup> *Quadrennial Defense Review Report*, U.S. Department of Defense, September 30, 2001.

<sup>11</sup> B. and F. M. Brodie, *From Crossbow to H-bomb*, Indiana Univ. Press, Bloomington, Ind., 1973, page 220.

<sup>12</sup> Maxine Singer, “Answers From Outside the Box,” *The Washington Post*, September 24, 2001.

<sup>13</sup> In the lead were those great Jewish scientists who had fled Hitler, and, then in the United States, feared he might obtain the bomb first. Leo Szilard, relocated at Columbia University, actually borrowed money to obtain a gram of radium to experiment with the possibility of nuclear fission. Also in this scientific cluster at Columbia University was Enrico Fermi, who called on a Navy Department Admiral—to no avail—to sound the alarm on the status of uranium investigations but the admiral seemed unconcerned. The group of scientists, including Niels Bohr, was receiving increasing reports of Hitler's activity. Szilard, Edward Teller, and Eugene Wigner persuaded the renowned Albert Einstein, a pacifist, to sign a letter to President Roosevelt, which was delivered by Roosevelt's friend, scholarly financier Alexander Sachs. He told Roosevelt how Robert Fulton had approached Napoleon on building a fleet of steamship, which, said Sachs, would have made it possible for him to invade England. Roosevelt got out his old French brandy and called his attaché General "Pa" Wilson and, pointing to the letter and document, said "Pa, this requires actions." This conversation eventually led to the Manhattan project. New research and development centers were created, such as Los Alamos and Oak Ridge, where the greatest scientific talent the world had ever known was assembled. (B. and F. M. Brodie, *From Crossbow to H-bomb*, Indiana Univ. Press, Bloomington, Ind., 1973, p.227.)

<sup>14</sup> The speed of the Asian financial crisis took everyone by surprise, and led to widespread financial devastation. What began as deterioration in the management of the Thai economy rapidly spread to other major Asian economies. The IMF did not anticipate such quick contagion, and it showed that modern capital markets are linked in such a manner that we need to anticipate the rapid transmission of problems in new ways. Moreover, the IMF has long been criticized for too rigid an adherence to cookie-cutter approaches to resolving crises. Excessive dependence on currency devaluations and fiscal restraints are commonly cited as having too often led to politically unacceptable hardships and unimpressive economic results. There has been inadequate appreciation of political and social conditions, which have limited the feasibility of the adjustment policies they have prescribed. New thinking is needed.

<sup>15</sup> Paul Blustein, *The Chastening: Inside the Crisis That Rocked the Global Financial System and Humbled the IMF*, Public Affairs Press, New York, NY, 2001, Page 26. Also see Roy Smith, "The Indonesian Financial Crisis of 1994-1998" in *Triumphs and Tragedies of the Modern Presidency*, pp. 143-146. David M. Abshire, ed. Praeger Press, Westport, CT, 2001.

<sup>16</sup> Please see George F. Murphy, Jr., "The Congressional Joint Committee on Atomic Energy: A Model for Homeland Security." *Issue Papers for the Administration*, No. 8, Center for the Study of the Presidency February 8, 2002.



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## LESSONS FOR THE 21<sup>ST</sup> CENTURY

- ▶ *December 7, 1941*
- ▶ *September 11, 2001*
- ▶ *Military Innovation*
- ▶ *Science Innovation*
- ▶ *Capital Markets*