



Discourse, Dissent, and Strategic Surprise
Formulating U.S. Security Policy in an Age of Uncertainty

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The policy road between Washington and an embassy officer in Laos, a military field commander in Germany, an information officer in Panama, a technical assistance worker in India, or a scientist in a top-secret weapons laboratory is tortuous and long. Elaborate and complicated mechanisms and processes are inevitably needed to translate the national will into coherent and effective plans and programs.

Interim Report of the Senate Committee
on Government Operations' Subcommittee on
National Policy Machinery, January 12, 1960

Foreword

With the generous support of The John D. and Catherine T. MacArthur Foundation beginning in July 2004, the Institute for the Study of Diplomacy (ISD) at Georgetown University launched a two-year study of the role of intelligence and policy failures in undermining the pursuit of U.S. strategic interests. This study focuses on why the United States has found itself unprepared to manage or contain adverse developments in regions of vital interest even in instances where there was extensive U.S. diplomatic and military involvement. The authors of this monograph selected five case studies of “strategic surprises” drawn from recent history. The cases were discussed and analyzed by a working group made up of senior practitioners and policy experts, a group established in the fall of 2004 that held five meetings sponsored by ISD from November 2004 through the spring of 2006. (A list of the working group participants is provided in appendix I.)

The cases examined include the evolution of U.S. policy toward Iran before the fall of the shah in 1979; the threat of transnational, antiwestern Islamic terrorists who masterminded attacks on U.S. embassies in East Africa in 1998; Soviet military preparations leading to the invasion of Afghanistan in 1979; the rise of the Afghani *mujaheddin* after the withdrawal of the Soviet Union in 1989, followed by the decision to sever relations with Afghanistan in 1991; and the Asian financial crisis of 1997–98.

This study examines the dynamics among national security and intelligence agencies, the president and key advisers, the Congress, the media, various interest groups, and experts who evaluate intelligence and help to define national security priorities and policy

choices. Given the many urgent security challenges for the United States on the horizon, the objective of this study is to identify ways U.S. officials might learn from past experiences. The group focused in particular on how and why leaders of the U.S. national security establishment repeatedly seemed to overlook information that professionals working in the field collected and thought important. These cases represent episodes in which valuable intelligence and policy analysis was marginalized or ignored, because it challenged the assumptions of the prevailing policy consensus. This seems to have been true even when it was widely apparent that the existing strategy was not succeeding and might even prove self-defeating—to the detriment of U.S. security interests.

The group found that officials faced difficulties in assimilating information about emerging regional and international trends that was unfamiliar, complex, and derived from indicators that, at the time, were not seen to provide reliable warning of impending crisis. The impulse to protect the policy consensus favored in Washington seems to impede the ability of policymakers (and senior intelligence officials who support the consensus) to accept the potential negative consequences of evolving conditions “on the ground” and the need to adapt policy responses accordingly. Events that are commonly described as “strategic surprises” or “intelligence failures,” as such, prove to be neither particularly surprising or necessarily the result of failures of intelligence gathering. This is not to suggest that the study shifts the onus for policy setbacks from the intelligence to the policy sector—far from it. The role of intelligence or its absence, however, appears to be a much more complex question than is implied in traditional assessments of strategic surprise or, more pointedly, in the numerous official assertions blaming the intelligence community for failing to avert catastrophic events.

The working group was co-chaired by ISD project directors Janne E. Nolan, a former official of the State Department and staff representative to the Senate Armed Services Committee, and Douglas MacEachin, whose last official appointment was as deputy director of intelligence for the Central Intelligence Agency and who served on the staff of the 9/11 Commission. Coordination of the study and research support was provided by Kristine Tockman, a doctoral candidate at Georgetown University. The bipartisan and multidisciplinary working group was made up of senior experts and practitioners drawn from the executive branch, the Congress, think

tanks, scholarly institutions, and the media. We are grateful to the officers of the John D. and Catherine T. MacArthur Foundation for providing us the support to bring the study to fruition, including the president of the foundation, Jonathan Fanton, and the two senior foundation officers, Kennette Benedict and Lukas Haynes, who were invaluable as stewards of this project and generously shared their intellectual insights with us as well. We also are thankful to Gary Samore, who, as vice president of the foundation, encouraged the renewal of support for our research efforts in 2006, which will allow us to start a second phase of this study later this year.

We also thank the members of the ISD board of trustees for agreeing to sponsor the project at ISD and for their wise counsel throughout the two years of work, and gratefully acknowledge the ISD staff, particularly Tom Melia, James Seevers, Charles Dolgas, Gregory Shook, and Shayna Miller, who were instrumental in the success of every aspect of the project, from arranging the complex logistics of our numerous working group meetings to assisting with the publications and Web materials we have generated. Finally, we especially want to thank the senior foreign policy professionals who made up our working group. We could not have conducted this study without their expertise, guidance, and wisdom.

Casimir A. Yost
Director, Institute for the Study of Diplomacy

Summary of Findings

THE CASE STUDIES

U.S. policy toward Iran before the fall of the shah in 1979

The threat of transnational, antiwestern Islamic terrorists who launched attacks on U.S. embassies in East Africa in 1998

Soviet military preparations leading to the invasion of Afghanistan in 1979

The rise of the Afghani mujaheddin after the Soviet occupation of 1989–91

The Asian financial crisis of 1998

HIGHLIGHTS OF KEY FINDINGS

1. **The Anatomy of Strategic Surprise:** The failure of senior officials to absorb and use information and analysis provided by professionals in the field can be more instrumental in creating strategic surprise than missing or faulty intelligence.
2. **Consensus versus Mindset:** This problem of misinterpreting or ignoring relevant information can occur when policymakers allow a healthy consensus to slip into a static mindset that discourages alternative policy approaches.

2 Summary of Findings

3. **Discourse and Dissent:** A decision-making process driven by such a mindset will both ignore dissenting information and analysis and discourage professionals in the field from offering dissenting advice in the future.
4. **Learning Facts on the Ground:** Washington policymakers risk making decisions divorced from reality if they do not pay sufficient attention to reporting from the field provided by their professional diplomats and intelligence experts. Regional and country-specific expertise is not always valued by senior officials trying to set broad policy.
5. **Sustained Diplomatic Engagement:** The United States is vulnerable to strategic surprise—by new political movements, unfamiliar parts of the world, unrecognized threats, etc.—when it focuses its diplomatic attention episodically on countries perceived to have immediate strategic value and engages narrowly and solely with elites.
6. **The Need to Know:** Excessive compartmentalization of intelligence within the U.S. government can impede the necessary flow of information to policymakers.
7. **Organizations Matter:** Key players tend to ignore or filter information perceived to be threatening or irrelevant to their organizations' culture or perceived mission, thereby distorting policy analysis and decisionmaking. Global economic problems have been downplayed as a threat to national security.
8. **Priorities of Professionals and Appointees:** Strategic surprise can arise because issues accorded the highest priority by senior officials in Washington—who face huge burdens and competing demands—may overwhelm their time and attention, making it virtually impossible for them to pay attention to other issues being reported by professional analysts.

Introduction

Surprise, when it happens to a government, is likely to be a complicated, diffuse, bureaucratic thing. It includes neglect of responsibility, but also responsibility so poorly defined or so ambiguously delegated that action gets lost. It includes gaps in intelligence, but also intelligence, like a string of pearls too precious to wear, is too sensitive to give to those who need it. It includes the alarm that fails to work, but also the alarm that has gone off so often it has been disconnected. It includes the unalert watchman, but also the one who knows he'll be chewed out by his superior if he gets higher authority out of bed. It includes the contingencies that occur to no one, but also those that everyone assumes somebody else is taking care of. It includes straightforward procrastination, but also decisions protracted by internal disagreement. . . . Surprise is everything involved in a government's . . . failure to anticipate effectively . . . the danger is in a poverty of expectations—a routine obsession with a few dangers that may be familiar rather than likely.

Thomas C. Schelling, Foreword to
Alberta Wohlstetter's *Pearl Harbor*, 1960

This study analyzes instances in contemporary history in which leaders were not successful in acting effectively to protect U.S. interests despite what appears to have been information that could have nsprovided clear and persistent warning. A particular theme is how a prevailing consensus about strategic priorities and the way in which the United States should engage internationally sometimes inhibit

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consideration of findings that challenge entrenched, widely held assumptions. In the cases examined, senior policymakers' efforts to protect a particular policy consensus often discouraged the consideration of alternative approaches, even when there was clear indication that existing policies might be outmoded or otherwise flawed. Individuals who did advance new findings or analysis ran the risk of being cast into the unwitting role of "dissenters," whose views were marginalized or even suppressed.

Long-standing and systemic tensions in U.S. democracy exist between the need for open discourse and the requirements of a disciplined decision-making process, both of which are needed to govern effectively. Protection of the consensus, however, has the potential to hinder sound policy formulation when professionals are discouraged from presenting informed views simply because they challenge the status quo. When such information—and the people providing it—are excluded from policy discourse, the "marketplace of ideas" ceases to work as an essential corrective to mistaken or flawed assumptions.

The occasions when the United States has found it difficult to respond to new threats in a timely and flexible way reveal how a strategy that has the "buy-in" of senior officials can eclipse the willingness to acknowledge new realities, let alone experiment with less familiar instruments. However compelling the need for policy departures may seem in retrospect, though, the reluctance to "embrace the unknown," as one official described it, also reflects the special requirement in U.S. democracy to calibrate domestic considerations with the demands of international challenges—an inherent tension in the formulation of foreign policy. The criteria used for selecting the cases for this study included (1) the significance of the setbacks to U.S. interests that occurred when a preferred strategy proved ineffectual in addressing changing regional or international conditions; (2) the evidence of advance information and intelligence that might have provided warning about new threats if it had been considered objectively; (3) the presence of discernible alternatives to existing policies which, if implemented, might have avoided or mitigated an impending crisis; (4) the indicators of systemic issues in the decision-making process allowing for faulty or outmoded policies to persist beyond a point when the outlook for the current course was questionable; and (5) the relevance of the lessons of the case to current security challenges.¹

When ISD began this study, it was not expected that such issues would become so politically salient. Since the inception of the ISD project in the fall of 2004, however, many of the dilemmas we were already considering in depth emerged as the subject of pointed political controversies. Disagreements over the reasons that the United States was not prepared for the ascendance of global Al Qaeda terrorist operations or for the inaccurate intelligence findings disseminated early on about possible Iraqi resistance to U.S. occupation continue to fuel the national and international debate. Despite initial bipartisanship, legislative deliberations over particular intelligence reforms have proven contentious and the reforms elusive. Today, unlike last year or the year before, coverage of such issues is now prominent and widespread in the printed press and other media.

Debates relating to decisions about Iraq provide important illustrations of the inherent difficulties of drawing the boundaries that policymakers should observe in their interaction with intelligence analysts—a phenomenon that is evident across several administrations. These dilemmas also are about how policymakers can or should influence the priorities, content, or dissemination of intelligence assessments. As the working group discovered in examining the case studies, such dilemmas are particularly important when intelligence information could result in findings that are not fully consistent with the policies endorsed by senior officials, illustrating the challenges posed when legitimate discourse is perceived as verging toward dissent and even disloyalty.²

The ISD study and its working group have sought to conduct an inquiry that is objective and free of political bias, identifying the systemic challenges the United States faced in adapting to changing international circumstances across several administrations. By examining historical cases of intelligence and policymaking that produced adverse outcomes for U.S. security, the study seeks to identify governmentwide organizational or other limitations that played a part, and on this basis to draw lessons for the future. The objective is not to “lay blame” but to enhance the understanding of the complicated interactions between the intelligence and policy worlds in order to better inform U.S. leaders in the years to come.

This project has underscored the enormous value of having a forum in which policy mistakes can be acknowledged, discussed, and used as object lessons for the future. It is unusually difficult to involve

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senior officials in constructive discussions of this kind, for reasons that are obvious. We have been able to utilize the working group discussions to identify systemic distortions of decisionmaking that persist over decades, phenomena that are very difficult to understand without the benefit of direct experience. The notion that there are hindrances to the free flow of information in policymaking that professionals recognize and accept, in some cases because they fear penalties associated with deviating from the consensus, is a sensitive and sometimes highly charged subject. We were able to have discussions with senior policymakers and intelligence officials that touched on many such difficult issues and to do so with a degree of candor that is quite rare in Washington. We are very encouraged by the way working group members engaged in the ongoing dialogue, contributing insights that could not have been elicited from other sources.

The three central goals of this study include the following:

1. Finding ways to promote a healthier “marketplace of ideas” in official discourse to ensure that policymakers can take advantage of the best possible intelligence and information from all appropriate sources, as necessary, to make optimal policy choices.
2. Identifying structural changes, procedural reforms, or new bureaucratic incentives that might improve the quality of information and expertise flowing into the decision-making process.
3. Exploring whether it is possible to create mechanisms that encourage routine reexamination of policy frameworks and “mindsets” at all levels of the government, especially as international conditions evolve and the definition of both threats and opportunities undergoes rapid and chronic change in the twenty-first century.

STRUCTURE AND METHODOLOGY

This monograph is organized into two main sections. The first provides summary reports of the cases we examined and describes the

discourse that took place at each of the meetings. In the second section of the monograph, we present key findings derived from these exchanges, followed by recommendations for possible institutional reforms that we believe are important for addressing contemporary challenges.

In presenting the cases we examined during the study, we

- identify the nature of the surprise,
- describe the events that led up to the crisis,
- consider the kind of intelligence that was available to or requested by policymakers as the conditions leading to the crisis unfolded,
- describe the prevailing consensus and preferred strategy of the time, and
- examine the kind of discourse that took place that might have helped policymakers to prepare against or avoid being surprised.

Before the meetings of the working group, the preparation of the case studies began with a detailed assessment of the role of intelligence and the intelligence community in informing policy choices. The key issues considered include how well the intelligence community detected and identified developments that *could* have a major impact on U.S. security interests, how analysts interpreted this information, how the information was communicated to decisionmakers, and what the character of the debate was that ensued. The authors conducted assessments of declassified intelligence and policy documents and the testimony of participants from several administrations who have first-hand knowledge of intelligence operations and policy-making in each case.³

In addressing the question of whether or not a particular case represented a failure of policy deliberations rather than a lack of intelligence, we reviewed how available intelligence was distributed, to whom, and at what junctures of the evolving debate. We examined the prevailing mindset that informed the perspectives of senior officials—the underlying assumptions and beliefs that constituted what we term the “Washington consensus”—and considered how this worked to set the boundaries of acceptable policy discourse. The key

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question was whether and to what degree the dominant consensus may have inhibited the ability of policymakers to assimilate information about changing conditions that perhaps could have allowed for needed policy correction.

The five cases represent a diverse range of what are commonly understood to be significant intelligence surprises. In the order in which they were considered, the cases include the sudden demise of a valued ally in a country critical to U.S. vital interests (the overthrow of the shah of Iran in 1979); sophisticated terrorist operations launched by a transnational terrorist movement in a region not widely believed to be vulnerable to such threats (the Al Qaeda bombings of U.S. embassies in East Africa in 1998); the decision by a rival superpower to launch a military invasion into a neighboring sovereign state (the 1979 Soviet invasion of Afghanistan); the disintegration of Afghanistan into a violent, failed state in the aftermath of extensive U.S. involvement in supporting successful anti-Soviet insurgencies, followed by the decision to terminate relations with that country after the Soviet defeat (Afghanistan in 1991); and the sudden and unexpected vulnerability of global financial markets and regional security resulting from currency speculation in a key region of the world (the Asian economic crisis in 1998).

The dialogue with senior policy and intelligence officials, many of whom were involved in deliberations of the time, made it possible to delve into the dynamics of decisionmaking in each case with detail and nuance. The accounts of policy debates that the participants shared with us helped to identify systemic factors that discouraged efforts to shape new policies to cope with emerging threats or challenges and the lessons we might learn from these experiences. It was particularly useful to have senior policymakers share specific examples of times when the impulse to protect the policy consensus narrowed the range of policy options that officials discussed—as well as how often individuals had, at various times, faced tangible risks to their careers when trying to present information that deviated from common assumptions.

RELATED STUDIES

Between the end of the Cold War and the September 11, 2001, terrorist attacks, there have been literally a dozen bipartisan blue-ribbon

commissions, major think tank studies and government initiatives recommending reform within the intelligence community and the U.S. national security apparatus.⁴ A recent independent analysis of these reports and reform programs shows that of the 340 specific recommendations for improving U.S. intelligence, only thirty-five were actually implemented, and these included several recommendations urging further study of a problem.⁵ As one recent commission report put it, “Many of the ideas and recommendations that we have made in this report were advanced with compelling reasoning by previous commissions. After ceremonious presentations to the President and to Congress, the previous recommendations were ignored or implemented weakly. Most of them failed to take hold.”⁶

For the most part, these various reviews, commission reports, and internal government assessments focused on organizational and structural issues in the government’s management of intelligence and national security issues. In 1999, for example, the Deutch Commission, formally known as the Commission to Assess the Organization of the Federal Government to Combat the Proliferation of Weapons of Mass Destruction, provided a comprehensive assessment of efforts across the U.S. government to combat weapons proliferation. The commission’s recommendations emphasized the need for integrating policy planning, enhancing budgetary allocations, and improving oversight over nonproliferation policies by centralizing authority for proliferation.⁷

The United States Commission on National Security in the 21st Century (the Hart-Rudman Commission) was charged with “redefining national security in this age and to do so in a more comprehensive fashion than any similar effort since 1947.”⁸ It recommended sweeping changes in five major areas, including homeland security, investment in science and education, and organizational changes within the executive branch and the government personnel system.⁹ Some recommendations, such as creating the National Homeland Security Agency, have received widespread attention and have actually been adopted in some form. Others, particularly those dealing with professionalism in government service, have largely been ignored. The commissioners were blunt about the problem, saying the United States “finds itself on the brink of an unprecedented crisis of competence in government” and offering recommendations to enhance the prestige of government service, for example. With respect to intelligence, the

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Hart-Rudman report emphasized that human intelligence had to be strengthened to deal with challenges such as penetration of terrorist groups and warned about the risks of the intelligence community's deepening focus on warning and crisis management rather than on long-range strategic planning.¹⁰

For all of the merits of these reports, together they have given rise to a new orthodoxy that indicts the intelligence community for the many "surprises" about twenty-first century security threats. The criticisms of the intelligence community are pointed and often harsh. The Robb-Silberman Commission, for example, refers to the intelligence community's performance in assessing the nature of the Iraqi WMD (weapons of mass destruction) arsenal as "one of the most damaging intelligence failures in recent American history."¹¹ Organizational dysfunctions commonly cited for the community's failings include the lack of information sharing among intelligence agencies; the weakness the United States faces in mobilizing human intelligence resources in sensitive areas of the world; and the lack of accurate empirical understanding of intelligence targets that elude traditional detection and surveillance, such as networked terrorist threats. Intelligence professionals also are blamed, especially for lacking the perspective and skills to discern and predict emerging trends because of an excessive adherence to conventional thinking. In assessing Iraq's arsenal, analysts ignored "how much . . . assessments were driven by assumptions and inferences rather than concrete evidence," according to Robb-Silberman, and were "too wedded to their assumptions about Saddam's intentions."¹² The 9/11 Commission encapsulated the weaknesses of the intelligence community to predict impending terrorist threats as "a failure of imagination."¹³

The Robb-Silberman report discusses how the timidity of intelligence experts in challenging the orthodoxies of their superiors can contribute to failure. The reluctance to raise questions about the assumptions underlying consensus judgments perpetuates inaccurate findings, according to the report, in this case favoring "conservative" assessments of Iraq's WMD that exaggerated the evidence. The commission calls on intelligence analysts to be emboldened enough to speak truth to power, noting that "it was hard to deny the conclusion that intelligence analysts worked in an environment that did not encourage skepticism about the conventional wisdom."¹⁴

The recommendations advanced in the commission reports, however, pay scant attention to the dilemmas individuals may face in following such advice. It is inherently difficult for subordinates to challenge the prevailing views of their leaders at any time. This is particularly so when leaders are intent on pursuing a course of action, driven by firmly held assumptions about the nature and urgency of a threat. There is no guidance provided in these recommendations about how individuals might be empowered to question the validity of views held by senior officials, or even those of their peers; to resist the pressures of “groupthink”; and to advance different perspectives that would be taken seriously. One recommendation suggests that the intelligence community extend “non-monetary incentives that remind analysts of the importance of their work and the value of their contributions to national security.”¹⁵ But nonmonetary—or even monetary—incentives aimed at encouraging independent thought may not be enough to persuade individuals to express candid disagreements with the consensus if by doing so they also are bargaining with their professional survival. The interactions among senior and mid- to low-level professionals in both the intelligence and policy arenas are therefore central factors considered in our study, part of the analysis of how constraints on discourse can emerge and inhibit alternative interpretations of events, sometimes leading to a collective failure to anticipate or understand new threats.

CASE I

Iran: Intelligence Failure or Policy Stalemate?

INTRODUCTION

The working group's first case of strategic surprise examined the reasons for the lack of U.S. preparation for the fall of the shah of Iran in 1979, an episode of catastrophic adversity for U.S. strategy whose effects persist today. *The Iranian experience is important to the evaluation of U.S. foreign and security policy not just historically, but also in the context of current challenges.* Iran looms large today because the radical Islamist government may be developing a nuclear weapons program, lends support to antiwestern extremists, and potentially threatens western interests and Israel.

The United States lost all of its investment in and access to military bases in Iran, billions of dollars of advanced weapons it left behind as the revolution broke out, hundreds of pages of sensitive intelligence documents when the U.S. embassy was seized, and its access to a critical oil supplier. U.S. backing of Saddam Hussein's Iraq until 1990—an effort to create a counterweight to the Iranian regime—created its own set of adverse consequences. As one working group member commented in the meeting about Iran, “It’s particularly interesting and relevant to start [the project] with Iran, since this is a country that still haunts us, where there remain huge problems . . . of trying to understand what’s going on inside Iran today. . . . We got Iran wrong in the 1970s, and I think many people believe we got Iran wrong in this century. The need for lessons, therefore, is pretty obvious.”

The key question guiding the group's discussion was whether the failure to anticipate revolutionary upheaval in Iran reflected inadequate intelligence about changing political conditions or, by contrast, if the failure to prepare for change was due more to an unwillingness among senior officials to take disturbing intelligence seriously enough to consider options in the event the shah fell. This case draws on the insights of twenty-eight distinguished policymakers, analysts, and members of the media, many of whom were involved directly in the decisionmaking of the time. This dialogue included presentations by Geoffrey Kemp, former director for the Middle East and South Asia in the National Security Council (NSC) during the Reagan administration, who was part of a team tasked by the Senate Armed Services Committee in 1975 to conduct a study of the impact of the flow of U.S. military equipment and assistance into Iran; Gary Sick, the National Security Council director for the Middle East in the Carter administration who became responsible for day-to-day management of Iran policy; and Hans Binnendijk, a member of the Senate Foreign Relations Committee staff during the critical 1977–78 period, at a time when the U.S. military support to Iran was coming under increased congressional scrutiny.

THE PATH TO STRATEGIC SURPRISE

For many Americans, Iran was transformed from a western-oriented and supportive ally into a religious authoritarian state over a matter of weeks or months as a result of an unanticipated, violent revolution. The history of U.S.-Iranian relations, however, shows that the seeds of Iranian upheaval were deeply entrenched in prior decades of U.S. policy toward the country. In 1953, the United States carried out a covert operation that removed the left-leaning nationalist Iranian Prime Minister Mohammed Mossadeq and opened the way for the western-allied shah to reclaim governing power. To reestablish his ruling power, the shah became and remained totally reliant on the United States.

The shah from the outset confronted opposition from diverse factions that included the remnants of the National Front consortium that had been led by Mossadeq; the Tudeh Communist Party; non-partisan intellectuals and professionals who were western oriented

but opposed to monarchical rule; and the organized Shi'ite clergy. These opposition forces would continue to grow in the ensuing years, while the shah's support base would continue to rest narrowly on the military and his security forces along with a narrow elite made up of some landlords, entrepreneurs, and bureaucrats.¹⁶

Iran played a key role as the United States developed its containment doctrine against the Soviet Union in the earliest years of the Cold War. Washington viewed Iran as a potential bulwark of a regional alliance along the southern borders of the USSR (Union of Soviet Socialist Republics) that would also include Turkey, Iraq, and Pakistan. The combination of the shah's desire to establish an advanced, modern military establishment and the U.S. force projection strategy made Iran a uniquely valuable ally. U.S. policies that supported extensive military assistance and economic aid to Iran were part of a reciprocal agreement for Iran to join the alliance the United States was forming to bolster opposition to and contain the geopolitical ambitions of the USSR.

Over the course of the 1960s, Iran emerged as the largest recipient of U.S. military aid and economic assistance outside of the NATO (North Atlantic Treaty Organization) alliance. A military training and advisory group was dispatched to Iran, and already by 1961 there were some ten thousand U.S. military personnel, advisors, and troops stationed there. The U.S. economic aid package that year reached \$600 million, two thirds of which was in grants. U.S. private businesses and private contractors added to the already large, visible presence of U.S. military and security personnel.¹⁷

Over the ensuing decades, the shah's determination to achieve modernity in his country by implementing programs of westernization and rapid industrialization provoked substantial domestic upheaval. The increasing frequency and magnitude of demonstrations and civilian-military confrontations served as early indications of opposition to the shah's policies of agricultural land redistribution, rapid expansion of industry, and far-reaching societal reforms aimed at transforming the traditional rural population and infrastructure. The aggressive promotion of secularization, in particular, would become part of a platform used by Shi'ite clerics, whose prominence in leading public opposition to these programs mounted steadily over the ensuing years.

The potential erosion of Iranian domestic stability was addressed in a number of U.S. intelligence assessments as early as 1963. One noted the potential dangers of the opposition to the land reforms from “conservative landlords and religious leaders and from the nationalists.”¹⁸ Another study revealed that the shah had alienated the traditional religious, landed, and wealthy elite and had not made any offsetting gains with the educated urban population.¹⁹ A State Department study in December 1966 went further, stating that “the realities of the future will not include the indefinite prolongation of one-man rule. . . . Iran’s future is clouded by hazards that could profoundly affect its political climate.”²⁰

The rising prominence of a cleric named Ayatollah Khomeini was highlighted in a June 1963 study by the State Department’s Bureau of Intelligence and Research (INR), describing him as “the most outspoken critic of the government’s reform programs,” and an extremely dangerous threat to the regime.”²¹

Ayatollah Khomeini also made public speeches denouncing the United States as a corrupter of Iranian society and as a “prop” for the shah, whom he described as a “dictator and U.S. stooge.”²² Khomeini also assailed the Majlis (Iran’s parliament) for its October 1964 act granting U.S. military personnel immunity from Iran’s laws. His public diatribes resulted in his exile in 1964, but he continued to occupy a pulpit from afar and to preach the same messages.

By the beginning of the 1970s, the number of U.S. personnel in Iran supporting the military modernization program had risen to fifteen thousand.²³ In May 1972, the flow of U.S. military equipment and technology to Iran received a major boost when President Nixon visited Tehran on his return trip from a summit in Moscow to promote the “special relationship.” The resulting policy of unconditional support to the shah was laid out in a memorandum disseminated a little over a month later by National Security Advisor Henry Kissinger, in effect stating that it was U.S. policy to sell Iran virtually whatever advanced weapons the shah requested.²⁴ The U.S.-Iranian military relationship escalated both in the volume and sophistication of arms and equipment supplied, leading to an unprecedented level of permissiveness guiding the sale of state-of-the-art weapons for a country outside of the NATO alliance.

This largesse was deeply rooted in U.S. realpolitik. In addition to Iran's proximity to the Soviet Union and its antiwestern proxies, Iran's unique position in the Persian Gulf provided direct access to the strategic lines of communication assuring the export of oil to the West and protecting the Straits of Hormuz against disruption by hostile powers. Its conciliatory stance toward Israel and its prowestern orientation embodied in the aspirations of its autocratic leader further cemented the bilateral relationship.

As the U.S. political and military involvement in Iran continued to expand, so did Iranian domestic turmoil. This correlation was described in a paper disseminated by the INR about the same time that the Kissinger memorandum was issued. The INR paper identified a new component of the bubbling domestic chemistry, stating "a violence-inclined 'youth underground' has taken root in Iran with possible serious consequences for the country's long term stability."²⁵

By 1975, the expanding arms sales and inflow of U.S. support personnel were feeding into surging societal tensions provoked by the shah's determined pursuit of massive and unrelenting industrialization. A CIA (Central Intelligence Agency) report described Iran's importation of capital goods financed by soaring oil prices as accelerating the shah's already rapid industrial modernization programs to the point where the inflow of advanced equipment greatly exceeded Iran's capacity to use it effectively.²⁶ This was fueling an already growing urban flow of Iranian workers from rural areas, straining community services at all levels and creating rapid price inflation. The report said that the unfulfilled expectations of the Iranian labor force, in visible contrast to the status of foreign workers brought in to support the shah's modernization programs, were creating major societal tensions.

Among the most significant official reports at the time, a 1976 study, sponsored by the Senate Foreign Relations Committee, provided detailed analysis about the implications for domestic stability arising from the U.S.' burgeoning military assistance to the shah. The report warned that Iranian public animosity toward the shah and toward the U.S.' presence was growing. If it continued, according to the report, Americans would be at risk should there be sufficient unrest to undermine the shah's centralized control. Pervasive cultural clashes between Americans and the local population were exacerbating the discontent.²⁷ As one working group participant put it some-

what more vividly, “a lot of single, white [American] males [with] absolutely no training at all about the social conditions . . . or sensitivity to the culture of Iran” were creating “great, great resentment.”

Despite the warning flags raised in the report about the direction of U.S. strategy in Iran and the report’s high visibility in Washington, there was little follow-through after it was published, and its findings seem to have had no significant influence over U.S. policy. Indeed, some intelligence assessments tended to downplay the potential implications of the social movements raised by the authors. For example, a May 1976 INR report acknowledged the potential risks but concluded that the shah “has a good chance to be able to lead Iran for many more years.”²⁸

Notwithstanding the changes promised by the Carter administration, including a commitment to severely restrain U.S. arms exports throughout the developing countries, the shah’s special status among U.S. officials ensured that by 1978 the flow of U.S. arms would continue to rise steadily. Indeed, the military pipeline continued to grow right up to the moment the shah was deposed in 1979, an escalation in volume and sophistication of cutting-edge military equipment transferred to an Iranian military that still was not able to operate it without extensive U.S. help. Even as U.S. officials were beginning to confront the reality that the shah’s reign might be coming to an end, in fact, the Congress was in the midst of a debate about the proposed sale of highly advanced AWACs (Airborne Warning and Control System) aircraft to the Pahlavi regime.²⁹

THE INTELLIGENCE RECORD

The working group considered whether U.S. persistence in its support of the shah as its sole strategy resulted from inadequate or faulty intelligence and, if so, what might account for a failure to collect intelligence to devise effective policies for such a vital region, especially given the sizable U.S. presence. As several participants noted, however, Washington’s explicit policy guidance was to defer to the shah’s sensitivity about U.S. intelligence gathering about domestic Iranian developments, including a U.S. agreement to the shah’s request that the United States rely principally on the shah’s own security and intelligence resources for domestic information.

The U.S. intelligence community gained little insight into the nature of the various opposition factions in Iran as a result, for several reasons. Any attempt by U.S. officials to meet with members of Iranian opposition factions faced the risk of being noticed by the shah's notorious secret police, SAVAK, and reported in an official complaint to the embassy. Americans involved in such efforts typically were threatened with noncareer-enhancing reassignments. Consequently, U.S. officials did not meet with Iranian dissidents, or, indeed, with many Iranian nationals at all. From the mid-1970s, the United States received its intelligence on Iranian internal dynamics from groups that supported the shah, SAVAK most prominently. According to their perspective, the country was viewed as stable as long as reassurances were given that "Communists" or other leftist organizations were being successfully repressed.³⁰ As one participant who spent time in Iran in the mid-1970s commented, "There were no sources of information that went though the [nonelite population]. . . . Everything was shut down."

Several participants cited intelligence problems as also stemming from the lack of cultural awareness among U.S. officials. "It's a mentality out at the CIA that if you don't get the information from spying, it's not intelligence," one argued, going further to say, "Yes, we were inhibited from spying on the shah, for fear of getting caught. But, that didn't mean we couldn't be out on the streets talking to people other than the elite, to get some feel for [the domestic situation]. . . . How many people around the table have talked to others feeling this sense of unease? This should have come through in the intelligence." Another participant echoed this view: "We didn't try to put ourselves in their mindset. It's so hard to do, but the fact is, they're not us How can we put ourselves in the minds of people who think differently? [We need] cultural intelligence, not just informants."

Acknowledging the limitations of intelligence reporting, however, several participants noted that based on their experiences in Iran in the 1970s, domestic turmoil in Iran and the alienation of the Iranian population from the shah and his ruling elite were easy to observe. It did not require sophisticated intelligence operations to witness these realities first-hand. One participant reported being approached by academics and other anti-shah critics when he was visiting the U.S. embassy in Iran in 1977 who, as he put it, "would

find 15 to 30 seconds to whisper in my ear that all was not well . . . that there was great unrest, that the shah was not popular.”

Many participants concurred that U.S. officials and military personnel living in Iran certainly were aware that political conditions had the potential to become unstable. The shah was widely despised, even by many of his own advisors. The shah’s draconian laws to promote secularism, in particular, which included harsh penalties for wearing religious clothing in public, further distanced Iranians from their own government. Signs of antiwestern religious fervor were fairly common among local populations. The Iranian intelligence and secret police forces acted as lawless agents of domestic repression, while the westernized elite embraced values and lifestyles that were anathema to the Iranian majority.

On balance, however, the intelligence record reveals a fairly contradictory pattern of prediction and reporting. As one of many examples, the subject of “Religious and Intellectual Opposition to the Shah” was described in a cable from the U.S. embassy in Tehran in July 1977, a subject that was also taken up in a lengthy CIA report in August of that year. Neither of these reports made any dire predictions for the country’s future stability, however. In fact, the CIA paper stated that the shah “will be an active participant in Iranian life well into the 1980s” and that the prospect was for “evolution, not revolution.”³¹

Similar contradictions were apparent on the policy side. Three months after the 1977 CIA paper was issued, a State Department memorandum warned that unless the shah reoriented his spending from the military to the civilian sector, Iran “will face rising social and economic tensions” and would ultimately confront “mounting dissatisfaction [and] discontent among groups [that] traditionally form the bedrock of support for the monarchy.”³² The U.S. embassy in Tehran summarized the increasingly bloody demonstrations in Iran again in 1978, describing the “growing restiveness” among the local population. One such cable said the shah’s religious opponents had achieved their greatest power since 1963. This report was followed shortly by an embassy assessment stating that “[D]issidence connected with religious beliefs continues to be the most potentially dangerous type of opposition in [the Iranian Government’s] eyes.” The report stressed that “opposition groups believe the U.S. could help,

and if hope is disappointed [it] could result in greater anti-U.S. sentiments and action” and noted that the Shi’ite faithful viewed Khomeini as the true leader of their movement. Describing the violent events in January 1978 (in which the shah’s troops killed more than twenty demonstrators), the analysis claimed this episode had been decisive in galvanizing religious fervor and that both the religious movement and the Communist factions were becoming increasingly vocal in their public anti-Americanism.³³

There appears to be a chronic disconnect, however, between warnings issued about mounting domestic instability, on the one hand, and predictions about the shah’s enduring ability to defeat any kind of opposition, on the other. For example, only six months after issuing the first bleak embassy assessment of the situation, one of embassy Tehran’s political officers reported to Washington that even though religious leaders were complaining about what they called a breakdown in communications with the central government, they shared an underlying loyalty to the shah. By August 1978, the intensity of the rebellion in Iran was surging to what one embassy cable described as a situation of almost continuous upheaval. The embassy noted with some alarm the now unavoidably visible dominance of religious leaders in the wave of opposition but drew a clear distinction between the violent messages of Khomeini and those of the other prominent cleric leader, Shariatmadari, who was publicly urging the Muslims to “stop killing their brothers” and calling for a parliamentary government. The consensus view in the intelligence community supported the views being expressed in the embassy, as one can find in a Defense Intelligence Agency (DIA) assessment at the time describing Khomeini as the leading force behind much of the violence.³⁴ Demonstrations in Iran organized to demand the shah’s ouster also began to include calls for Khomeini’s return from exile. Embassy Tehran reported that Iranian journalists were beginning to convey privately to U.S. officials that Khomeini had vastly more power than did the shah among the masses. And virtually all of Khomeini’s public ranting against the shah included passages vilifying the United States as his prop and as the exploiter of Iranians.

Notwithstanding the bleak and urgent characterizations of the volatile situation on the ground, as well as the heightened attention accorded Khomeini as the leader of religious extremism, for the most part both intelligence and policy stuck to the position that the shah

was too strong to ever plausibly be overthrown. The DIA appraisal described above, for example, concluded that notwithstanding the problems being highlighted about rising social discontent, “(T)here is no threat to the stability of the Shah’s rule.”³⁵ Similarly, a cable from embassy Tehran focused ostensibly on the leadership role the mullahs were playing in the escalating violence nonetheless concluded that there was “no doubt” that the shah would repress the outbreak with an “iron fist” if that became essential.³⁶

THE CONSENSUS

Taken together, various statements and reports from the field by 1978 amounted to an implicit acknowledgment that there was no longer a question about whether a collision between opponents and the shah was looming. The questions remaining were about how the shah would cope with insurrections and with what outcome. The majority of intelligence assessments reflected the conventional view embraced in Washington that as long as the shah had the backing of the military, he could handle any opposition. This common assumption also rested on the belief, which went unchallenged, that the shah was *willing* to use as much force as was required. As one working group participant, who had been a senior Carter administration official, noted, “Nobody ever suggested that, as [the shah] did in 1953, rather than call out the Army, SAVAK, and shoot people in the streets when they rioted, [he] would leave the country. [It was] a gross intelligence failure not to recognize there was a precedent for what actually did happen. We just had lost our corporate memory.”

Ultimately, the intelligence disseminated at the time did not influence the basic assumptions upon which U.S.-Iranian policy had long relied—at least, as many in the group agreed, not until it was too late. Despite the abundant information about Iranian social unrest provided from a wide variety of sources—from accounts of U.S. officials living in Iran during the 1970s to the many intelligence and embassy reports highlighting these troubling trends—there was never any serious discussion among policymakers about the implications for U.S. policy. Indeed, the warnings seem to have had little impact on official thinking in Washington.

Why did policy formulation prove impervious to the signs of growing domestic instability? Several of the working group members described the atmosphere in Washington during the 1970s as very discouraging to any kind of discourse that expressed doubts about the shah's power. The disinclination among U.S. policymakers to learn about troubling political or economic trends in Iran extended to any topic that could be interpreted as "potentially harmful to the regime," as one participant summarized it. "American policy was not to offend the shah," another agreed. With a prevailing consensus that the shah had to remain in power because of his importance as a U.S. ally, it seemed more appropriate that he should remain above criticism.³⁷ As such, even objective reporting on conditions in Iran was given a distinctly chilly reception.

Another participant who served in the Carter administration acknowledged that the problem was not a lack of information as much as "our own judgment and our own mindset." The stresses and penalties imposed on those who tried to express different views served as a deterrent to others' willingness to speak up. Intelligence analysts and policy experts who opposed the prevailing policy toward Iran were quickly marginalized. The absence of an active interagency debate was underscored when one participant in the meeting, a senior Carter administration official, stated that he was not even aware that there had been a contingent of CIA analysts who had been pushing for a different assessment of Iran's prospects for stability under the shah. Visiting Tehran in December 1977, President Jimmy Carter lavished praise on the shah in a toast in which he said: "Iran, because of the great leadership of the shah, is an island of stability in one of the more troubled areas of the world."

In such an atmosphere, policy discourse conformed to the implicit pressure to avoid analysis of the shah's weaknesses even when events in Iran began to spiral out of control. In one example, in August 1978, the shah imposed martial law in more than ten cities in response to large and simultaneous demonstrations across the country. Riots broke out in Tehran the next day in what came to be known as "Black Friday." The shah's troops fired into the crowds, killing an estimated three hundred to four hundred people and wounding two thousand to three thousand more.³⁸ The U.S. embassy prepared a statement that stated "[T]he monarchy is a deeply important institution in Iran and the shah is, in our view, the individual

most suited to lead the Iranian people to a more democratic system.”³⁹ Shortly after the Black Friday shootings, the president was briefed that the shah was still firmly in control. National Security Advisor Zbigniew Brzezinski urged sending the shah a strong statement of U.S. support. President Carter made a public statement that reaffirmed U.S. backing of the regime.⁴⁰

As these events were unfolding, a draft National Intelligence Estimate (NIE), titled “Iran After the Shah,” was being circulated that contained the conclusion that “the government of Iran has the ability to use as much force as it needs to control violence, and the chances that the recently widespread urban violence will grow out of control is [sic] relatively small.”⁴¹ Several working group participants discussed why officials went along with decisions to express U.S. support for the shah’s aggressive use of force against domestic dissidents. Again this was explained in the context of the role of the shah in U.S. strategy in the Persian Gulf, which hinged on the assumption that the shah would remain firmly in power.⁴² Like his predecessors, President Carter dismissed the importance of intelligence warnings that a domestic crisis could undermine the shah’s regime. Senior administration officials, especially National Security Advisor Brzezinski, insisted that continuity in policy was the only option to assure the shah’s survival. Putting pressures on the shah to reform his society or engage with dissident elements in Iran would only hasten the shah’s demise, he argued. Even as the political situation was turning into chaos in late 1978, virtually all of Carter’s advisors were united in the mantra: “the shah must survive.”⁴³ Reasons for concern about U.S. policies and the U.S. presence in Iran had gained widespread acceptance by late 1978, but U.S. strategy remained inextricably tied to supporting the shah personally. His rule could not collapse, because the United States was too deeply dependent on its survival.⁴⁴ In the end, it became an unquestioned and unquestionable shibboleth that good relations between the shah and the United States depended on U.S. acquiescence to whatever means he used to repress opposition, however ruthless or self-defeating.

The working group participants shared the view that the most significant intelligence and policy failure was in not anticipating or understanding the extent to which religious ideology had infused the opposition and was being molded by clerics into a distinct political entity achieving preeminence among the diverse opposition factions.

As one participant described it, it was simply unimaginable that any subsector of society, especially “ragtag clerics,” could ever challenge the shah’s “immense levers of power.” For all the cautionary reports about impending risks to Iranian domestic stability, there was no one in the U.S. intelligence or policy communities—even among even those who were pessimistic about the shah’s declining authority—who predicted the character of the subsequent revolution. The most significant instance of “cognitive dissonance” in U.S.-Iranian policy was the wholesale dismissal of any possibility of the emergence of a ruling Islamist regime. As Gary Sick, one of the administration’s closest Iran observers, described it, even the harshest critics of the shah expected that his successor would be an economic entrepreneur—not a robed religious zealot.

The failure to understand the importance of religion was *not* because anyone doubted the obvious role of the radical clerics in exploiting public disaffection to mobilize sentiment in support of a fervent and eventually successful revolutionary uprising. *Rather, it was a failure to perceive the role this political religious faction might play in shaping the outcome of that revolution.* Without this crucial insight, it was possible even for critics of the shah to cling to the hope that the United States could still have a strong ally in the Persian Gulf even if the shah were to fall. The few individuals who conceived that the shah could be toppled by clerics thus assumed that the religious elements would quickly turn over power to the technocrats, who would know how to manage a new government. “That conventional wisdom,” one presenter noted, “turned out to be absolutely wrong. Khomeini, in every way, confounded the conventional wisdom. And we were simply unprepared for it.”

With the benefit of hindsight, we now know that the beginning of the shah’s last chapter occurred around the time of public declaration issued jointly by Khomeini and the leader of the National Front Party (the successor to Mossadeq’s faction) on November 5 calling for the shah to step down. The next day, the shah announced the establishment of a military government. Shortly afterward, embassy Tehran reported that the shah had met Ambassador William Sullivan and the British ambassador and told them he had no choice but *to let the military take control*, since now even political parties like the National Front would not deal with him.⁴⁵

In the final analysis, it was not the absence of intelligence or information that accounted for “strategic surprise” or that precluded

constructive debate about options to be considered to try to redress the deteriorating situation in Iran. Concerns about domestic developments in Iran, however, were subsumed in favor of a strategy that deluded officials into thinking that the shah was invincible. The erroneous assumption was that any uprising would be squelched, because the most powerful elements of the regime—the military and the secret police—would remain loyal to and fight for the shah. That said, it is nonetheless important to note that in the autumn of 1978, just as the shah's regime was collapsing, the same senior officials engaged in Iran also were responsible for several other difficult foreign policy challenges, which included the Camp David negotiations seeking an Arab-Israeli peace agreement, the secret *démarches* to achieve normalization of relations with the People's Republic of China, and the ongoing negotiations with the Soviet Union to achieve a treaty setting limits on strategic nuclear arms under the Strategic Arms Limitation Talks known as SALT II.

U.S. failure in Iran was not a foregone conclusion, however. It was the result of deliberate choices by senior officials. During the Nixon administration, then National Security Advisor Henry Kissinger explicitly rejected a proposal to allow a U.S.-Iran military review group to examine the implications of the disproportionate amount of resources the shah was devoting to the military over economic and social modernization. As one policymaker of the time remembered it, Kissinger said, "No, we are not going to tell the shah how to run his country." Kissinger's injunctions provide one example of the different perceptions that officials held during the Nixon administration about how best to promote strong allies, as compared to those espoused during the Kennedy administration. The Kennedy administration had engaged the shah in discussions about modernizing Iran by stressing the importance of fostering economic as well as military advancements to achieve national power. Had this kind of engagement continued, it was noted, there might have been a chance to prevent the seeds of revolution in Iran and thus the emergence of a repressive Islamist state. This opportunity was lost, however, not least when Nixon's predilection for *realpolitik* granted full support to the shah's determination to achieve the status of a regional military superpower—no matter what the cost to the welfare or cohesion of Iranian society.

In keeping with a common mindset that was prevalent in U.S. foreign policy at the time, the ability of the ruling regime to survive

could be measured by its relative ability to wield force against its opponents. Details about domestic discontent or deepening impoverishment were seen as the purview of development specialists or regional experts, not strategists. Unfortunately, by obscuring the factors that actually might have held the Iran body politic together and, in turn, lent support for a transition toward a less brittle regime, U.S. strategy sowed the seeds of its own failure—actually fueling the forces that helped to tear Iran apart and to usher in the enduring enmity that continues to impede U.S. and global security.

The reluctance in the 1970s to seek new ways to secure U.S. interests in a rapidly changing Iran, to say nothing of the safety of the many Americans then living in Iran, also highlighted the strength of the consensus view in Washington that actively discouraged discourse about the shah's weaknesses. The mindset that the shah had to be supported at all costs had a chilling effect on the ability of professionals at every level of the bureaucracy to think about how to hedge against his demise. As one presenter remembered it, any criticism of the shah ran the risk of being seen as "empowering the enemy," branding anyone who took up this line as a subversive. By the time of the revolution, there were few experts left in the bureaucracy who were prepared to offer critical judgments. Concerns about the potential risk to their careers combined with a sense of fatalism about ever being able to penetrate the mindset that "we made our bed" with the shah and thus would have to remain committed to him indefinitely. "The shah is Iran, Iran is the shah," as the participant put it. Even the U.S. ambassador to Iran William Sullivan, who sent a cable at the end of 1978 titled "Thinking the Unthinkable," excoriating the weaknesses of the shah's policies,⁴⁶ arrived at this epiphany only after months of supporting the majority view and only after it was much too late.

CONCLUSIONS

The events in Iran in the late 1970s, culminating in the fall of the U.S.' closest and most long-standing ally in the region, provide a clear illustration of what can happen when U.S. strategic objectives collide with domestic realities in a country of vital importance to U.S. interests. The case vividly illustrates some of the difficulties that can arise when decisionmakers encounter unfamiliar events and information

that do not conform to commonly held strategic assumptions or question an entrenched policy consensus. The rise of conservative clerical opposition in Iran strong enough successfully to mobilize public opposition to the shah was not accurately predicted by either intelligence or policy specialists at the time—notwithstanding the many instances of mounting domestic unrest and alienation, the pronouncements of Khomeini and his growing number of followers, and many other signs of impending regime instability by the late 1970s.

A majority of members of the working group concurred that the U.S. government was unprepared for upheaval in Iran primarily because of a political calculus then prevalent in Washington that viewed reports about the shah's waning power as subversive and potentially damaging to the U.S.' ability to keep the shah in power. Efforts by low- and mid-ranking analysts to discuss the regime's failings were treated by most senior officials not just as irrelevant but suspect and soft headed. Just raising such issues could be incendiary, given that some officials believed that discussions of deteriorating conditions in Iran could add to the prospects that the shah would not survive. As such, reporting of bad news was actively discouraged, contrarian analysts found they were not being invited to meetings, and eventually the voices faded away.

In this context, it is not surprising that policy officials had little incentive to consider alternatives to the long-standing policy of unstinting support for the shah. The United States fell victim to a self-fulfilling prophecy. Leaders declined to consider policy options that hedged against the U.S.' sole reliance on the shah, including policies that might have protected U.S. access to Iran after his demise, because it was deemed deeply impolitic in Tehran and Washington to do so. In the end, this course of action left the United States with no credible instruments to manage what emerged in Iran, the unintended consequence of the U.S.' single focus strategy. It is not just hindsight to suggest that if policymakers had taken account of and acted upon the obvious signs of the shah's alienation from his own people and taken the deepening disaffection of all classes of Iranians from his autocratic and violent rule seriously, the United States might have helped stem the rising power of the radical clerics and protected secular governance in Iran. Arguably, U.S. influence could have remained an important cohesive force there and be seen today in a benevolent light.

Because Iran was defined less as a country than as a base of operations for U.S. containment strategy, power projection, and access to strategic commodities, perhaps no amount of intelligence about the alienation of Iranians or the power of religious dissidents would have changed the course and substance of U.S. policy. U.S. interests, as defined, could be secured by military means—or so it was assumed. Sociopolitical factors like the disenfranchisement of the local population seemed at best tangential to the calculus of security. The assumption that the shah's regime could summon the necessary force to suppress any conceivable enemy mirrored the U.S.' image of the endurance of its own position as stemming from its vast military superiority. The reliance on force calculations alone, however, would soon prove tragically useless once the country had been seized by revolution. The image of the Carter administration floundering through its last year, obsessed by, but powerless to rescue, Americans in its own embassy who had been taken hostage by Iranian students stands out as a pivotal example of the limitations of influence anchored solely by *realpolitik*.

CASE 2

The 1998 Terrorist Bombings of U.S. Embassies in Kenya and Tanzania

INTRODUCTION

The second case that the working group considered focused on the failure of the United States to prevent or prepare against al Qaeda-sponsored terrorist operations launched against U.S. embassies in Kenya and Tanzania in August 1998. The working group meeting, held in March 2005, involved twenty-two senior policymakers, regional experts, and intelligence officials who had extensive knowledge of the events surrounding the terrorist attacks. Most had been part of U.S. intelligence or policymaking at senior levels before and after these incidents. Presentations were given by the U.S. ambassador who was serving in Kenya at the time, Prudence Bushnell, and from former Undersecretary of Defense Dr. Lynn Davis, who had been a member of the State Department's Accountability Review Board (ARB), a panel established to investigate if U.S. policymakers and intelligence officials had failed to act in a way that could have prevented the attacks. The discussion also benefited from comments provided by former Chairman of the Joint Chiefs of Staff Admiral William Crowe, who had chaired the ARB investigations.

On August 7, 1998, attacks by trucks loaded with explosives were carried out almost simultaneously on the U.S. embassies in Nairobi, Kenya, and Dar Es Salaam, Tanzania, killing 220 people and injuring more than four thousand. The vast majority of victims were not Americans. In part, this was because the terrorists, apparently unknowingly, picked a time when a sizable portion of U.S. personnel were on home leave.

Even so, the magnitude of the damage resulting from these attacks exceeded that associated with any prior terrorist attack on a U.S. facility. Neither embassy had significant measures in place to stop vehicles carrying explosives from penetrating security perimeters. Under the State Department's classification of embassies' risk level—the basis for according budgets for security—both embassies were designated “medium risk” posts and even lacked some of the security measures that had been deemed essential at this level of risk. Largely improvised measures by embassy guards prevented the trucks from gaining closer access to the buildings and stopped the bombers from achieving their intended objectives.

The presence and activities of Al Qaeda cells in the region, including in Kenya, was quite well known within elements of the intelligence community. Thus two central dilemmas in this case included (1) the refusal of officials in Washington to heed requests from the U.S. ambassador in Kenya to augment security for the embassy against mounting warning of threats from various sources and (2) the absence of an accurate strategic assessment of the security situation in Kenya stemming from the failure of the CIA to disseminate to the policy community a comprehensive picture integrating the significant and definitive body of information that had been obtained in the preceding two years about the Al Qaeda organization and presence in Kenya.

THE PATH TO STRATEGIC SURPRISE

The Nairobi Cell

Al Qaeda began to establish its main operational base and logistics structure in East Africa in Sudan as early as 1991. One of the early moves was to set up an operational cell with its main hub in Nairobi for promoting Osama Bin Laden's agenda in the East Africa region around the Horn of Africa.⁴⁷ After the deployment of U.S. forces to Somalia, Bin Laden quickly bolstered the Nairobi cell as a channel for sending weapons and trainers to assist the Somali warlords in attacking Americans. Al Qaeda's top military operatives commanded the support operations, made reconnaissance trips into Somalia, and routinely met with the local warlords.⁴⁸ In May 1996, pressures on

the Sudanese regime from its neighboring Arab states forced Bin Laden to move his main headquarters back to Afghanistan. A few months later, he issued a public “Declaration” (published in Arabic journals around the world) calling on Muslims to attack Americans.⁴⁹ Meanwhile, he left the Nairobi cell in place as a central base for his operations in the Horn.

Up until this time, Bin Laden and his Al Qaeda organization had been viewed by U.S. intelligence officials as primarily a “financier” and facilitator for a network of other terrorist groups. At the same time he was reestablishing his operational base in Afghanistan, however, and delivering public diatribes exhorting Muslims worldwide to attack Americans, the U.S. intelligence community had begun receiving a major body of new information indicating that he was far more of a terrorist than simply a financier and supplier of logistic support to diverse terrorist groups. A critical source of this new information came from a defector who had been part of Bin Laden’s Al Qaeda since 1989 and had intimate knowledge of its organizational structure, the individuals who played key roles in its operations, and details of many of the terrorist attacks in which its role had not previously been known or fully understood. Much of this defector’s information was corroborated by numerous pieces obtained from other sources.

The picture of Al Qaeda provided by the new intelligence information was of a hierarchical, functionally structured organization, with specific “committees” responsible for managing functions such as running training camps, conducting target surveillance and selection, developing plans, and nominating operatives for carrying out attacks; carrying out foreign purchases of weapons, explosives, and technical devices; and managing financial requirements. The new information also disclosed that this organization had already been directly engaged in deadly attacks against Americans around the world while at the same time providing operational training, weapons, and explosives as well as financial and logistic support for a wide variety of attacks. These included the following:

- The December 1992 bombing of two hotels in Yemen that U.S. troops used en route to Somalia (which fortunately failed in its objective of killing Americans).

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- Attacks on U.S. forces in Somalia, including the October 1993 downing of two U.S. helicopters that killed eighteen Americans and wounded seventy-three others.
- Very probably the November 1995 bombing of the Saudi National Guard building in Riyadh used by U.S. military personnel, killing five Americans.⁵⁰

The new information also revealed that in 1994, Bin Laden had paid some \$1.5 million to purchase what he was led to believe was a cylinder of weapons-grade nuclear material. U.S. intelligence analysts were able to identify this transaction as fitting a pattern they had seen before of “scams” run by a South African source. But the effort was another indication of Bin Laden’s objectives in causing mass casualties.⁵¹

By the time the information from this defector was being received near the end of 1996, another new channel of U.S. intelligence information on Al Qaeda had begun to flow as a result of the tapping of the telephone of the on-site “manager” of the Nairobi terrorist “hub,” a naturalized U.S. citizen named Wadi al Hage. He had been identified in the early 1990s as an operative in Bin Laden’s financial network, working initially at one of Bin Laden’s business offices in Sudan. (The defector also identified him and described his role.) After moving to take up the Nairobi post in 1994, he set up a purported charitable organization as cover for funneling money to Islamic extremist groups. The tap of his telephone facilitated the identification and tracking of other Al Qaeda operatives in the cell, one of whom was a man named Haroun. Haroun had been identified earlier as a founding member of Al Qaeda who had remained embedded in the Nairobi cell after Bin Laden moved back to Afghanistan.⁵² While under U.S. intelligence surveillance, Hage was summoned through Bin Laden’s satellite telephone channel in late January 1997 to meet with Bin Laden in Afghanistan and was called again through the same channel six months later.⁵³

During the first two weeks of August 1997, while Hage was still in Afghanistan, the Nairobi cell went through a major convulsion. The London *Daily Telegraph* reported that a former Al Qaeda member who at one time enjoyed close personal ties to Bin Laden had turned himself over to the Saudi government. This same person had

previously been identified to U.S. intelligence as part of the founding membership of Al Qaeda, formerly heading its finance committee. This disclosure set off a scramble within the Nairobi cell to learn how much the person named in the press article knew of the East African operations and about the role and activities of Wadi al Hage, who had not yet returned from Afghanistan. (This included several telephone messages from Haroun, the person who, as described above, had already been identified in contacts with Hage's telephone number.) Shortly after the article appeared, a technical breakdown resulted in the cell members also learning that Hage's telephone was being wire tapped.⁵⁴

As the cell members were scrambling for cover, U.S. and Kenyan authorities searched Hage's residence, seizing various materials, including documents from a computer hard drive, which were sent to CIA headquarters. When Hage arrived back in Nairobi on August 21, he was met at the airport by U.S. Federal Bureau of Investigation (FBI) agents and Kenyan law enforcement officials, who informed him that he was under investigation. They stressed that it was "in his interest" to return to the United States and to cooperate with U.S. authorities. Hage refused to cooperate but did close out his affairs in Kenya, returning to the United States just a month later on September 23. It is not possible to confirm with certainty what prompted Hage to return to the United States, but it appears that his Al Qaeda partners believed that his exposure made him a liability for the cell's security. Upon arrival in the United States, Hage was met at the airport by U.S. law enforcement authorities and interrogated, but he refused again to cooperate. The next day he was placed before a closed grand jury that had been established to indict Osama Bin Laden for his support of terrorism against Americans.⁵⁵ By the time this was taking place, Kenyan authorities had arrested five individuals in Nairobi suspected of connections to Bin Laden. (All were foreign nationals, and all were subsequently expelled).

The materials seized from Hage's residence included a "security situation" report that had been faxed to several cell members shortly before the search took place. An Al Qaeda operative who had recently returned to Nairobi from Somalia, apparently reacting to the press disclosures, warned cell members of the dangers that could result and the need to avoid further exposure.⁵⁶ After specifically referring to a televised film showing the aftermath of the October

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1993 shoot-down of the U.S. Black Hawk helicopters in Somalia, the message warned that

America knows well that the youth who work in Somalia and who are followers of the Sheikh [Bin Laden] are the ones who have carried out the operations to hit Americans in Somalia. And that the main gateway for these people is Kenya.

—Message from Al Qaeda operative

The message also stated that all “unneeded” and potentially incriminating files had been collected from Hage’s residence and placed at another location, noting that the material should not be destroyed until Hage had returned and been able to determine what needed to be kept.⁵⁷ Members of the Nairobi cell subsequently discussed how they would deal with the exposure they had just experienced, stressing the need to set up a new safe house, for example (one of the functions for which Hage’s residence had previously been used) as well as new, safer communications channels.

A few months later, in November 1997, a person named Mustafa Mahmoud Said Ahmed, who claimed to work for one of Osama Bin Laden’s companies, walked into the Nairobi embassy and told U.S. intelligence officers of a plot to blow up the building by driving a truck full of explosives through the embassy gates at the back and entering the garage underneath. After a background check, he was quickly discredited as a fraud based on information from Israeli intelligence, and no further contacts were made. Contacts ended in January 1998.⁵⁸

Meanwhile, setbacks notwithstanding, Bin Laden continued to tout publicly his aspirations. In February 1998, he issued a public declaration of “Holy War Against Jews and Crusaders.”⁵⁹ It declared that killing Americans is “the individual duty of every Muslim who can do it in any country where it is possible.” The recent intelligence sources had described this as a line he had been preaching since the early 1990s. Three months later, in May, Bin Laden asserted in an interview with ABC reporters in Afghanistan that it was more important to kill Americans than any other “infidels.” Asked whether he approved of terrorist attacks on civilians, he said, “We do not have to differentiate between uniforms and civilians . . . they are all targets.”⁶⁰

Additional intelligence surfaced in spring of 1998 showing a series of contacts between Al Qaeda headquarters in Afghanistan and the Nairobi cell. It is now known that the orders to proceed with the attacks were issued at the time of Bin Laden's February public declaration, if not earlier.⁶¹

THE INTELLIGENCE RECORD

Given the amount of information that had been accumulated by this time, an unavoidable question is whether officials could have had sufficient and reliable intelligence about terrorist activities in East Africa, including the specific goals of the Al Qaeda organization that had a key cell there, to prompt them to demand changes in security measures for Nairobi or to warn Americans living in the region about the heightened vulnerability. As a practical matter, the repeated efforts by the U.S. ambassador in Nairobi to obtain a higher level of protection for the embassy and its personnel were refused several times, because the institutional perception of the threat faced there was inaccurate. The ambassador's messages for more than a year included information disclosing that the embassy was under surveillance; that its personnel were possibly targeted for assassination; and, most pointedly, that a "walk-in source" had claimed a plot was under way for a suicide bombing. Absent an institutional perception of the larger picture shaped by the information obtained in the year, however, the discrediting of this source contributed to the consensus judgment both before and after the attacks that, as stated in the State Department Accountability Review Board report, there was "no credible intelligence that provided immediate tactical warnings about the August 7th bombings."⁶²

The working group discussed the following reasons for the view that there had been no tactical warning about terrorist operations.

- First, intelligence reports citing threats to U.S. diplomats and the embassies in Tanzania and Kenya that were discussed with policy officials (including the ambassador) were discounted because of "doubts about the sources."
- Second, actions taken at the behest of U.S. intelligence by local law enforcement officials against suspected terrorist

groups operating locally had contributed to a common perception that such actions had “dissipated the alleged threat posed by them,” according to a member of the ARB. These actions included the disclosures from the interception of telephonic messages from Al Qaeda cell members in Nairobi; the exposure and takedown of a key operative, Wadi al Hage; and the deportation of five people suspected of association with Al Qaeda through its cover organization, al Haramayn.

- Third, the general view reported by State Department officials who provided testimony to the ARB suggested that no new intelligence reports had been produced about threats to embassy security during the eight months before the actual bombings.

But this focus on tactical warning misses the point of the strategic warning—the massive body of intelligence showing that a terrorist group that was dedicated to killing Americans, and that had in fact already been engaged in doing so, had a key operational component in Nairobi. And as the documents captured from Hage’s residence show, the reaction of the cell to the disruptions was not to dissipate but to take more stringent concealment measures.⁶³ It is not far-fetched to posit that had officials made it a priority, a threat briefing outlining all the detailed information about the dimensions of the Al Qaeda presence in East Africa, its Nairobi-based activities and operatives, and its history and agenda for killing Americans would have changed the understanding of the security situation in East Africa well before August 1998. Revealing the pervasive nature of this transnational terrorist presence almost definitely would have changed the prevailing threat perception in Washington. Certainly such discussions would have made it very difficult for policy officials to dismiss the importance of warnings about the vulnerability of the Nairobi embassy or to allow Washington to frame the problem as an unfortunate but tolerable physical security risk to the embassy located in the center of a crime-ridden city.

Noting that the intelligence about globally networked and organized terrorist organizations with intent to kill Americans (i.e., Al Qaeda) was in principle available to policymakers, one presenter wondered whether “there was someone in the government who tried

to put it together . . . in a single presentation. . . . We didn't find it, we didn't find a single presentation" that had tried to do this. An ARB member commented that the board heard testimony from a young State Department intelligence analyst who revealed that she was not able to "put the pieces together" about terrorism or the situation in Africa because, as the analyst explained, intelligence about Bin Laden was sent to and compartmentalized by a counterterrorism subgroup in the CIA—a compartment to which she was not allowed access.

Making connections about the Al Qaeda presence in Kenya would have had to redefine the question of what enhanced physical security for the embassy would be needed. As one ARB member noted in the working group meeting, "It wasn't about fences. It was about a big, mobilized terrorist threat that could overwhelm just about any kind of security enhancement. There is no amount of physical security precaution that will ever be enough if you don't understand what the threat is."

There are significant disparities between the shared views policy officials presented to the Accountability Review Board about what intelligence sources were saying at the time as compared to what had actually been collected by the intelligence community beginning as early as the mid-1990s. The failure seems to be one of perception and dissemination, not information. Until the mid-1990s, the conventional view of the terrorist threat to the United States and its interests among policy officials was focused on state-sponsored groups, such as the Iranian-backed Hezbollah.

Within the intelligence community, however, this view had begun to change as early as 1995. A National Intelligence Estimate that year concluded that the greatest threat of terrorist attack on the United States was from a "new terrorist phenomenon," described as "transient groupings of individuals" that "lacked strong organization but rather [were] loose affiliations," exemplified by Ramzi Yousef and his followers. These individuals had led the 1993 attack on the World Trade Center as well as a failed plot in the Philippines to bomb multiple U.S. commercial aircraft in Manila.⁶⁴ The NIE did not, however, mention Osama Bin Laden in this assessment of the new terrorism phenomenon. At that time, the view of Bin Laden as a "financier" of Islamist terrorist groups, not someone directly involved in the organization or planning of operations, continued to

persist among a majority of both intelligence and policy officials.⁶⁵ For experts within the intelligence community, this picture was dramatically changed in the years following this NIE by the large flow of new information that began to be received in 1996, but this new picture does not appear to have been communicated to the policy community writ large.⁶⁶

There remains some question about what happened to the information that had been taken from Hage's computer and sent on to Langley, VA (CIA headquarters). Testimony given by a CIA official to the ARB in 1999 stated that because of the shortage of linguists who could review the documents, they were left in boxes and not translated until well after the embassy bombings. The documentary record, however, indicates that while the contents were not formally disseminated until after the bombings, the raw material was in fact made available, at least to certain analysts, and some ad hoc translations of these materials were done. At least one analyst integrated this information with other intelligence that had been flowing in the preceding year, producing a comprehensive picture of the organizational structure, operational objectives, and record of attacks for the Al Qaeda organization. This analysis was produced months before the August 1998 embassy bombings but still remained in draft form at the time of the bombing due to the reluctance of the analyst's supervisor to allow its dissemination.⁶⁷

CONSENSUS AND DISCOURSE

The reluctance to elevate the importance of intelligence about terrorist activities in Nairobi or Dar es Salaam also stemmed from the perception, shared by intelligence and policy officials, that East Africa was not a center of terrorism—notwithstanding U.S. intelligence showing the activities of Al Qaeda operatives living in or traveling to Kenya. Paradoxically, each operation to “take down” terrorist cells or interrupt activities was seen as a solution to the risk of Bin Laden-supported terrorism in the region—not as an indication that Nairobi was a staging area for future Al Qaeda activity, according to the U.S. ambassador to Kenya and other working group participants. Knowledge gained by intelligence and law enforcement authorities about suspected terrorist groups, including the al Haramayn

nongovernmental organization and the Al Qaeda cell in Nairobi, was not sufficiently disseminated and did not heighten a sense of urgency in the policy community of a widespread threat to U.S. interests. Policymakers were not prompted to take actions because the groups were presumed to be disbanded and the threat foreclosed. Overall, intelligence reports were seen to lack precision in both the character of threats and timing and thus just not actionable.

Working group members discussed whether the absence of tactical intelligence was the key to the failure to anticipate and perhaps prevent the bombings. Some participants questioned whether, even if the strategic intelligence had been disseminated, the government necessarily would have identified Nairobi and Dar Es Salaam as targets, since they had no tactical intelligence about impending attacks. The problem, said one participant, “is the connection between strategic intelligence and responsibility for tactical warning.” Another said the problem lay in the incomplete intelligence picture and that “there was enough of a gray area about the nature of the cell in Nairobi to make it very difficult to come up with a compelling set of actions” by top decisionmakers. Another participant disagreed, commenting that tactical intelligence or tactical warnings are only useful to a point: “If you aren’t in a strategic alert posture, you’re not postured to absorb the tactical warning.” The participant noted that the government had at the time strategic intelligence about Osama Bin Laden’s intentions to kill Americans and the growing strength of his organization. This should have put the United States on alert to protect potential Bin Laden targets, including U.S. embassies.

Another observer commented that tactical intelligence about the Al Qaeda Nairobi cell’s cover being blown in 1997 paradoxically could have distracted U.S. policymaker attention from a sense of urgency about Nairobi, prompting officials to assume erroneously that the Al Qaeda threat had been closed out as a result of these operations. This participant noted, however, that the United States had information about an organization that had issued a formal declaration of war against Americans but had for whatever reasons decided not to strike back or preempt that organization. “That,” said the participant, “is a strategic decision, which is different from the tactical issues associated with the Nairobi disaster.”

This discussion echoes a finding of the Accountability Review Board that the U.S. government relies entirely too much on tactical

intelligence to determine the level of potential terrorist threats to embassy posts worldwide. “The Inman Report noted and previous experience indicates that terrorist attacks are often not preceded by warning intelligence” the report argues, noting that “the establishment of the Counter Terrorism Center with an inter-agency team of officers has produced tactical intelligence that has enabled the U.S. to thwart a number of terrorist threats. But we cannot count on having such intelligence to warn us of such attacks.”⁶⁸

THE MARKETPLACE OF IDEAS

The working group discussion next focused on several organizational and other deficiencies in the worlds of intelligence and policy-making that can hinder effective policy choices, taking up a number of issues that are also addressed in recent reports by official panels and commissions focused on intelligence reform. A few involve:

- the question of responsibility, leadership, and “ownership” of problems and challenges in the U.S. government;
- the deficiencies of information-sharing between “the field” (embassies, stations) and Washington, as well as among the various intelligence agencies, and between intelligence and law enforcement agencies;
- the tension between Washington-centric policy-making culture and expertise from the field;
- the persistence of an archaic intelligence culture held over from the Cold War, which viewed African embassies merely as collection platforms for “strategic” intelligence in service of Cold War policies and was seldom concerned with domestic conditions in the host countries;
- the lack of imagination, of thinking “outside the box,” or allowing for a marketplace of ideas to identify alternative ways to frame and understand problems, create new strategic paradigms, to “connect the dots”;
- the problem of how information that departs from or challenges the conventional wisdom can be actively or indirectly

discouraged from being taken seriously in both intelligence analysis and policymaking;

- the relationship between strategic and tactical intelligence, and the degree to which the United States seems to have shifted to an excessive preoccupation with the tactical at the expense of the strategic;⁶⁹ and
- the relative absence of mechanisms to encourage officials in the U.S. government to learn from mistakes, using after-action reports and other techniques.

The group spent more time analyzing several other issues of governance and policymaking that pertain to this case, as discussed below.

Command Responsibility

A major question taken up by the working group discussion concerned ways to encourage people who work at senior levels of government to take responsibility for their subordinates and to keep focused on accountability and problem solving. One participant argued that the events leading up to the embassy bombings highlighted particular weaknesses in the leadership of the State Department at the time. In part this reflected the existing system of decisionmaking, according to several participants. This system seemed to allow officials, especially political appointees, to ignore persistent problems that emerged from long-standing bureaucratic arrangements, including security. While ambassadors receive an explicit, written mandate of responsibility not only for conducting policy but also for ensuring the safety and welfare of the people they manage, the top appointed leadership in the State Department, such as assistant secretaries, undersecretaries, or even the secretary, do not.

The commitment to manage the institution over which policy officials have authority often plays a lesser role than the framing and implementation of policy initiatives designed to win White House or congressional approval. As one participant noted, there is a long-standing expectation among appointees that “(they) will choose the fun part, and, I would submit, the easier part, which is policy. That

means responsibility for leadership is delegated. (I)n the [Madeleine] Albright administration as in many other administrations, leadership, such as it was, was delegated to the fourth tier of the hierarchy.” Lack of integrated leadership is exacerbated by organizational arrangements in the State Department, which, for example, channel responsibility for management and security issues to distinct undersecretaries who are not fully part of the policy process.

The group discussed the effect of these organizational weaknesses on accountability. One member noted that the Accountability Review Board continually asked officials who testified during the investigation whether they saw themselves as accountable or responsible for the events and if they believed they had the ability to affect policies and outcomes. “Much to the surprise of those on our board who hadn’t had much experience within the U.S. government, no one really stood up and said ‘I am responsible,’” he noted. “It’s part of the way our government is.” Another ARB member echoed these views. “One of the things that had a deep impact on many of us on the board was the interview that we conducted with one of the senior officials at one of the embassies who, when we asked him what his responsibility for security was at the embassy . . . said, ‘Well, I have a PhD in history from Harvard, and I don’t get involved in these things. I have a regional security officer who takes care of that.’ And, frankly, it was one of the few occasions in my life that I thought about leaping across the table and strangling somebody.”

It was emphasized that surprise—and surprise attacks—will only be preventable if “security is everybody’s mission. No matter what rank or what you’re doing in the post, you’ve got to assume a certain responsibility for security.” That kind of responsibility, the kind of command responsibility that is inculcated in military leaders, “was totally absent in the embassies. It was compartmented and totally absent in Washington. It was always somebody else, some czar who was going to tell us when to get ready. That isn’t the way this works.” The problems that can arise from this particular mindset were part of the major findings of the ARB report.

Expertise

The fragmentation of expertise across multiple agencies, to the point where there is no organized or centralized inventory of the skills

available to government to tackle new challenges, is another serious impediment to preventing surprise. The recent Robb-Silberman report described the need to identify resources in the intelligence community, saying, “The model we envision is in stark contrast to the status quo, in which decision makers and analysts have little ability to find, track, and allocate analytic expertise. . . . With so weak a grasp of the Community’s analytic resources, it is no wonder that agencies have difficulty quickly aligning their resources to respond to crises.”⁷⁰

Cultural Clashes and Competing Priorities

The working group identified a systematic disinterest in reports from the field as a weakness evident in the East Africa case, especially when the information or assessment diverges from consensus views held in Washington. Failure to heed—or to ask for—reports about conditions on the ground can lead to ignorance or misunderstanding of important political and economic trends that portend new security challenges.

This also works in the opposite direction. Several participants discussed the failure to disclose intelligence about Al Qaeda activities in Kenya or Tanzania to embassy personnel. One participant commented, “The intelligence people in Washington deemed that what Al Qaeda was doing had nothing to do with the internal bilateral affairs of Kenya. The embassy is on a need to know basis, right? They did not think [the ambassador], needed to know.” Participants noted that too often, the role of embassies is seen by intelligence agencies as providing access to information about global threats, even as the embassies themselves are not granted access to the analysis and findings of that intelligence.

As was customary in Cold War espionage, intelligence operatives in Nairobi before the bombings thought of Nairobi merely as one of several useful platforms to conduct and monitor Al Qaeda activities around the world. But as a working group participant noted, “Any country that Al Qaeda found convenient, with a receptive local population, should have then not just been seen as a convenient platform but should have been seen as acquiring an extra vulnerability. Because, what if Al Qaeda decides, gee, it’s easier to find Americans here than wait for the big event in New York?”

TENSION BETWEEN FIELD EXPERTISE AND WASHINGTON POLICYMAKING

The working group examined one of the project's key themes of constraints on discourse about both policy and intelligence priorities; why discourse between field professionals and Washington decision-makers is often very limited; and the degree to which, in the words of one participant, field professionals are "typically and increasingly disenfranchised from the inner culture of Washington." That, said another participant, "remains the crux of the problem. That is still what is going on. The conversation remains in Washington. Washington is not the center of the universe. We ignore the cultural contexts of our missions, situations and professional expertise of people in the missions. Professionals in the field are ignored or marginalized." The participant commented that we need to ask, "'Who are we talking to? Who's getting the information to allow the discussion to go on?'" The participant noted that many field professionals, including top diplomats, are being flooded with information but do not know which information to focus on, because "the attention is still on what should policymakers in Washington know, not what should chiefs of mission overseas know."

Another observer remarked that "there is always going to be a constant tug-of-war between the field and Washington over where policy is going to be made, and you're never going to be able to solve that." The participant commented that those in Washington with responsibilities for the near-term actions of the U.S. government are driven by an intelligence picture that is "always going to be incomplete, and which requires a judgment call. Bureaucracy is conservative and reactive by nature. So, as we discovered on 9-11, you have to be proactive, and being proactive requires a leap in faith and a leap in political will that we just don't seem to come to grips with."

Other participants who had served in the field recounted their personal experiences with stonewalling from Washington on security issues despite the fact that, as another participant noted, "87 percent of people in the State Department who have been in the Foreign Service fifteen years or more face crises, defined as hostage taking, political unrest, bioterrorism, assassination, bombing, and so forth. This means that people who do not face a security event are in the great minority." Despite these concerns, many field professionals felt their

advice, input, or requests for information were not taken seriously or were ignored by the Washington inner circle.

Institutional Culture

One participant asked whether the tendency in Washington to ignore field input was perhaps largely due to institutional culture: “The lack of trust within our institutions, within our organizations, of people, of the confidence we have in the ability of information to flow freely,” in his words, that is evident throughout the policy- and decision-making process. Participants also cited “entrenched groupthink mentality” as another dilemma for field professionals who may try to challenge conventional wisdom in Washington. These points are reflected in the concerns raised by the recent Robb-Silberman report, which urged the need for an institutional culture that encourages “dissent” and alternative analyses. Referring to the intelligence failures in Iraq, the report stated: “The disciplined use of alternative hypotheses could have helped counter the natural cognitive tendency to force new information into existing paradigms.”⁷¹

The discussion also focused on the institutional and cultural barriers to information-sharing among other elements of the U.S. government, including the FBI, intelligence agencies, and U.S. embassies. One participant reiterated the point that although both the intelligence community and the FBI had people in Nairobi “seeking to confront suspected terrorist organizations, and were believed, in the board’s words, ‘to have dissipated these threats,’” the board recognized that ambassadors often are simply not privy to this kind of information from one or both types of organizations. The participant also commented that the high crime threat in Nairobi may have served to deflect the intelligence community’s or decision-makers’ deeper concerns about terrorist threats: The tendency to compartmentalize crime from terrorist activities deflected attention away from the known link between high crime areas and terrorist operations.

Another participant discussed the FBI’s reluctance to share intelligence gathered during the board’s investigations. Several others concurred, stressing the dysfunctions that arise from the tension between agencies focused on either criminal or intelligence investigations, an issue now widely discussed after September 11. In the East Africa case, this tension involved competing agencies holding back critical

information, including that from the ARB. As one participant commented, “The FBI does not predict. Intelligence predicts. It is the role of the FBI to prosecute. So, you have a double-edged tension here of not being very concerned about sharing information that may help you predict events, because you are going to prosecute a prior event.” Another participant rejected the notion that there had to be an “information wall” between agencies at all: “You took two creatures [the intelligence and criminal investigation agencies] and put them in separate breeding grounds, each with certain separate goals. And four generations later, you have two totally different species. One is intelligence: ‘I can’t tell you my sources and methods and information because you’ll bring it up in court.’ The other one says, ‘Don’t mess up my court case.’ And because they grew up so separately, one side seldom even calls and asks the other for information.”

Outdated Paradigms, Lack of Imagination

One participant noted that of the framing of the problem of how to protect embassies focused on the risk of random bombings but that no one was making connections between these events and a globally networked organization capable of carrying out full-scale, planned, and coordinated attacks. From the perspective of this participant, even after the embassy bombings, concerns about the dimension of the threat were still not sufficiently compelling to be integrated into high-level policy—not until after September 11.

Other working group members discussed the security categorization system, in which embassies are ranked as low, medium, or high risk, according to criteria established by a State Department bureau responsible for prioritizing how resources are allocated to embassies in different parts of the world. Nairobi’s classification as a medium-risk embassy, which derived from assessments of the high level of street crime and some domestic political violence, was out of date and in turn prevented the embassy from getting necessary attention. The criteria to assess the level of risk did not even include terrorism or the presence of terrorist cells in Kenya. As one participant, an ARB member, commented, “In other words, the ambassador had no recourse to heighten security for her personnel perhaps other than making a sign that said, ‘This is a medium-risk post, do not bomb.’”

The report of the ARB concurs with this point: “Rating the vulnerability of facilities must include factors relating to the physical

security environment, as well as certain host governmental and cultural realities. (Vulnerability) criteria need to be reviewed frequently and all elements of the intelligence community should play an active role in formulating the list. The list's name should be changed to reflect its dual purpose of prioritizing resource allocation and establishing security readiness postures."⁷²

The Strategic Picture

Ambassador Bushnell's repeated efforts to secure a safer location for the embassy had been dismissed in Washington for well over a year, due largely to the lack of adequate funds in the State Department to replace substandard buildings and competing demands from posts considered to be far more important—including a new embassy in the newly unified Germany. Even if there had been agreement in Washington that Nairobi represented an urgent security situation, State Department officials argued, a new embassy could not in any case serve as a solution to imminent security threats. There was simply not enough time to raise the funds or to find and construct an alternate site to address a near-term threat. As such, the decision was to deny the request altogether, offering no significant alternatives. Because it was designated a "medium-risk post," the Nairobi embassy barely qualified for selected security improvements, let alone a new building, given the number of embassies deemed "high risk" that also had substandard security arrangements because of persistent financial constraints. Ambassador Bushnell was informed that her request had been turned down in a letter from Under Secretary of State for Management Bonnie Cohen. Cohen also was responding on behalf of Secretary of State Madeleine Albright, who had received a personal entreaty from the ambassador to pay attention to the security threats in Nairobi. The secretary forwarded the letter to her aide, with handwritten instructions to handle and close out the matter.

Ambassador Bushnell persisted in her quest for a higher level of protection for embassy personnel, always citing the staggering rates of crime and assaults in Nairobi. She reported the discovery that the embassy was under surveillance and possibly targeted for assassinations and the plans for a suicide bombing reported by a "walk-in" source. Eventually her efforts engendered tensions between Nairobi and Washington. After it was disclosed that she had arranged to have her letter voicing security concerns hand-delivered to the secretary,

Bushnell, for the first time in her long and distinguished Foreign Service career, received a mediocre performance review. Just weeks before the bombings, Bushnell was chided for her excessive preoccupation with security and her “tendency to overload bureaucratic circuits.”

CONCLUSION

The group did not achieve consensus about the nature of the systemic failures to anticipate or prevent the bombings in East Africa. Questions were raised about whether timely, reliable, tactical intelligence about Al Qaeda operations in Kenya or Tanzania was in any practical sense “available” to policymakers or even to senior intelligence leaders, given that intelligence officials evidently did not try very hard, if at all, to bring such tactical warnings to their attention. And some questioned whether the nature of the intelligence was sufficiently timely or compelling that it could have provided adequate warning in any case. The discussion revealed a deep disconnect between what was discussed and understood at the policy level compared with how certain segments of the intelligence community were beginning to understand and articulate the character of global, pan-Islamic terrorism.

Basic and important facts are not in dispute. The CIA had identified an Al Qaeda cell in Kenya several years earlier, and its members were held under surveillance, including wiretaps, as part of the effort to uncover Al Qaeda’s operations. And U.S. intelligence had forced the leader of the Kenyan cell, Wadi el Hage, who was a naturalized U.S. citizen, to return to the United States, seizing vital documents about Al Qaeda from his apartment. At the risk of engaging in hindsight, it is not at all clear why these activities were not reported to ambassador, and why in turn these operations were not used as the basis for a much different threat assessment of conditions in Nairobi and elsewhere in Africa.

Information about these covert operations also did not inform the perspective of the official investigation of accountability for embassy security that the Review Board conducted. The board, consistent with its mandate, focused on lapses in providing for physical security to the embassy and its personnel. Absent the intelligence that

the CIA could have provided, there was much less emphasis on the need to understand and articulate the character of incipient terrorist movements. Somewhat ironically, the ARB commended the State Department and other agencies for moving quickly to identify “lessons learned.” The glaring problem is that all the lessons were about physical security measures, not the potentially overwhelming nature of the transnational terrorist threat that had thus far eluded the grasp of the policy community. As the board report put it, “In the wake of these two terrorist acts, the Department of State and other U.S. government organizations focused quickly on the lessons learned. They immediately reviewed the vulnerabilities of our embassies and missions abroad and took steps to strengthen perimeter security at all posts, to re-prioritize the construction and upgrades necessary to bring our overseas U.S. facilities up to what are referred to as ‘Inman standards,’ and Congress appropriated over \$1 billion in supplemental funds.” While these steps are certainly commendable, they seem almost frighteningly modest when examined in the aftermath of September 11.

CASE 3

The Soviet Invasion of Afghanistan in 1979: Failure of Intelligence or of the Policy Process?

INTRODUCTION

Afghanistan burst into the U.S. public consciousness with the September 11, 2001 attacks by Islamic terrorists. Suddenly, the chaos and antiwestern extremism plaguing that failed state were seen by all as directly connected to our own security and national interests. Afghanistan's importance to U.S. national security, however, is rooted in events that took place during many decades. Because of Afghanistan's key role in our security, the working group considered the lessons learned from two historical cases of strategic surprise relating to U.S. intelligence and policy there.

The first working group meeting about Afghanistan, held on September 26, 2005, examined the interaction between intelligence and U.S. policy formulation before the Soviet invasion in 1979. Declassified intelligence reports show that analysts and policymakers had significant information about the extensive military preparations being undertaken in the Soviet regions bordering Afghanistan. Neither the intelligence nor the policy community, however, reached a consensus about the implications of these developments and, indeed, many from both communities dismissed the idea that an invasion would actually take place.

Working group co-chair Douglas MacEachin summarized the long record of Soviet efforts to establish dominance in Afghanistan and the intelligence reporting and analysis disseminated to policy officials before the invasion. Fritz Ermath provided perspectives from both the intelligence and policy vantage points, having served for

several years as chairman of the Director of Central Intelligence's (DCI) National Intelligence Council (NIC) and, during the invasion of Afghanistan, as a senior director on the National Security Council (NSC) staff.

THE PATH TO STRATEGIC SURPRISE

The Communist Coup

A critical benchmark in the events that culminated in the Soviet invasion was the April 1978 Communist coup ousting the Afghan ruler, Sadar Muhammad Daoud. The coup presented a halt and prospective reversal of what had been a deterioration of the long-standing Soviet investment in Afghanistan.⁷³

Moscow had obviously hoped this deterioration would turn around earlier, when Daoud himself had seized power in a coup in 1973 with the support of the same Soviet-backed Afghan Communist Party and the same contingent of Soviet-trained military officers who had now ousted him. Although Daoud was not himself a member of the Afghan Communist factions, he had in a previous tenure as prime minister established close ties with Moscow, resulting among other things in the equipping of the Afghan military forces with Soviet weapons, the assignment of large numbers of Soviet military advisors to Afghanistan, and the training of Afghan military officers in the Soviet Union. This was accompanied by economic aid and other actions shaping the political landscape in Afghanistan. It was these policies that created the large contingent of Moscow-oriented officers in senior positions in the Afghan military.

This burgeoning Soviet influence was curtailed in 1963, when the Afghan king dismissed Daoud from his prime minister post, at least partly in reaction to the escalating tensions Daoud's policies were generating with Pakistan. But Daoud's recapture of power in 1973 with the backing of Soviet-nurtured political and military factions appeared to offer a revitalization of Moscow's efforts at solidifying the client-state relationship. While there was no evidence of direct Soviet involvement in Daoud's reassertion of power, Moscow publicly hailed it and immediately initiated the reestablishment of its earlier relationship. Concerns in Washington over the implications for advancement of Soviet power in the region prompted the United

States to attempt to wean the new Afghan regime away from Moscow with offers of economic and technical assistance.⁷⁴ Washington received cooperation in these efforts from the Iranian government, then still headed by the shah, who was a strong U.S. ally, and from Pakistan, the other key U.S. ally in the region, and also Saudi Arabia.

The combination of these efforts and Daoud's own nationalist—vice Communist—goals resulted in his moving in a direction that frustrated Moscow's hopes and expectations. Within a year of taking power, he began reducing his dependence on the Soviet Union and aggressively cutting his ties with the Moscow-allied political and military factions in Afghanistan. By early 1978, he had removed all Communist Party members from his cabinet and drastically reduced the numbers in other government positions. Dozens of Soviet-trained military officers had been dismissed or reassigned to minor posts. He also had put forth a new national constitution that would outlaw all Communist Party factions, including the one that had supported his seizure of the government.

Against this background, Moscow's obvious benefits from the April 1978 Communist coup putting its Afghanistan agenda back on track created suspicions of a Soviet role, although U.S. intelligence found no evidence Moscow had engineered it or was directly involved. Whatever the case, Moscow took immediate steps to cement the new Communist regime. Teams of Soviet political and military advisors were dispatched to Afghanistan, and Moscow signed a new agreement for \$250 million in military assistance. By the end of the year, intelligence reported that at least one thousand Soviet military advisors were in Afghanistan, three times the number at the time of the coup. More importantly, Moscow signed another agreement on "cooperation and friendship" with the Afghan regime, which U.S. intelligence analysts described as enabling the Afghan government to request military assistance from the Soviet Union.⁷⁵

Internal Fissures and Soviet Reaction

This provision attracted the attention of U.S. intelligence analysts, because an armed insurrection was burgeoning throughout Afghanistan in reaction to the new regime's attempts to impose a "socialist revolution." The challenges the regime's actions posed to the power of the tribal leaders and Islamic leaders, as well as the regime's dictatorial methods, fueled violent resistance. Large numbers of insurgents

were receiving arms and assistance from ethnically allied guerrilla organizations in Pakistan, and intelligence reported that the loyalty of the Afghan army was eroding, with a number of defections from the army to the insurgents. In mid-March 1979, elements of the Afghan army forces garrisoned in Herat joined insurgents in an effort to seize the city, killing as many as twenty Soviet advisors stationed there. The uprising was crushed, but many viewed the event as a clear indication that the Soviet client regime in Kabul was steadily losing ground to the insurgency.⁷⁶

After the Herat attack, U.S. intelligence reported significantly increased Soviet military activity in and around Afghanistan. Two Soviet divisions north of the Afghan border, which had been essentially dormant in the past, were suddenly observed conducting training exercises that included the call-up of reservists, and unusually high levels of activity were also seen in two Soviet airborne regiments based in the region. A delegation of senior Soviet military officials arrived in Kabul a short while later, in what was interpreted in intelligence reporting as a mission to assess the situation and the capabilities and especially the loyalty of army components in the wake of the uncertainties demonstrated by the revolt in Herat. The Soviets shipped more weapons into Afghanistan, including tanks, artillery, small arms, fighter aircraft, and helicopter gunships. In July, the Soviets crossed a new threshold of involvement by deploying a combat unit—an airborne battalion—to the Bagram airbase north of Kabul. There were now between 2,500 to 3,000 military advisors in Afghanistan, not counting the airborne battalion. Some of these Soviet military personnel were attached to Afghan units engaging in combat, including piloting helicopters in combat operations.⁷⁷

Signs of internal divisions in Afghanistan grew in August, when a group of army officers took control of a garrison near Kabul and set off with a formation of troop units equipped with tanks and armored troop carriers in an attempt to seize the presidential palace. The move was crushed, but, as an intelligence memorandum noted, the event demonstrated that there was a dramatic deterioration in the loyalty of regular Afghan army units, and that the Soviets now faced the prospect that the army to which they were providing assistance might come apart. Shortly after the August uprising, U.S. intelligence reported the same Soviet divisions north of the Afghan border were again raising their readiness, including moving components out of

garrison. At this same time, another delegation of Soviet military officers arrived in Afghanistan, headed by the deputy chief of the general staff (who was also commander of Soviet ground forces). The rank and composition of this delegation led some intelligence analysts to interpret it as a mission to evaluate the amount of field-level military support it was willing to commit to upholding the regime.⁷⁸

The intelligence community issued an "Alert Memorandum" on September 14, 1979, stating, "Soviet leaders may be on the threshold of a decision to commit their own forces to prevent the collapse of the regime and protect their sizeable stakes in Afghanistan."⁷⁹ The memorandum qualified this judgment by saying that if Moscow ultimately did increase its military role, it was likely to do so only incrementally, by raising the number of military advisors and expanding their role in assisting the Afghan army in combat operations and possibly bringing in small units to protect key cities.⁸⁰

A few days later, U.S. officials learned that the head of the ruling faction of the Afghan Communist Party and president of the regime Mohammed Taraki had been ousted and killed in a power grab by the number two in the party leadership, Hafizullah Amin, who until then had been the prime minister. Subsequent intelligence reporting indicated Amin's takeover had been a counterattack to a plot by a group of Afghan military officers to oust him. Whether President Taraki had been directly involved in this plot was uncertain, although there were reports that the Soviets had pressed him to remove Amin. Washington had in fact been receiving numerous reports in the preceding months through both diplomatic and intelligence channels that the Soviets were seeking options to replace the Afghan regime, especially Amin, whose agenda and methods they viewed as the principal cause of the rising insurgency that was jeopardizing their position. Similar stories were in fact appearing in the public media. The East German ambassador in Kabul told U.S. diplomats that Moscow was even prepared to use force if necessary. While the evidence of a direct Soviet involvement in the attempt that did in fact take place remained ambiguous at the time, there was substantial reporting that Moscow was unhappy with its outcome. And in fact a number of reports were received that some of the military officers who had attempted the attack on Amin were being allowed to hide out in the Soviet embassy in Kabul.⁸¹

Tensions Escalate

Shortly after this eruption occurred in Kabul, U.S. intelligence again detected heightened activity in Soviet combat forces north of the Afghan border, including in a third ground force division. Airlift preparations also appeared to be taking place in two Soviet airborne divisions in the southern USSR. These events led National Security Advisor Zbigniew Brzezinski to request an intelligence appraisal “of Soviet involvement to date, so that we can distinguish between creeping involvement and direct intervention.”⁸² In response, all intelligence community agencies participated in an “Interagency Intelligence Memorandum,” with no dissents about its conclusions.

The memorandum outlined two possible options for the Soviets.

- One would involve gradually increased assistance to the Afghan army’s campaign against the insurgency, including limited commitment of Soviet combat troops to secure Kabul and a few other key cities and critical transportation nodes. The memorandum posited as an example of this option as “beginning with a few battalions and perhaps building up to and including an airborne division or two.”⁸³
- “Anything beyond securing Kabul or some other key cities and a few critical points,” according to the intelligence assessment, “would require the commitment of large numbers of regular ground forces in a potentially open-ended operation” in which Soviet forces would have to be prepared to take over the main burden of combat operations. The assessment said this course of action would require a “massive” military intervention with a “multidivisional” force well beyond the one airborne and four ground force divisions stationed north of the Afghan border, three of which had already been observed increasing their readiness.⁸⁴

The assessment concluded that even if the current Afghan regime fragmented and no “viable Marxist alternative” emerged, “rather than accept the political costs and risks of a massive Soviet invasion to fight the insurgency,” the Soviets “would promote installation of a more moderate regime willing to deal with them.” What would make

“the chances of large-scale and long-term Soviet intervention . . . substantially greater,” according to the assessment, would be prolonged political chaos and “the prospect of an anti-Soviet regime, or foreign military intervention.”⁸⁵ Just two weeks after this assessment was disseminated, the potential for fragmentation of the Afghan army was again demonstrated when an entire division near Kabul mutinied, the largest such mutiny to date, and launched an attack toward the capital that was crushed only after several days of combat.⁸⁶

Setting Off Alarms

In November and early December, 1979, U.S. intelligence reported that increasingly extensive Soviet military preparations were taking place. At least two of the divisions that had previously been seen undergoing readiness preparations were brought to their full combat strength through another reservist call-up, and a third was seen in the process of heightening its readiness level. The airborne division there had already been brought to and maintained at heightened readiness status as far back as the August uprising. By the second week of December, a second Soviet airborne battalion had been deployed to Bagram, and a new level of Soviet military presence also occurred with the deployment there of a regular Soviet infantry battalion, with its full complement of armored combat vehicles, field artillery, and antiaircraft artillery. Meanwhile, for several days beginning at the end of November, military transport aircraft were detected flying into Kabul, delivering Soviet troops that U.S. observers on the scene reported was being discreetly positioned around the city. At this same time, additional reports were received that Moscow was still seeking to have Amin removed.⁸⁷

On December 14, Ambassador and Special Advisor on Soviet Affairs to Secretary of State Marshall Shulman sent President Carter an assessment of the implications for Soviet policy of a “continuing downslide” in U.S.-Soviet relations. Shulman focused mainly on issues involving the SALT II agreement and the NATO agreement to deploy new, long-range U.S. missiles in Europe. But he also made a reference to Afghanistan, noting that “the advantages of more direct intervention in Afghanistan now outweigh the inevitable price in . . . U.S. relations.” The next day, Shulman called the Soviet chargé d'affaires into his office to issue a demand for Moscow to explain why it was increasing its military presence in Afghanistan; the U.S.

ambassador in Moscow issued the same demand directly to the Soviet foreign ministry.⁸⁸

At a White House meeting of top national security cabinet officials two days later, on December 17, the DCI reported that yet another Soviet airborne battalion had arrived at Bagram, bringing the number of Soviet troops in the country to well over five thousand. The DCI also reported that the Soviet military command post had been set up just north of the Afghan border, that the two ground combat divisions that had been brought to their full levels in late November were now deploying out of garrison, and that the buildup of combat aircraft was continuing. Senior officials who attended the meeting decided to explore with Pakistan and some other allied governments the possibility of providing funds, weapons, and other material support to Afghan insurgents “to make it as expensive as possible for the Soviets to continue their efforts. They also concluded, however, that the United States would keep up a steady pace of *démarches* to Moscow through private channels, justified by the premise that “there was no benefit in going public at this time.” By the time this meeting adjourned, the State Department had received a cable from Moscow reporting that “the Soviets did not respond to our request for an explanation of their deployments into Afghanistan” and had instead described the activities the United States had questioned as “inventions.”⁸⁹

Also at this same time, an assassination attempt on Hazibullah Amin took place at his presidential residence in Kabul. Once again he survived, and he moved his residence to a former royal palace on the outskirts of Kabul. The significance of this incident would become more apparent as events unfolded in the next few days.⁹⁰

Against the backdrop of White House deliberations, the preparation of an intelligence community “Alert Memorandum” on the situation became ensnarled in debates among analysts over the implications of the Soviet military buildup. It was no longer in dispute that Moscow was preparing to engage directly in combat operations, but analysts disagreed about the magnitude and role of Soviet forces and how soon the actions might begin. The majority view was that Moscow intended a graduated “augmentation” of forces to shore up the deteriorating Afghan military. A small minority contended that, based on the empirical picture of the military buildup, the Soviets were about to launch a major military interven-

tion. Full-scale deployments of ground force divisions were observed moving out of garrison along with one or more airborne divisions, together amounting to thirty thousand to forty thousand combat troops. These preparations indicated that a significant military operation was imminent, according to the analysts who espoused what remained a minority view.⁹¹

On December 24 and 25, waves of military aircraft were detected flying into Afghanistan, and it soon became clear that the airborne divisions previously observed to be undertaking preparation activities were now being deployed. On December 27, Amin was killed in an attack on the palace compound where he had taken refuge. Simultaneously, Soviet radio (purporting to be Kabul radio) announced that Amin had been assassinated by a Muslim insurgent and replaced by Babrak Karmal, a member of the Communist Party faction closely tied to Moscow, and that Karmal had requested Soviet military assistance. (It was quickly apparent that the killing of Amin was carried out by elements of the Soviet troops that had been airlifted into and dispersed about Kabul beginning at the end of November.) The next day, two Soviet ground force divisions crossed the border into Afghanistan. Intelligence analysts assessed the size of these divisions, combined with the airborne forces already deployed in Afghanistan, as comprising an invasion force of some thirty thousand combat troops.⁹² It was finally indisputable that a full-fledged Soviet invasion of Afghanistan was under way. At a White House meeting on December 29, according to National Security Advisor Brzezinski, "All knew that a major watershed had been crossed."⁹³

THE INTELLIGENCE RECORD

The working group discussed in detail whether this particular case actually represented a traditional "intelligence failure." Several participants noted that to the degree that preinvasion intelligence erred, it was in giving only "glancing attention" to the possibility that the Soviets would try to oust Afghan Communist Party leader Amin. This oversight occurred despite intelligence strongly indicating that Moscow was seeking an alternative ruler, including reports that the Soviets had probably sanctioned, if not proposed, a plot to assassinate Amin as far back as September 1979. But the prospect of a Soviet

military intervention for the purpose of removing rather than reinforcing, the existing regime did not feature prominently in U.S. assessments of Soviet motivations for the military preparations the United States was monitoring.

One participant pointed out that the prospect that the Soviets might be planning to get rid of Amin and replace him with someone they believed to be a more manageable Communist leader created an entirely different potential calculus than the military contingencies addressed in the official intelligence assessments. In support of this view, some participants argued that given the unpredictable state of the Afghan army, a plan to oust the existing regime would have required a bigger force than the graduated augmentation that most U.S. intelligence assessments were emphasizing, not least because Moscow would have to prepare for the contingency that Soviet forces, rather than just lending support to the Afghan army, might instead have to fight some factions of it who remained loyal to Amin.

At the same time, in this scenario, Moscow's plan to install an already known and established Communist leader and the fact that several key military officers had already attempted to oust Amin in the September plot may have led Soviet planners to believe they would continue to have their long-standing support from a majority of the Afghan military. Thus, they could have calculated that they would not need the "massive force" that the intelligence assessment had described as the only alternative option for "anything beyond securing Kabul or some other key city and a few critical points." The military preparations in the months leading up to the invasion were consistent with such a scenario, and the fact that it was what was shaping the military preparations is now borne out by the documents from the Soviet archives.⁹⁴ This view of the nature of the failure is consistent with the evaluation of an internal study carried out by the CIA, which identified the Soviet invasion of Afghanistan as one of several examples of intelligence failure resulting from "single outcome forecasting."⁹⁵

Prediction shortfalls notwithstanding, however, one participant, who worked on the NSC staff at the time, gave the intelligence community an "excellent" grade on what he called its most important job, which was to describe the situation on the ground as fully as possible in empirical terms—the size and trends of the mobilization. From this former official's perspective, the main uncertainty in the

intelligence that appeared in the months leading up to the invasion was in judging the potential magnitude of Soviet military preparations, although even then he thought the intelligence analysis described activities that strongly implied that plans for a significant operation were under way.

Several participants reinforced this view, agreeing that the intelligence community did a good job in tracking and describing the Soviet military deployments and other indicators of military preparations. One participant, who was a member of an NSC Soviet working group at the time, said that this group started closely to track intelligence reports on Soviet actions relating to Afghanistan as early as April 1979. The NSC group decided to prepare weekly assessments of the situation, which they delivered directly to National Security Advisor Brzezinski, who in turn passed them on to the president. The incoming intelligence convinced the group members that the Soviets were going to invade, and thus no one in the group was actually surprised by what happened. Nor was National Security Advisor Brzezinski—though he was a lone voice among his White House colleagues who continued to say that the invasion had nonetheless come as a surprise.

Participants who had not previously reviewed intelligence reporting of the time expressed astonishment at the contrast between the amount of information that had been reported on developments on the ground and the apparent absence of a game plan to guide U.S. policy. One participant pointed out that the size of the Soviet divisions that the United States had detected during troop training and reservist exercises historically was kept at very low level—involving no more than 30 percent and more likely as low as 10 percent of total manpower. As such, this expert noted, the magnitude and pace of preparations before the Afghan invasion were all the more an exceptional indicator of an impending major event.

DISCOURSE AND DISSENT: THE POLICY DEBATE

Participants generally agreed that there was little in the way of significant policy deliberation on Afghanistan until rather late in the game and cited several main reasons for this.

Policy Divisions in Government

Many participants agreed that the Carter administration was affected by deep divisions about national security issues, essentially disputes between the “hawks” and the “doves” among the president’s advisors. As one participant described it, “The doves wanted the (Soviet invasion) problem to go away because of the détente agenda, and the hawks almost wanted the problem to occur,” ostensibly in the belief that adverse domestic and international reaction to a Soviet invasion would work to their advantage in promoting their views about national security policy. Another participant echoed this point: “The Soviet invasion was the hope of one wing of our government and the fear of another.”

A participant who served on the National Security Council during this period said that White House preoccupation with getting the SALT II treaty through Congress had become a critical impediment to discourse on Afghanistan as early as mid-1979. The constraints on discourse served as a source of tension between the State Department and the NSC—including between Secretary of State Cyrus Vance and National Security Advisor Brzezinski—and with the Pentagon. The president had staked his prestige on achieving the ratification of the treaty and until the very end of 1979 was still actively promoting this objective. This held true despite divisions within his own administration and in the Senate, which had many reservations about the treaty’s value.

Wishful Thinking and Mindsets

Conventional wisdom in Washington posited that Moscow had a strong interest in SALT II, indeed that it was among its highest priorities, and in preserving détente in general. This became the prism through which Soviet behavior was interpreted by most senior officials. It was widely presumed that Moscow would refrain from undertaking a major military intervention, because this would almost certainly destroy the prospects for achieving SALT II. Documents that were declassified later indicated that many intelligence analysts shared this view, as was reflected in the assessment conducted in response to Brzezinski’s request in late September. One working group participant stated that any officials who read the intelligence reports and the memos produced by the NSC working group and still

claimed to be “surprised” by the invasion could only have read those documents “in a wishful context.”

There was a policy faction in the administration that from the beginning had interpreted Soviet intentions quite differently from the president and his more optimistic advisors. A few members of the NSC Soviet working group, and National Security Advisor Brzezinski along with them, had long considered Moscow’s interest in SALT II as mainly a tactical maneuver meant to deceive international opinion and disguise the Soviet’s real motivations: to augment the Soviet Union’s geopolitical status. According to one working group participant, this outlook appears in the now-declassified 1977 National Intelligence Estimate, a report that concluded that Moscow espoused a strategy in which the buildup of its strategic and conventional military forces could be combined with the progressive institutionalization of détente, which helped to legitimate Soviet military power, as a calculated way to advance Soviet geopolitical leverage.

U.S. officials who were skeptical about Soviet intentions regarding détente and arms control perceived that the late 1970s represented a high point in Moscow’s confidence in its ambitions to expand its global reach. A participant who was posted in Moscow during this period underscored that there was a Soviet perception of increased self-confidence as well, part of what this observer described as the most explicitly expansionist period of the Brezhnev era. According to those who were most concerned about Soviet hegemony, it was logical that the Soviets considered Afghanistan to be “theirs” and would not sanction any reduction of their control and influence in that country.

COMPETING PREOCCUPATIONS

The group focused on the importance of the domestic political context in influencing policy decisions as well as in the evaluation of factors that lead to surprise and policy failure. In this case, the president and his senior advisors were distracted by competing preoccupations with many other foreign policy challenges which, in addition to the SALT II treaty negotiations, also included the Iranian hostage crisis. Plans to launch what turned out to be an unsuccessful rescue attempt (Desert One), in particular, absorbed the attention of senior officials

and made it difficult to pay full attention to the situation in Afghanistan.

**“Predictions” versus “Contingencies”:
Was an Opportunity Missed?**

Noting that different elements of the U.S. government that received the same information about Soviet military preparations nonetheless interpreted them very differently, a working group member asked why there was not a more rigorous discussion at the time of the assumptions underlying the different conclusions drawn from the intelligence. This question set the stage for a discussion about whether U.S. policymakers missed vital opportunities to influence the Soviet government before the invasion became a foregone conclusion in Moscow or at least to hedge against the contingency that an invasion might occur. Declassified documents from the Soviet archives indicate that even in early December 1979, the Politburo still had not fully committed to launching an invasion.⁹⁶

One can now see from declassified documents prepared at the time that by the second half of September 1979, the NSC staff was outlining courses of action the United States could consider in response to various Soviet activities in Afghanistan. The options presented included a contingency plan to respond to an outright Soviet military intervention. By the beginning of October, articulation of such a plan was still just an outline, however, as the various options being considered became entangled in the complexities arising from rivalries among the states in the region (for example, India versus Pakistan) and the adverse security situation in Iran.⁹⁷

Several working group participants expressed their view that if policy officials had received more assertive and compelling judgments from the intelligence community predicting the invasion in the months before December 1979, the consideration of potential policy initiatives aimed at deterring the Soviets from this course could have been far more proactive. One participant acknowledged that an essential part of the intelligence assessments that was missing was any examination of the spectrum of contingencies the Soviets might be facing, including the crucial imperative to impose regime change in Afghanistan, which ultimately pushed Soviet military preparations into action. The participant contended, however, that the United States observed what it believed to be only contingency preparations

and that there was no real warning before the end of November or early December that the Soviets were actually moving to imminent action.

Another participant challenged this conclusion, citing his experience as a military officer in Germany during the Cold War as an analogy. Stationed at the Fulda Gap, he noted that as soon as intelligence reports disclosed that Soviet forces on the East German side of the gap had moved out of garrison, U.S. forces made adjustments in their own posture as a hedge. These actions were taken regardless of whether any “strategic warning” had been announced, because the potential costs of not doing so were recognized to be too high. Applying this principle to the Afghanistan situation, this former officer emphasized that the question we must always ask is “Whatever the observed actions indicate ‘they’ can or might do, what is it ‘we’ should do to try to minimize the negative and maximize the positive?”

Another participant agreed that while it was certainly true that the “imminence” of the Soviet military action was not supported by evidence until very late in the game, one does not have to await “imminence” before addressing the indications of warning and exploring measures that might be taken to prevent any contingency from taking place. If a party is preparing military actions for a contingency, that means there is a contingency that the military action might take place. Waiting for proof of “imminence” means waiting until the decision has been made, he stressed, as is now known to have been the case with the Soviet invasion. In the final analysis, the core objective of interactions between intelligence and policy should be to influence decisionmaking before a contingency comes to pass.

CONCLUSIONS

The case of the Soviet invasion of Afghanistan does not, on close examination, seem to fit the conventional view of “intelligence failure”—a failure to collect and report critical information. U.S. leaders were not surprised by the invasion as a result of a failure among intelligence experts to provide clear evidence of Soviet military preparations and other movements in and around Afghanistan before the invasion. As the historical record demonstrates, detailed intelligence

of this kind was reported to senior policymakers on a regular basis. A combination of mindsets among both policy officials and intelligence analysts, wishful thinking, and political divisions in the policy community, along with an administration whose leaders were preoccupied with other demands, precluded serious discussion of alternative U.S. policy options for dealing with Soviet plans for Afghanistan. The point here is not to lay blame on particular policymakers or to argue unequivocally that the United States could have forestalled invasion. This analysis is aimed instead at the examination of systemic factors within the intelligence and policy-making communities that impeded even cursory consideration of policies that might have enhanced U.S. strategic preparations and, arguably, provided a way for the United States to add its own pressure on the already divided Politburo to avoid a high-risk and ultimately self-defeating course of action.

CASE 4

The U.S. and Soviet Proxy War in Afghanistan, 1989–92: Prisoners of Our Preconceptions?⁹⁸

INTRODUCTION

In May 1989, the mood in Washington was euphoric. After more than eight years of devastating war with outnumbered and inferiorly armed Muslim rebels, the *mujaheddin*, the Soviets had finally withdrawn their demoralized forces from Afghanistan. This humiliating defeat for the Soviets was celebrated as a major Cold War victory for the United States. President George H.W. Bush “hailed the withdrawal as a “watershed” in U.S.-Soviet relations.” Congressional champions of the *mujaheddin* boasted that “the United States had learned in Afghanistan that it ‘could reverse Soviet influence anywhere in the world.’”⁹⁹

As the celebrations took place in Washington, however, the war actually raged on in Afghanistan. The official Soviet withdrawal from Afghanistan was by no means the end of the internecine struggle for power between the United States and the Soviets in that country. Both superpowers would continue to arm and aid their proxies in the Afghan conflict until late 1991, even while the Soviet Union itself was collapsing. After the United States and the Soviet Union ended all military support to Afghanistan in 1992, the country was left to cope with groups of highly trained, organized, and armed factions who engaged in what rapidly devolved into civil war. This, in time, was to have profound implications for U.S. strategic and security interests, as well as for global security, as Islamic terrorism evolved into a genuinely transnational threat.

More than seventeen years have passed since the last Soviet soldier crossed the “Friendship Bridge” out of Afghanistan back into

Soviet territory, but once again, Afghanistan is a major national security challenge for the United States. Because of Afghanistan's continued saliency to our national security policy, the working group held two separate discussions on strategic surprises relating to Afghanistan. This analysis covers the second of those discussions.

In its November 2005 meeting, the ISD's working group focused on events in Afghanistan during the late 1980s and early 1990s and the policy decisions and consequences of completely withdrawing from engagement in Afghanistan in 1992. What was the conventional wisdom in the policy-making community during this period? What drove these prevailing views, and what systemic factors in U.S. policy formation hindered or prevented alternative views from being expressed or examined? Should U.S. policymakers, intent on supplying, arming, and training Muslim rebels in the years following Soviet withdrawal, have been able to anticipate the rise of the Taliban and Al Qaeda in Afghanistan? Given other national strategic objectives and the global political environment at the time, could U.S. policymakers have pursued alternatives to the courses of action that led to less-than-optimal results? If feasible alternative policies were considered, why were they put aside?

Ahmed Rashid, an internationally renowned journalist and author of several best-selling books on the region, the rise of militant Islam in Central Asia, and the Taliban, presented his views about the key events during the period immediately following the official Soviet withdrawal in 1989 to the beginning of civil war in Afghanistan in 1992. He led the discussion of how policy decisions surrounding these events affected U.S. national strategic objectives in the region at the time and the degree to which an earlier consideration of the implications of radical Islam and the prospects for its posing a threat to the United States might have changed the way in which the United States provided assistance to the mujahideen during and after the Soviet occupation.

THE PATH TO STRATEGIC SURPRISE

The Geneva Accords and "Negative Symmetry": More Weapons and Cash to Afghanistan

In April 1988, after more than eight years of devastating conflict

between Soviet military forces and insurrectionist groups in Afghanistan and six years of politically entangled negotiations, the Soviet Union signed the Geneva Accords. The accords officially ended direct Soviet military intervention in Afghanistan, implementing a phased withdrawal of Soviet troops to be completed by February 1989.¹⁰⁰ In reality, however, it would be much longer before the Soviets ended their military involvement in Afghanistan.

The United States would also continue its proxy war against the Soviets in Afghanistan after the accords were signed by sending arms to the Afghan Muslim mujahideen, or “freedom fighters,” as they were often called in the West. Direct military aid to the mujahideen was a multibillion dollar project during the Soviet occupation of Afghanistan. After the Soviets pulled out, the United States continued to funnel hundreds of millions of dollars, arms, and other aid to the mujahideen through the Pakistani intelligence service, the ISI (Inter-Services Intelligence).¹⁰¹

One important element of the postoccupation negotiations practically ensured continued Soviet and U.S. military involvement in Afghanistan. In the mid-1980s, the United States had begun participating actively as a member of the negotiating team seeking to define the accords, in negotiations conducted by a special UN emissary in Geneva. The major stumbling block for reaching agreement between the United States and the Soviets involved the issue of “symmetry.” According to this principle, the United States would cease its military support to the Afghani insurgents if the Soviets withdrew all of their military forces from Afghanistan. Moscow stated that it would withdraw its military forces but insisted that it could not accept a prohibition on providing military supplies to an “allied government”—emphasizing that this government was recognized by and held a seat in the UN General Assembly. The U.S. administration disagreed, refusing to commit to a formal agreement that would permit the USSR to provide military assistance to a regime that it had installed through military intervention while prohibiting U.S. assistance to the “freedom fighters” who opposed and were determined to oust this puppet regime.¹⁰²

This issue did not become a center of focus in Washington until, as Secretary of State George Shultz described it, Soviet intentions to withdraw their military forces “became increasingly real” and their “intent to continue supplying arms and other support to their allies in

Kabul” also were equally clear.¹⁰³ After protracted stalemates, with each side issuing contradictory statements and diplomatic tensions mounting, an agreement for “negative symmetry,” requiring both sides to cease all military support to their respective factions, was rejected in Moscow and Washington, the latter reflecting the deep opposition of congressional supporters of the Afghan arms aid programs.

Ultimately, however, the disputes over negative symmetry did not preclude the conclusion of the accords negotiations; both sides implicitly agreed to ignore the issue. The Soviets proposed an “internal understanding” stating that because the draft of the accords contained no explicit mention of military supplies, the United States would be legally free to make its own decisions about military assistance to the Afghan resistance while the USSR would be free to do the same for the ruling regime in Kabul.¹⁰⁴ For the next three years, hundreds of millions of dollars in cash, weapons, communications equipment, and other forms of assistance provided by both superpowers flowed into Afghanistan.

The Afghan Interim Government and the “Internationalization” of the Jihad

In early 1987, the U.S. ambassador in Moscow (Arthur Hartman) informed secretary Shultz that Soviet officials had told him Moscow wanted to discuss the creation of a “government of national unity” that could incorporate leaders from various resistance groups. Washington was ready to discuss the troop withdrawal but rejected the idea of any new government that included communists. Mikhail Gorbachev’s government, on the other hand, while manifestly desperate to end the costly aid pipeline to Kabul, politically could not be seen as accepting the exclusion of communists from a national unity government and continued to press its proposal in private channels over the course of the next year.¹⁰⁵

The Pakistani government also rejected this proposal, and in fact at the same time as the Soviets were making their approach, the Pakistanis were beginning to set up a coalition of seven diverse Afghan resistance parties for what would be presented as a unified “Afghan Interim Government” (AIG). The seven parties that made up the AIG were a mixture of what have been commonly described as “fundamentalists” and “traditionalists,” reflecting their respective

views about Islam and distinct *modus operandi*. Most—if not all—of the groups included in the coalition had been involved in local insurgencies well before the Soviet invasion of 1979, part of what one scholar described as a “nascent underground Islamic Fundamentalist movement.”¹⁰⁶ Leaders of these groups had spent time in exile in Pakistan during the 1970s, and several became primary beneficiaries of the U.S. military aid supplies distributed by Pakistan over the course of the Soviet occupation.¹⁰⁷

A prominent leader of one of the factions, Abdul Sayyaf, was a key player in acquiring aid for his movement from Saudi Arabia, serving also as the point man for the influx of recruits mobilized by a Saudi-supported campaign to attract Muslims from the around the world to fight in Afghanistan. Sayyaf has been described as having been one of the chief architects of the “internationalization” of the jihad—an effort that was to contribute significantly to the pool of “Afghan Arabs” later drawn on by Al Qaeda. The Pakistanis appointed Sayyaf as prime minister of the AIG, in part because of his vast connections in the Islamic world and also perhaps to recognize the importance of the Saudi aid pipeline to the resistance movement.¹⁰⁸

As the coalition was being assembled, the U.S. embassy in Islamabad began reporting what it described as increasing numbers of foreign Islamists arriving in training camps that operated in Afghanistan and Pakistan. The embassy reports described these men as “well-financed Arab fanatics, extolling a virulent anti-American line, in contrast to the Embassy perception of the groups that have been supported by the U.S. during the conflict with the Soviet military forces.” Additional reporting from the U.S. consulate in Peshawar described the new inflow as “Arab radicals out of control.”¹⁰⁹

In the months following the Soviet withdrawal, there was some debate in Washington about continued U.S. assistance to the Afghan resistance groups—mainly on “how” and “with what” rather than on “whether” this was a prudent course. A major mujahideen attack on a key Afghan city in March 1989 had failed. Reports from the field claimed the Soviets had left behind “massive” amounts of weapons and combat support materials and were also sending in major new shipments. In congressional hearings held at about the same time, concerns were expressed about whether the resistance was sufficiently cohesive and trained to carry out operations of the kind

required to defeat Mohammed Najibullah's army as well as what the results might be if the coalition were to succeed in bringing down Najibullah.¹¹⁰

While these debates were taking place, the warlords who were part of the resistance were acting in ways that would reinforce the reasons for expressing such concerns. The resistance suffered from two major operational weaknesses:

- The fiefdoms of warlords rooted in their ethnic and tribal areas could do an excellent job of hit-and-run attacks, generating “death of a thousand cuts” to a point that a foreign occupier could be persuaded to quit and go home, but this was not sufficient to win a conventional war against a regime that—withstanding its reliance on foreign support—still had indigenous roots. The warlords were well prepared to fight a guerrilla war but not a protracted conventional conflict.
- The rule of “uniting against a common enemy” worked well to bring together diverse groups mixing ethnic and religious interests, such as Tajiks, Pushtuns, and Shi'ites, in a unified campaign against Soviet occupying forces. Once that common enemy had withdrawn, however, the factions resumed their respective struggles to achieve their own ambitions.

Disintegration into Civil War: 1991–92

As the United States and the Soviet Union were entering discussions about ending the supply of military aid to Afghanistan, other major U.S. policy priorities began to compete for the attention of senior officials. These included the Iraqi invasion of Kuwait in August 1990 and the sudden, heightened urgency arising from the uncertain future of the USSR to conclude major arms control treaties (especially START—the Strategic Arms Reduction Treaty). Both governments formally agreed to end arms support to the combating factions in Afghanistan, effective January 1, 1992. With the Soviets out of Afghanistan, the United States decided that it no longer had much incentive to arm the mujahideen. What had been seen just a few years earlier as a major battlefield of the Cold War was now perceived to be little more than a messy entanglement in a country of little strate-

gic importance. As an article in the *Times* of London captured the sentiment: “The world has no business in that country’s tribal disputes and blood feuds.”¹¹¹

In May 1992, Najibullah’s Communist regime in Kabul was finally ousted. The Pakistanis dissolved their candidate Afghan Interim Government shortly afterward. For the next two years, various warlords who had fought the Soviets turned instead against each other, moving back and forth among alliances in efforts to advance their own status in the continuing round of battles. Kabul was almost destroyed from the constant barrage of insurgent attacks, and the civilian population suffered large numbers of casualties.

The subsequent collapse of any functioning government created dangerous risks that come when there is no legitimate ruling authority. The country descended further into chaos and warfare into the mid-1990s, when the Taliban became ascendant and started to consolidate centralized power. Taliban forces captured Khandahar in November 1994 and seized Kabul in September 1996 and by this time controlled the majority of Afghan territory. It was then that Osama Bin Laden, who had moved back to Afghanistan four months earlier, cemented his ties with the Taliban.¹¹²

DISCOURSE AND DISSENT: THE POLICY DEBATE

The working group’s discussion focused on several major themes:

- The persistence of a Cold War mindset that dominated U.S. policy discussions and actions in considering options for the U.S.’ involvement in Afghanistan;
- The subsequent decision by the United States to abandon Afghanistan and withdraw from the region, bringing with it severely adverse and persistent consequences for long-term U.S. national security;
- The question of whether or not the United States could have pursued alternative courses of action in Afghanistan that might have produced a more stable outcome in the country and the region—with implications for global security;

- The issue of how various factions in the U.S. government shaped the nature of policy debates on Afghanistan;
- The issues of competing policy or security priorities and distractions during 1989–92.
- The problem of how the compartmentalization of intelligence needed to make sound policy decisions led to the denial of access about key developments to most policymakers, and how this affected the character of the discourse, including the range of views and potential policy options that were permitted to be discussed.

MINDSETS AND ASSUMPTIONS

The working group unanimously agreed that U.S. strategy, negotiations, policy discussions, and actions in Afghanistan were driven almost exclusively by the exigencies of the U.S.-Soviet relationship. The superpower rivalry so dominated U.S. policy deliberations that Afghanistan's relative importance to the United States was never considered on its own merits but rather only with regard to how it could best serve as a platform to "stick it to the Soviets," as one working group participant described it.

A participant who had served as an observer to the Geneva Accords negotiations noted his impression that the United States seemed determined to "maintain the decorum of the relationship between the two big superpowers" and not to "humiliate" the Soviets during the negotiations. Consequently, this participant went on, the U.S. negotiators "completely ignored everyone else: the Pakistanis, the Afghans, the UN. They had absolutely no interest in what anybody else was saying. . . . They treated this as a typical Soviet-U.S. kind of deal that had to be struck." This participant agreed that the Cold War mindset held sway over U.S. policy toward Afghanistan well into 1992 and 1993. Hobbled by this mindset, U.S. policymakers could not understand or appreciate the implications of the conditions that were inexorably turning Afghanistan into a failed state. Another participant said the problem was an outgrowth of the 1980s,

when “[T]he U.S. was totally fixated with using Afghanistan to weaken the Soviet Union . . . Our approach was to take the fight to the Soviets.” Another participant, who had been a high-ranking official at the State Department echoed this view: “It really was a bleeding action to keep the Soviets engaged.” As such, the United States never examined what Afghanistan’s future was likely to be when the Soviets actually withdrew.

The lack of interest in (and expertise about) Afghanistan also meant that Washington was predisposed to reject without serious consideration a UN plan for an inter-Afghan dialogue to forge an agreement among the warring factions. The United States also rejected the overtures coming from Moscow to help form a new government of national unity. Indeed, according to the strategy of *realpolitik*, armed resistance to the Communist regime in Kabul was welcomed, and the peace accords did not figure into that plan.

The warring factions were left to their own devices when the United States and the Soviets finally ended military aid to Afghanistan. This left the Pakistanis, Saudis, Iranians, and other key regional players who had been supporting and arming various factions since the Soviet invasion to become the *de facto* managers of Afghanistan’s fate.

Conventional wisdom in Washington into the early 1990s was convinced, as one expert argued, that “if the Soviets withdrew, the Najibullah government would fall, the Afghan mujahideen would march into Kabul in a victory parade, and they would take care of it in an Afghan manner.” The few cables from the field questioning the assumption that Najibullah would collapse immediately and without a fight were not taken seriously.

U.S. policymakers also failed to question how the many different warring Afghan factions could possibly form a unified government, especially given that the country had just endured a decade of economic, institutional, and infrastructural devastation. One participant, at the time a senior State Department official, recalled an Afghan minister asking, “If you want us to be a government, why don’t you give us any resources?” The participant said he thought that the question was “basically the bottom line: that we wanted them to come together, but there was no thought and mechanism for helping them really function as a government, which meant resources

and jobs. . . . We really fell down in that period of trying to help the Afghan Interim Government get started.”

Another participant argued that the assumption that the mujahideen would form a viable coalition was driven by a “will to believe:” “We wanted it to be so, and we deluded ourselves into thinking that it was more so than was actually the case. It was common in U.S. policy thinking at the time to perceive the mujahideen in an almost mythical and heroic way—“freedom fighters” who could defeat a world superpower with barely a fraction of the enemy’s forces or weapons. Said one participant, “It was almost like caravans out of James Michener. . . . Here were these guys who were beating up on the Soviets. This was phenomenal. Nobody had been beating up on the Soviets. . . . We saw them first and foremost as nationalists. The religious thing was a great vehicle. But they were nationalists. They were Ho Chi Minh in reverse. I mean, that was what we were hearing.” Such fanciful notions of the mujahideen obviously helped to obscure paying attention to the potential dangers of providing sophisticated weaponry, communications technologies, training, and other support to religious factions operating in a country with an extremely conservative Islamic population. Indeed, there is no evidence that such concerns were ever discussed at top decision-making levels in Washington.

POLICY FACTIONS: BLEEDERS, DEALERS, AND DISENGAGERS

The working group discussed the policy process at the time, including the various policy-making “factions” and their respective agendas that formed the debate in Washington beginning in 1989. The group also considered the influence over policy formulation stemming from competing global events that distracted high-level attention and the effects of the long-standing compartmentalization of intelligence about U.S. activities in Afghanistan that had endured without significant challenge for more than a decade.

One member of the working group divided the main policy factions in the United States into “bleeders,” “dealers,” and “disengagers.” “Bleeders” referred to individuals who were staunch

anti-Communists and believed that the Soviets deserved to be punished for many things, not least for lending support to the Viet Cong when the United States was at war in Vietnam. "We owe it to the Soviets to kick them in the teeth," one expert said. Many in this group were persuaded that the foundation of the Soviet-origin government in Kabul had to be demolished in its entirety, partly for revenge but also to rid the country of any trace of Soviet influence.

"Dealers," by contrast, argued that some elements of the past regime should be salvaged in order to retain a degree of established and centralized authority, perhaps by forming a government that could allow for the participation of members of the Afghan Communist Party. The dealers pointed to the risks involved in backing only the Afghani mujahideen, which included its most extreme elements, especially as this involved relying on the Pakistani security service ISI to carry out U.S. policy objectives. The caches of weapons that had been supplied or left behind also were troubling, especially the many hundreds of Stinger missiles and other U.S.-supplied weapons provided to the rebels that remained unaccounted for.

The few policymakers, mainly from the State Department, who warned against the risk of arming Muslim guerrilla groups were largely ignored or otherwise sidelined by those who favored policies aimed at punishing the Soviets. There simply was no political will to consider alternative courses of action, including one that might have more accurately reflected what might be required to restore order and legitimate government to a sovereign Afghani state. One participant noted that despite opposition expressed by State Department officials to the idea of supplying more arms to the rival groups, and, as one put it, "becoming the tools . . . of the ISI in doing so," supporters of this policy thwarted any serious debate. As he summarized it, "the . . . argument was, this (the mujahideen) was the strongest force. And besides, they were winning. You don't really try to break up a winning team, or you can't do it without much conviction or ability to bring people along." Persuading policymakers to give serious consideration to new policies was unrealistic, given that there had been virtually no discourse about what the United States was doing in Afghanistan over years.

As "bleeders" and "dealers" struggled for ascendance in setting policy for the future of Afghanistan, ultimately it was the "disengagers" who won out. "Disengagers" were those who, as a member of

the group summarized it, “had a policy of systematic disengagement from wars that were seen as unattractive, unpopular, unsellable, expensive, messy, entangling.” Another participant emphasized that the Afghan War was just one of the five or six “Reagan doctrine wars” that the new Bush administration was eager to shut down. These wars were “past history,” they lacked public support, and they had proven very costly. The new administration was focused on the need to negotiate agreements to secure the legacies of the Cold War while the Soviet government—indeed the Soviet Union—still existed. After the Soviet withdrawal from Afghanistan, disengagement quickly became the preferred option: “There was quite a willingness to say, to hell with it, let’s get out of this mess. We no longer have a dog in this fight.”

The split over U.S. policy in Afghanistan was heavily weighted by the views of senior decisionmakers on one side and “a few individuals at the middle levels who wrote a paper which never got past their boss’s boss.” Expertise about the country was in short supply, and there was little intelligence to support policies other than disengagement. To the degree that there were dissenting views warning about the risks of such a course, they seem to have had virtually no influence over the policy outcome.

GLOBAL DISTRACTIONS

Many participants noted that several major global events occurring at the beginning of the Bush administration distracted policymakers’ time and attention away from the problems festering in Afghanistan. These included the fall of the Berlin Wall, the collapse of the Soviet Union in 1991, the first Gulf War, and the hangover of several “Reagan doctrine” wars. These issues took priority over the Afghan conflict, which was in any case seen to be winding down, certainly as far as the United States and the Soviets were concerned. Getting senior policymakers to focus on several major events at once, one expert noted, means “really pushing the envelope.” “The top decisionmakers are looking at issues in a global way, and they’re covering all regions. And whereas the specialists may be at each other’s throats, it’s just not going to filter up, and it won’t overturn these larger concerns.”

U.S. policy toward Afghanistan seemed to almost be on automatic pilot, according to two participants. U.S. policy was seized by a kind of inertia, observed one participant, and policy “doesn’t operate in a sophisticated, subtle manner. It doesn’t have an accelerator and a brake. It has an on and off switch, and you can turn [U.S. support to the mujahideen] on and off. What we did was turn on a supply chain. Then we attempted to modulate it as we could.” The incentives to be actively involved in Afghanistan and closely monitor events evaporated in most of the U.S. policymaking community by 1991. As would soon be evident, the drifting of U.S. policy in Afghanistan allowed for a greater role for regional players, including nonstate actors who proved very willing to take over the reins of power.

COMPARTMENTALIZATION OF INFORMATION

Several participants noted that discourse on Afghanistan policy, particularly during the period after Soviet withdrawal and when the United States continued to arm the mujahideen, remained highly constrained. Information and intelligence were generated by and disseminated only to an extremely limited group of individuals from Congress; the CIA; and a few officials working in the White House, the Pentagon, and the State Department.

One participant noted the contrast of discussions about Afghanistan’s future to the kind of staff support that was mobilized to conduct the war against Iraq in 1991. One key factor was the much wider availability of expertise about the Persian Gulf: “When we didn’t like what we were hearing from the intelligence community, because it sounded biased,” said a former policy official, “we could get good information from the experts at the National War College on the region.” The options available to policymakers on Afghanistan “weren’t there because debate was constrained”—not least because U.S. involvement had been conducted covertly for a decade, and there was a virtual absence of expertise about the country or region at senior levels.

This case provides a textbook example of how those who have access to information can become the drivers of policy, granting individuals authority that would normally exceed their jurisdiction or level of seniority. Without routine access to information, policymak-

ers will always feel constrained from questioning the prevailing policy because, as one participant put it, “they feel they are missing the information needed to make judgment calls . . . and so they tend to back off.” In highly sensitive areas of U.S. planning, including covert operations, intelligence can be so highly compartmentalized that authority devolves to the few who are actively involved. In this case, that included the intelligence operatives working to implement the assistance program and the political promoters of the Afghani resistance—neither of whom had much interest in the broader implications of their work. As a former intelligence operative described it, “(those) engaged on one level in specific programs and compartments don’t have a mechanism for going large.”

ALTERNATIVE COURSES OF ACTION

There was disagreement among working group members about whether the United States could have done anything differently in Afghanistan to achieve a better outcome in the longer term. Were there credible policy options identified at the time, which, if considered, might have helped contain the rapid deterioration of conditions inside Afghanistan and the consequent spread of Islamic extremism regionally and globally?

Several participants said they did not believe that alternative courses of action were possible for the United States at the time, citing again the prevalence of the U.S.-Soviet mindset, the widespread lack of understanding about Afghani politics, and the absence of any serious U.S. leverage over other regional players. U.S. influence over Pakistan and Saudi Arabia was not nearly as strong as some assumed, according to several participants. The United States was never in a position to persuade these countries to help restore order—by forming an interim government in Kabul, for example, to help stop the arms supply pipeline. By 1989, said one participant, “The ISI and the Saudis had become very, very strong—in essence, somewhat beyond our control. And particularly so after October 1990, when we applied sanctions to Pakistan on the nuclear issue. The U.S. was . . . out of the game [by then] because our influence went way, way down.”

Others noted that the United States had no control over the flow of money, either. Indeed, it was said that Saudi Arabia proved

unable to modulate unofficial resource flows, which were as large as, if not larger than, official resources from the government. Once the Saudi population had been sufficiently mobilized by media reports of civilian Afghan suffering and the mujahideen's jihad against the Soviets, charity donations took on a life of their own.

Some working group members made the counterargument that, particularly after the collapse of the Soviet Union, the United States assumed the position of dominant political player in the region and still had enough influence over key allies to change policy outcomes. One former official questioned the view of the United States as a "poor, helpless, third-rate player" in the region.

Then again, other participants expressed the view that whether the United States had leverage in the region or not, this was never the main issue. The more significant determinant of mounting instabilities stemmed from U.S. policymakers knowingly abandoning Afghanistan to the Pakistanis and the Saudis to "sort out" Afghanistan's future. "The Pak-Saudi agenda for Afghanistan was totally ruinous," one expert explained, "it was [that] agenda which leads to Al Qaeda and all the rest of it. . . . Did you not see this in 1992, as it emerges?"

Several members of the group pointed to a number of missed opportunities to change the course of U.S. policy toward more effective engagement with Afghanistan and other key states in the region. One of these came just after the accords were signed, when the Soviets began to signal their determination to leave Afghanistan very quickly, a decision borne out by the pace of demobilization. On August 15, 1988, Moscow announced officially to the United Nations that the USSR had met its "first stage" commitment for withdrawal of half of the Soviet forces. And U.S. intelligence agreed. As a participant observed, "It was a completely new ballgame for the U.S. government. There were (individuals) in various parts of the government who were aware that we had better be looking ahead to what the hell is going to happen six months down the road," but not much came of this.

Another opportunity was said to have arisen in 1988 when the Soviets pressed the United States to help form a tripartite coalition government. "That," said one participant who was present for the accord negotiations, "was a wake-up call that should have aroused some great interest in the U.S. government to help the Soviets out of this quagmire." The UN-led initiative was not only rejected by the

U.S. side, however, it also was never seriously considered at the time, the participant said.

Yet another critical moment to consider new ways to engage in the region emerged at the time of the Peshawar Accords, an agreement that paved the way for the mujahideen to take over the government in Kabul. One participant argued that if there had been “even a distant U.S. public involvement” in forming an interim government, it might have helped mitigate the internal chaos that took hold in Afghanistan as the country undertook this attempt at political transition.

A former diplomat in the region stated that new or more ambitious strategies to enhance U.S. influence were never seriously considered, because it was never “convenient” to question the assumption that the Najibullah government would immediately collapse after Soviet withdrawal. Challenging this view would have interfered with the consensus supporting the decision to disengage from Afghanistan. Had U.S. policymakers acknowledged the possibility that Najibullah’s regime could survive, the participant noted, “(Najibullah) would then be positioned to cut deals with various commanders and end up with something like a coalition government.” A number of others questioned this judgment, however, and did not think it credible that the United States had no choice other than disengagement.

CONCLUSIONS

The influence that an outmoded but dominant Cold War mindset exerted over policy formulation and overall strategy in this case is pointed and even dramatic. The embedded assumptions underlying this mindset prevented the United States from ever considering that Afghanistan should be accorded a status other than as a battlefield to wage war against the Soviets. Despite the fact that events in Afghanistan had pervasive effects throughout the region that the United States regarded as important and that included key allies like Saudi Arabia, there was no serious or sustained discourse about regional dynamics or how security challenges separate from the U.S.-Soviet rivalry were of any significance. One participant involved in Afghanistan policy at the time summarized this situation as “a case of ‘The

Cold War is over, so who needs this battlefield anymore, and why should I spend money on it?”

U.S. policymakers also seemed wholly unprepared to consider the importance of failed states or nonstate actors. One former official noted this with some despair: “Our learning curve was extremely steep. If there is no adequate comprehension of what it means to have failed state, this can have global consequences. . . . It’s not that it was impossible to understand that.”

Another set of events arising from the Afghan case stem from the unintended consequences of U.S. support of the mujahideen. While the United States promoted the idea of the “good jihadist,” and many mistakenly perceived the Afghani resistance as a nationalist movement that would remain contained within Afghanistan’s borders, there were good reasons for the United States to consider the longer-term implications of its support, especially after Soviet withdrawal. As we might have learned from the experience in Iran more than a decade earlier, religion was already a powerful political force eclipsing nationalism—what is nationalism in an occupied and then failed state? As an expert in the region argued, “We would have had to be completely blind not to see the tremendously motivating influence of religion.” State-centric notions of security challenges, however, did blind policymakers to the importance of transnational threats, including well-armed religious movements. The confines of an outdated and ill-informed mindset, along with the decision to avoid dissemination of intelligence for fear this might impinge on covert operations, precluded an important debate about the wisdom of supporting several multinational groups of armed, trained, and religiously motivated jihadists.

In the end, the massive flow of capital and other assistance to the mujahideen helped to transform the concept of state control. According to a former official participant, “This represented an entire paradigm shift, in terms of how organizations or how agencies run.” Ahmed Rashid agreed, highlighting as an example the role Saudi Arabian charities played in transforming regional and global challenges. “The unofficial aid, which was being given by [some Saudi] families, the princes, the Muslim Brotherhood, Saudi charities . . . all these charities grew up in the Afghan war. Many became the funders of Al Qaeda ten years down the road, but they grew up

and developed their funding capabilities [during the war in Afghanistan].”

This case of surprise is unique, given that professionals and even senior officials from the policy side were not part of decisions about Afghanistan until after the conditions for a crisis were already entrenched. Information about covert operations is always highly restricted, but in Afghanistan it extended only to a small number of individuals from Congress, the intelligence community, and a few executive branch officials. One former congressional aide whose senator was not included in the inner circle remembered how difficult it was for him to gain access to information about the situation in Afghanistan, notwithstanding the authority granted to the senator by virtue of his committee assignments. An intelligence official who was part of the operations agreed, adding the observation: “At any given time, in the peak of our involvement in Afghanistan, there were never a hundred Americans at work on the problem. . . . We [U.S. intelligence operatives] provided wide open door access [about events in Afghanistan], but to a very limited number of people. And they were very good about keeping it from everybody else.”

CASE 5

The Asian Financial Crisis of 1997–98: Adapting U.S. Intelligence and Policymaking to the Challenges of Global Economics

INTRODUCTION

The final case taken up by the working group analyzed the intelligence and policy responses to the sudden economic, political, and security disruptions that arose during the Asian financial crisis of 1997–98. This case differs from its predecessors in several important respects. First, the national security and intelligence challenges the working group examined previously did not involve the interaction of the government with the private sector to nearly the same extent as the Asian crisis. Intelligence reporting was not an important source of information or analysis compared to information from international financial institutions and the private sector. Second, the management of the Asian crisis fell to and largely remained under the purview of agencies responsible for managing U.S. financial interests, particularly the Department of the Treasury and the Federal Reserve; the national security agencies played only a marginal, albeit at times powerful, role. Third, the challenges to U.S. and international security stemmed in large measure from activities of the private sector operating outside of government control—in ways that adversely affected international markets and national economies. The extent of private debt in the region, let alone its influence on financial trends, economic performance, and ultimately security interests, was not widely known by U.S. officials before the crisis. Fourth, the remedies needed to promote regional economic recovery required unprecedented cooperation among governments, international financial institutions, and the private sector. Fifth, the United States paid political

costs in the region for what were perceived as unnecessarily harsh economic austerity measures forced on debtor countries at U.S. insistence.

Although the United States played a role in pressing for stringent reforms in return for intervention from the International Monetary Fund (IMF) and others, it found it could not dictate policies unilaterally. This case presages the growing reality in the twenty-first century that U.S. intelligence and policy planners can no longer work from the assumption that the United States acting alone can control important events and outcomes in the international system. Indeed, as is also apparent in the cases concerning East Africa and Afghanistan after the Soviet occupation, significant challenges to fundamental U.S. interests are increasingly likely to be posed by non-state actors and influences.

HIGHLIGHTS

The discussion of the Asian crisis began with the keynote presentation by David Lipton, managing director and head of Global Country Risk Management at Citigroup, who as undersecretary of the U.S. Department of the Treasury was the key policy player in the management of these events. A second presentation was given by Richard N. Cooper, professor of Economics at Harvard University, who chaired the U.S. National Intelligence Council during the period just before the crisis emerged, from mid-1995 to early 1997. The presentations were followed by commentary provided by Ann Goodbody, former executive vice president at Citigroup, and Robert Bailey, also a former Citigroup senior executive, who provided perspectives from the viewpoint of the private financial sector. Members of the working group with varying expertise in security, intelligence, and foreign policy joined specialists in economics and finance in the general discussion.

The Asian financial crisis of 1997–98, initially sparked by a sudden decline in the currencies of several Asian states, prompted widespread and severe economic recession in states of central interest to the United States, including Indonesia, Thailand, and the Republic of Korea.¹¹³ The crisis posed not just widespread economic, but also political and security, implications, as well. It also revealed the

unprecedented level of global financial interdependence that had been growing steadily over decades, a trend whose ramifications were not fully understood among most U.S. government officials at the time. And it underscored the ascendance of the private sector relative to sovereign interests in determining national economic conditions and the fate of international financial markets.

This episode served as a wake-up call for the United States and its international partners by highlighting the unprecedented susceptibility of global stability to adverse economic developments emerging from a single region. The crisis also revealed fundamental weaknesses in the underlying conditions of countries that had long been heralded as the development miracles of the late twentieth century. An overly broad consensus prevailed that rated the export-led development strategy used by these “Asian tigers,” yielding astonishingly high growth rates, as an unqualified success. This mindset at times led to complacency and distracted attention from fundamental structural weaknesses in these states’ economic and political conditions. The significant interests of U.S. private investors in the region, moreover, also may have discouraged official scrutiny.

The governments of several rapidly growing economies had implicitly supported widespread mismanagement and chronically weak regulation of financial activities, a by-product of the collusion between public and private interests to promote overseas internal investment and highly competitive trade sectors. Taken together, ineffectual regulatory institutions, government-sanctioned economic corruption (“crony capitalism”), and various other forms of politicized economic practices revealed that the “Asian model” of development had serious limitations. The Achilles heel proved to be the spiraling level of short-term external indebtedness incurred by private entrepreneurs operating with negligible regulation or international transparency.

The rise of around-the-clock global capital flows, enabled by new communication and information technology, hastened the decline of government influence over financial markets throughout the 1980s and 1990s. There was no common understanding, however, that global private investment could cause sudden and significant shifts in regional and even global economic conditions, wreaking havoc on economic as well as political stability. As the first crisis of its kind to occur largely outside of government control, moreover, the

unfolding events in Asia revealed an urgent need for reforms in the management of global capital investments, not least to protect the United States against unanticipated risks to its security interests.

The United States was conceptually and organizationally unprepared for the challenge emerging in Asia, which began in early 1997 and persisted through most of 1998. An exception to this observation is the fact that Robert Rubin, a brilliant and highly skilled financier, happened to be serving as President Clinton's secretary of the Treasury. He, along with a small group of talented aides trained in international finance, managed the crisis almost single-handedly.

Still, the familiar remedies used in previous financial crises of this kind—a capital infusion by the International Monetary Fund in return for drastic economic restructuring, for example—were not well suited to enforce sustained changes on private sector activities. A more complex set of instruments had to be mobilized that could operate across the spectrum of governmental and private interests, which in turn required the collaboration of many international partners.¹¹⁴ In the end, the crisis was contained by a variety of established and ad hoc measures devised in part by the cohesive group of creative U.S. officials who had the requisite expertise (if not always the most acute sensitivity to the political consequences of their prescriptions). Despite the obvious lack of formal policy coordination just within agencies in the U.S. government, the experience did not result in a consensus then or now about the need for a uniform international system of financial regulation to manage future risks, nor for commensurate reforms in U.S. policymaking or intelligence. The priority accorded to the role of economic forces in national security planning or in intelligence analysis still remains relatively low.

THE PATH TO SURPRISE

There is little disagreement among experts and practitioners about the timing and relative importance of the events that sparked the rapid economic recession in Asia beginning in 1997 and lasting through 1998. Different countries experienced different effects at different times, with lesser or greater adversity depending on the character of the regime in power, the kind of intervention offered, and the way in which the country responded to the conditions imposed by the IMF and others in return.

There is general agreement that the financial crisis was brought about by weak or distorted national policies guiding private sector behavior. Outside powers devoted little analysis to the way in which these growing economies were being governed and chose instead to trumpet the growth figures. The ability of the United States and its international partners to contain the crisis involved important political challenges. At least in the short- to mid-term, the reforms urgently needed to achieve economic recovery posed the risk of exacerbating the kinds of social dislocations, like growing unemployment, that could lead to widespread political instability. The economic crisis tested the relationship between economic systems, which had been steadily liberalizing, and—with the exception of Indonesia—the gradual development of democratic governance in states only recently emerging from legacies of autocratic rule. Participatory political systems such as those of Korea and Thailand recovered more readily than the more authoritarian system in Indonesia,¹¹⁵ although public consensus needed to implement reform programs proved difficult to mobilize whether or not state power was centralized.

Thailand

Thailand, the first to be severely affected among the three countries the working group considered, experienced pronounced social dislocation after the devaluation of its currency (the baht) triggered massive, rapid loss of employment in its export production sectors. Exceptionally large financial support was arranged with the IMF, based on the government of Thailand's pledge to undertake an ambitious economic reform program.¹¹⁶ The combination of regional recession and the austerity measures imposed by the IMF added to the political and social complications of Thailand's recovery program, especially as prices for consumer products continued to rise quickly for more than a year, in some cases actually doubling.

Thailand had been warned months before by the IMF and others that its economic stability was becoming precarious and required prompt action. The Thais had consented to publication of the IMF's annual economic review of their economy—the so-called “surveillance” report—and the July 1996 report identified the main problems clearly enough for those familiar with the understated language in which the reports are written. Money had begun to flow out of Thailand in the fall of 1996, and the stagnation of the highly leveraged

real estate sector in Thailand was readily apparent. What was missing was the ability to enforce remedies. The Thais did little to follow up on the reform recommendations, depleting their reserves instead in the futile attempt to defend their currency, while maintaining publicly that their reserve position had not been compromised. This led to disastrous consequences when the Thai baht was finally allowed to float in the exchange markets beginning in July 1997.

Indonesia

Indonesia, which faced intense pressure on its currency in the late summer and fall of 1997, turned to the IMF for financial help after trying in vain to stem an accelerating capital outflow.¹¹⁷ An initial aid and reform program was agreed to by the IMF and Indonesian authorities in the first week of November 1997. One participant noted that many of the economic conditions spelled out in the IMF programs for Indonesia, which were orchestrated by the United States, were “rather intrusive into areas that were not traditionally the preserve of the IMF,” including demands for stringent reforms of specific sectors such as the clothing industry, which was operating as a monopoly, and other aspects of the industrial structure.

The gravity of Indonesia’s economic crisis was intricately related to its political conditions, the result of the deep and corrupt involvement of members of President Mohammad Suharto’s family and other well-connected cronies in major banking and industrial enterprises. While the Suharto family’s penetration into and manipulation of the economy did not start the crisis, it was a factor contributing to Indonesia’s susceptibility to crisis and made it almost impossible to manage. The intrusive measures contained in two of the IMF programs initially agreed to by economic officials in the Suharto administration revealed the officials’ discomfort with the regime’s crony capitalist practices and their desire to undermine the Suharto family’s control of key sectors. This situation virtually guaranteed the Indonesian regime’s noncompliance with the IMF demands, given the adverse impact they posed for the interests of the Suharto family.

The net effects of the economic downturn triggered by the crisis and recovery efforts ultimately brought about the fall of the Suharto regime in May 1998. To underscore the influence of political distortions in Indonesia’s economy, Suharto’s demise was soon followed by the stabilization of the rupiah, the fulfillment of the conditions

imposed by the third IMF program, and the resulting steady flow of IMF funds to help Indonesia to achieve full recovery.

Korea

The most urgent and difficult political challenge came from Korea. In late 1997, Korean authorities represented to the public, to U.S. authorities, and to the IMF that their foreign exchange reserves were still significant—a total of \$28 billion. In reality, reserves had been almost entirely depleted to help offset withdrawals of deposits from the offshore branches of Korean banks. Overstating reserves was not unusual among the emerging market economies—Thailand and many others had done so. But the U.S. Treasury was especially surprised to be deceived by Korea, adding to the tensions in subsequent negotiations with the Koreans on financial packages and economic reforms.

Because Korea had demonstrated such a high level of economic success (even becoming a member of the advanced industrial economies' club, the Organization for Economic Cooperation and Development), trouble in Korea raised wider economic and financial risks than had seemed the case when the crisis afflicted mainly Indonesia and Thailand. U.S. policymakers realized that China and even Japan might be unable to avoid the same fate and that the regional financial crisis might become global if it could not be stopped in Korea. David Lipton emphasized that from the onset of the Korean crisis, the U.S. Treasury demanded that Korea agree to IMF conditions forcing significant reforms in economic management.¹¹⁸

The Korean case proved tractable, because the cooperative behavior of major banks was sufficient to stabilize deposits in the offshore branches of Korean banks, which in turn was the key to halting capital outflow and stabilizing the exchange rate. Reaching a viable agreement even with the limited number of creditor banks needed to stabilize the Korean situation was still very difficult to accomplish at the time, Lipton recalled. He observed that it might not have been possible in a country that had a fully developed domestic capital market and many international bondholders. As the web of capital market interactions in all countries becomes denser, utilizing many different kinds of financial instruments, coordinating responses by government and the private sector during a crisis may become less feasible.

SECURITY IMPLICATIONS

The literature on the Asian financial crisis has focused on its economic and financial dimensions, to a lesser degree on the political consequences within the countries directly affected, but rarely on the security implications for the United States, the region, or the global order. Initially the crisis was perceived as a containable, if urgent, currency challenge. When the effects of the financial crisis reached Korea, it was recognized as a challenge of a higher order for U.S. security. With U.S. troops deployed there in large numbers and the constant concern about what North Korea might do to exploit a crisis situation, the dangers posed by a severe economic downturn and possible political division and uncertainty in the South heightened the urgency of the intervention. Though eclipsed by the situation in the Korean Peninsula, the impact of the crisis in Indonesia—including the loss of Suharto—also led to a declining role for the country among Association of Southeast Asian Nations (ASEAN) countries.

American officials from the Treasury and the Fed became deeply involved in the Korean crisis, interacting with sectors of the Korean economy and political structure in ways that went well beyond information exchange. One official who was involved in managing the crisis explained that the Treasury and the Fed reached an agreement first with bank supervisors around the world and then with banks in the respective regions to stop pulling their money out of Korea. As one former banker at the working group meeting expressed it, the Treasury and the Fed “put the arm on” the U.S. banks to roll over their positions in Korea as part of the overall package.

U.S. political and security relations with other states in the region were also far more at risk than was evident at first. Thailand had long been a close ally, as had Suharto’s Indonesia. Not only were these important economic relationships, but also they occupied geographically strategic points as well. Regime change, especially violent change, could jeopardize vital U.S. interests. The longer and deeper the economic troubles, the greater the jeopardy to the survival of political and military stability.

The Asian crisis highlighted the lack of coordination between economic and security planning. It underscored a willingness to avoid careful scrutiny of economic situations that could lead to policy

recommendations perceived as contrary to security interests. It reflected a lack of awareness of the rapid “contagion effect” that consumed the region. In the view of two participants, the Asian crisis, up until Korea’s appeal for assistance, was discussed too much in the National Economic Council (NEC) rather than in the National Security Council. At the same time, others noted that even with better coordination, economic managers and the NSC may find they have incompatible views of what to do. Given the sensitivity of relations between the United States and Indonesia, for example, it was difficult in the early phases of the crisis to get agreement within the U.S. government to try to dismantle the kind of “crony capitalism” that was impeding the restoration of confidence in Indonesia.

A working group participant cautioned that when major security or foreign policy interests are involved, the agencies responsible for such matters tend to press for prompt and liberal financial support to the crisis country, while the Treasury has to consider whether the country is committed to taking corrective policy measures. In the Korean case, the Treasury wanted to be certain that the Koreans were committed to a strong reform program. Other agencies favored rapid relief for Korea. The Treasury managed to persuade the rest of the U.S. government that time was needed to negotiate with the Koreans on agreements for strengthening their economic program. Fortunately, the newly elected president of Korea, Kim Dae-jung, was convinced that Korea had to address its serious economic problems and took public ownership of the reform program.

SURPRISE?

The events in Asia proved to be both a policy and an intelligence surprise, given a failure of U.S. officials to recognize that what seemed like a currency crisis threatened economic collapse in Asia on a scale that could provoke widespread political and military instability. Some of the underlying weaknesses in the economic conditions of Thailand, Indonesia, and Korea were commonly known among economic and other officials before the crisis. Key trends were not well understood, however, including the extent of domestic private sector debts denominated in dollars and the degree of vulnerability of domestic financial sectors to shifts in currency values—both of which had been severely underestimated. The crisis revealed how difficult it had

become to determine the extent of foreign exchange exposure of banks and especially of nonbank financial enterprises taking the form of various market instruments, including hedge funds and derivatives. One senior official of the time noted that the Treasury had tried without success to make a quick estimate of such exposure in the first few days of the Korean crisis. Because capital markets continue to grow and become more complex and sophisticated, the lack of transparency will make such calculations even more difficult in the future. The relative lack of real-time financial intelligence integrated across the foreign and security policy agencies in the U.S. government, moreover, is still a constraint that would affect a U.S. crisis response in the future.

Could the crisis have nonetheless been prevented if officials had used the information that was available? A closer study of existing data by U.S. and other officials might have revealed the problem earlier, according to a former intelligence official who is knowledgeable about the economic realities in the region. He noted that information on most countries' debt to international banking institutions is contained in data gathered by the Bank for International Settlements (BIS), although with a lag, as well as some questions about the accuracy and comprehensiveness of the data. Not in the habit of reviewing BIS data to manage urgent policy priorities, U.S. policymakers clearly did not anticipate a scenario in which an entire region could be brought to the brink of economic collapse by unregulated private debt.

According to several intelligence officials consulted about this case, moreover, there was no intelligence warning about impending regional economic failures; it simply was not an intelligence priority until after the crisis unfolded. Indeed, a report issued by the National Intelligence Council, entitled "Global Trends 2010," in November 1997, just months before the crisis, made the following prediction:

Southeast Asia will continue to remain among the fastest growing economic regions worldwide, although growth will be slowed by rising wages and increasing competition. The countries in the region will continue to attract direct foreign investment and foreign exporters eager to take advantage of markets in energy, telecommunications, other sophisticated manufacturing goods, and agricultural products.¹¹⁹

The intelligence community was not and is not likely ever to be as well positioned to monitor such issues as compared to the Treasury Department or certainly the private sector.

The most important and deep-seated problems, which went largely unheeded or were ignored before the crisis involved management and governance in several Asian countries. It was treated as a revelation to the mainstream of the policy community at the time that the “Asian tigers” suffered from badly managed, practically insolvent, companies and banks; weak supervision of the financial sector; and governance issues such as corruption, cronyism, and lack of public accountability affecting the performance of both private and public entities. This intelligence/policy oversight reveals a clash between the prevailing mindset of the time—which perceived the rapidly growing Asian economies as “miracles”—and the facts on the ground, including the consequences of corruption on sustained economic prosperity. The clash of a mindset and actual conditions locally and regionally is a common phenomenon across the five cases that the working group has analyzed.

Several developments have probably reduced the risk of financial crises, at least of crises along the lines of those witnessed in the past decade. The increasing multiplicity of actors and financial instruments that would complicate coordinated crisis resolution contributes to crisis prevention by providing more opportunities for diversification and wider distribution of risks. They may also lessen the chances that all market actors will take the same view without independent analysis, leading to sudden shifts in one direction (one participant termed this a “lemming-like quality”) seen in some markets in the past. Second, the adoption of more flexible exchange rate arrangements in some emerging market economies reflects the lesson from the Asian crisis (and the Russian crisis) that fixed exchange rates may be vulnerable in the face of domestic structural economic problems, even if fiscal and monetary policies are relatively sound.

Third, there is greater transparency of economic and financial information and policies in most countries since the Asian crisis (the wider acceptance of publication of IMF surveillance reports was an important step—only Thailand among the crisis countries had agreed to such publication before 1997). Fourth, IMF and other reports on economies and financial markets are arguably more thorough and candid than they were before the Asian crisis. Fifth, many emerging

market economies have been running budget and current account surpluses and have greatly increased their foreign exchange reserves in recent years, which may enable them to deter or deflect speculative attacks. Sixth, for all the foregoing reasons, contagion appears much less likely. Working group members considered it significant that the more recent crises in Turkey, Argentina, and Brazil have had little effect on the financial stability of other emerging market economies. However, this said, there are nonetheless rigidities in the system that could still bring about sudden disruption—the U.S. current account deficit, for example.

DISCOURSE AND DISSENT: THE POLICY DEBATE

The working group focused on several main issues that emerged from the Asian crisis and that need policymakers' attention in preventing future crises: the similarities and differences in the problems of policy planning and coordination in international financial crises and international security crises, the roles of key players in crisis prevention and management, the need for information sharing, and the potential utility of preventive measures such as official gaming exercises.

With respect to policy planning and coordination of economic and security challenges, both areas face the constant challenge of determining the right questions to ask, deciding when to ask them, and discovering how to collect and analyze critical information accurately. Time-tested formulas and procedures may prove inadequate in the face of new developments, as the previous case studies in this project have revealed, particularly so when the events are happening with the rapidity witnessed in the Asian case or when there are many competing priorities unrelated to the unfolding crisis. Given the universal tendency of bureaucratic institutions to protect their turf by rationing the information they share with counterparts, moreover, it is clear that interagency forums were not and still are not sufficiently empowered to demand full information sharing.

There is a need to balance security and economic considerations and to have systematic discussions of ways to achieve policy coordination. Integrating international economic trends into the analysis of and preparation for security challenges of the future is vitally needed, including in the intelligence community. It is safe to say that the U.S.

government's preparation for analyzing global financial flows did not become a priority until sometime after 9/11 and then for very different objectives.

In the late 1990s, the primary forum for information exchange was to have been the National Economic Council, comprising the economic agencies. A key participant cautioned against excessive reliance on the NEC. When it comes to events with the potential to significantly affect U.S. security interests, the NEC had proven useful but was not an adequate substitute for the involvement of the National Security Council, where all the principal intelligence, security, and foreign policy agencies are represented.

Given the nature of the U.S. government, moreover, in which competing interests and agencies vie for policy influence often based on institutional biases, devising prompt and coherent responses that send a clear message internationally—critical in the case of financial markets—can be very difficult. Congress can act in ways that reflect particular concerns that may not be part of a clear and coherent strategy or consistent with the expectations of an ally. Thailand, for example, expected to receive a bilateral loan from the United States, because the United States had made a very large bilateral loan to Mexico in 1994 from the Exchange Stabilization Fund (ESF) administered by the Treasury. The Treasury declined to provide direct financing to Thailand, however, (which it considered a single country case, not an example of the systemic risk posed by the Mexican crisis). This view in part reflected and was supported by the relevant congressional committees on the use of the ESF following the Mexican experience, which Congress believed represented an instance in which the executive branch had exceeded its authority. The decision led to strained bilateral relations in which Thailand was not fully aware of the influence of congressional constraints on executive branch actions.

With respect to the role of information in the potential prevention of crises, it was noted that the IMF's surveillance reports often identify economic and financial problems that countries needed to address, including the imbalances in the United States and other major countries but that the IMF lacks leverage to persuade countries to take action. Some participants favored strengthening the IMF's surveillance role, but no specific recommendations for doing so were advanced. The Treasury and the Federal Reserve are almost exclusively responsible for information gathering and communication with

the private financial sector. Understandably, they tend to hold closely any information that might be market sensitive. Other agencies, including those representing the foreign policy and intelligence communities, find it difficult to develop balanced views of complex situations or to anticipate various contingencies unless the Treasury and the Fed share more complete and timely information and analyses with them. Intelligence agencies need to study economic and financial risks in areas of strategic importance but the Treasury, among others, has a long legacy of refusing to share its financial information with other parts of the government.¹²⁰ Gathering timely and accurate information from the private financial sector is essential for crisis prevention. Some improvements in financial reporting have been made since the Asian crisis, in the area of hedge funds, for example, which report their positions weekly.

Obtaining information useful for analyzing the dynamics of capital market sentiment, such as how and through what triggers major players in international markets might alter their assessments of countries' competitiveness, is even more difficult. The IMF, the BIS' Financial Stability Forum (comprised of central bankers and other officials), individual major commercial banks, and other institutions try to identify both country and systemic risks and conduct analytical "stress testing" under various scenarios. Such exercises are mainly theoretical, however, and generally do not draw upon the current thinking of leading market players.

Participants agreed that future financial crises could not be ruled out, but if they occur they will probably take a different form from that of the Asian crisis and other recent ones. After each crisis, including the Asian regional crisis, much work went into improving policies and procedures to avoid or to resolve similar crises more rapidly in the future. The IMF and the rest of the international financial community become adept at preventing crises like previous ones, noted David Lipton, but history demonstrates that new crises nearly always take different and unexpected forms.

A few working group members suggested that something akin to the gaming exercises conducted in the security realm be considered for assessing possible scenarios for financial crises. Others expected limited benefits from formal gaming in the economic and financial area. They questioned whether the exercises would be taken seriously. Introducing unorthodox thinking into governmental debate is always

difficult, and there is the further problem of how to infuse the lessons of the outcomes into policy planning. Better information on the perspectives of leading market players would help in assessing vulnerabilities but cannot be garnered easily. Major banks and other players who form views internally during risk assessment exercises are reluctant to disclose these to the government. To make better information exchange possible, officials would have to provide measures to ensure careful discretion in soliciting and using information from the private sector. Even a list of questions posed by the authorities could provide enough clues about officials' preoccupations to be "tradable" information.

CONCLUSIONS

The Asian crisis revealed that sound macroeconomic policies (budget and monetary policies) and large currency reserves may not be sufficient to enable a country to defend a fixed exchange rate successfully in the presence of large structural and sectoral problems. The most important and deep-seated problems, as such, emerged at the micro level: badly managed, practically insolvent companies and banks; weak supervision of the financial sector; and governance issues, including corruption, cronyism, and lack of public accountability affecting the performance of both private and public entities. Politics and economics, in other words, are deeply intertwined—not a novel insight but also not a reality represented adequately in the alignment of U.S. government agencies or the intelligence community.

The Asia case was also a crash course in globalization. U.S. policy planners can no longer work from the assumption that the United States unilaterally can control events and outcomes in the international system; the financial system is only a harbinger in this respect. Limited governmental resources (the relatively modest financial resources of the IMF, for example), along with the weaknesses in intelligence expertise and interest in this sector other than for tracking terrorism financing, and very limited leverage on markets imply that the United States will need to rely more on diplomatic initiatives and collaborative international approaches in this and other arenas. The Asia experience prompted the United States and other countries to press for greater transparency of all countries' reserve holdings and

related liabilities—an objective largely achieved since the crisis, and a welcome one. In the end, however, there was no sentiment expressed by the group that the U.S. government—in policy or intelligence—is equipped to respond swiftly or effectively if faced with another financial challenge of this order, let alone one of greater complexity and magnitude.

Findings of the Study

The cases examined by the working group represent heterogeneous examples of surprises that proved damaging to U.S. interests, each involving distinct international circumstances and domestic policy environments. The cases also varied with respect to the amount and quality of intelligence that was available to policymakers at the time and in the way policymakers used intelligence to inform decisions. Respecting these differences, we have identified systemic dilemmas for U.S. policymaking that emerge from the case analysis. We present these in the following findings, in the hope that they can provide useful information for meeting contemporary security challenges.

1. THE ANATOMY OF STRATEGIC SURPRISE

The instances of surprise we examined in this study are not often the result of missing or faulty intelligence information; they are far more about the way information is interpreted, distributed, and prioritized by senior officials. With the exception of the Asian financial crisis, there were credible intelligence and other official sources that contained information that provided warning about emerging crises, had senior policymakers been attuned to the urgency of unfolding events. Even without “tactical” warning, the intelligence that was available at the time in Iran, East Africa, and Afghanistan after the Soviet withdrawal could at least have prompted policymakers to seek additional briefings and analysis. In the case of the Soviet invasion of Afghanistan, there was in fact a fair amount of tactical warning as well. The preparation of the forces that carried out the invasion was observed and reported well before it took place.

In Iran, officials in Washington received detailed reports about the risks posed by the progressive alienation of the population brought about by the excessive western influence favored by the shah. In East Africa, a significant amount of detailed intelligence was collected over several years about Al Qaeda operations in Nairobi and the fact that Osama Bin Laden was still maintaining a key operational component there. The U.S. ambassador in Nairobi certainly found compelling reasons to seek enhanced security measures to protect the embassy, doing so on repeated occasions. The intelligence showing a large-scale Soviet military mobilization near the Afghan border and a steady surge of military advisors and some military combat units into Afghanistan in the months leading up to the invasion would seem to constitute a compelling empirical basis for not clinging to the prevailing and inaccurate view that the Soviets lacked a sufficiently compelling rationale to launch an invasion that would put U.S.-Soviet arms control agreements in jeopardy.

In the decision to terminate U.S. relations with Afghanistan, similarly, the warning signs about the collapse of this war-torn country also were recognized in intelligence reports and assessments provided by State Department analysts, well before the dissolution of the government and ensuing civil war. An outmoded Cold War mindset that prevailed among the national security establishment meant they could not or would not grasp the importance of the grave instabilities in Afghanistan for U.S. and global interests. Certainly it was much easier to consign this fractured country to the sidelines than to contemplate ways in which the United States might help to rebuild it.

The Asian financial crisis stands out as an exception only to the degree that there was no official intelligence assessment pointing to the risk of a crisis. There was instead abundant and high-quality information about trends in global and regional financial activities that could have provided warning of regional economic recession and its consequences had policymakers considered the warning signs more seriously.

2. CONSENSUS VERSUS MINDSET

Repeated setbacks to U.S. interests in the cases examined were caused in part because of the adherence in Washington to a strategic frame-

work that defined and limited the outer boundaries of what was accepted as a threat. This was especially true when the information involved factors that were not traditionally accorded high importance in assessing U.S. security interests (for example, the rise of religious movements or a currency crisis) or directly related to military developments. Policymakers dismissed warnings when the indicators failed to conform to common conceptions of what constitutes a genuine threat to U.S. “vital” interests.

In Asia, for example, there was little understanding before the crisis that trends in private investment could catalyze regional instabilities. In Afghanistan, similarly, the notion that a failed state could create a breeding ground for terrorists was not a factor influencing decisionmakers. In Iran, the many signs pointing to the potential collapse of the Pahlavi throne—especially the rise of conservative Muslim clerics capable of seizing and consolidating power—were not persuasive enough to raise real doubts about policies that relied on his continued rule. Any suggestions of the threat of his being toppled by popular insurrection were discredited by the assumption that the shah could readily summon his security forces to eradicate the mostly unarmed protesters—thereby solving the problem. The reluctance of Washington officials to take the time to understand new or emerging security challenges that are not already part of the orthodoxy contributes significantly to the incidents of surprise examined here.

Once the Soviets were defeated by the U.S.-armed mujahideen in Afghanistan, similarly, officials in the National Security Council concluded with virtually no debate that the country was not important to U.S. interests. The notion that a failed state in this strategic region could create the conditions for new, global threats to U.S. security was never considered. As was the case when officials discounted the accelerating role of religion in Islamic politics, the dangers posed by failed states had yet to be accepted in the calculus of U.S. security interests.

Coherent strategy that can elicit support and create consensus about national priorities is an essential element of policy and intelligence planning, indeed of governance as a whole. This is especially true in a democratic system in which policymakers can be torn by conflicting agendas. The cases presented here illustrate the kinds of setbacks to U.S. policy that can occur when a misinformed or outdated policy consensus becomes excessively entrenched across senior

levels of the government. When a healthy consensus evolves into a “mindset,” the assumptions and beliefs underlying that consensus can become impervious to new information, sometimes blinding leaders to the implications of global trends.

A mindset not only shapes perceptions and assumptions, moreover, it also can be codified into specific strategies and policies. When this occurs, important effects of individual psychological biases, such as cognitive dissonance, can lead to faulty understanding of complex events. When there is insufficient common understanding of new and complex events, decisions about how best to secure U.S. vital interests, let alone what kind of information to take seriously, are bound to miss the target.

As preceding examples from the cases demonstrate, even when many recognize that an accepted strategy is failing, this does not necessarily result in an urgent consideration of alternatives. Indeed, the development of a “Plan B” may be delayed indefinitely if senior officials who have bought in to the strategy actively defend and perpetuate it or if the boundaries of the consensus marginalize the importance of new challenges. If the policy debate is confined to consensus judgments and narrow parameters of discourse, it is not surprising that decisionmakers might believe that staying the course is their only choice. When leaders fail to develop contingency plans to hedge against changing conditions, however, this almost inevitably guarantees that the United States will encounter “surprise” and that U.S. interests will be affected adversely once a crisis is under way.

Again, the Afghanistan case after the Soviets is a good example. U.S.-led international support for the mujahideen transformed the politics of the region, while the massive flow of capital and other assistance to the mujahideen ushered in new forms of transnational power that eventually overwhelmed sovereign control. The cadres of “good jihadists,” who had enjoyed the largesse of several countries, developed ways to funnel money and elicit new recruits on a global scale. The twin legacies of ascending Islamic militancy and the ability of the insurgent forces to mount major terrorist operations, however, never figured in the NSC decision to discard Afghanistan from the list of U.S. priorities.

In the case of the Asian financial crisis, the mindset of the time was not hindered so much by Cold War concepts as by a failure in Washington to acknowledge that globalization and privatization of

financial flows had already supplanted the power of national governments to determine events. The state-centric view of the world, added to a common perception of the “miracle” of economic growth in Asia, left the U.S. government ill prepared to stem security risks when runaway private investment and speculation sparked massive recession.

3. DISCOURSE AND DISSENT

The perceived need to adhere to the precepts of an accepted strategy can become especially entrenched when the United States has important and long-standing interests in a region or country. The steady flow of reports to U.S. policymakers warning of the erosion of the shah’s power, for example, did not have any effect on Washington’s determination to continue vigorous support for his regime; far from it. The mindset in favor of supporting the shah was so opposed to considering alternatives that analysts who raised questions about the shah’s endurance were accused of acting to undermine his regime. In such an atmosphere, discussion of troubling political or economic trends or indeed any other topic that could be interpreted as challenging the status quo proved self-defeating.

In several of the cases examined, including Iran and East Africa, the impulse to protect consensus revealed a systemic tendency to silence or even penalize professionals who tried to present new facts or judgments. Violating the implicit boundaries of accepted discourse proved damaging to professional credibility, in some cases causing lasting adverse consequences for individuals’ careers. Professionals who were simply doing their jobs as analysts ran the risk of being cast as dissenters who had ceased to be “team players.”

Awareness among public servants that such risks exist can impinge on their willingness to offer information that might meet with disapproval, let alone directly to challenge conventional wisdom. Such dynamics can contribute to a professional culture that is risk averse, encouraging individuals to avoid the kinds of difficult issues that might generate controversy. It is not surprising in such circumstances that “careerism” could overshadow motivations to seek out opportunities to innovate; this simply reflects the existing incentive structure.

Indeed, the historical record suggests that individuals who “stayed the course” in supporting policy misjudgments fared better than those who attempted to raise alarms before the majority was ready to listen. As one seasoned professional described it, all one has to do to avoid troublesome or career-damaging consequences is to “wait it out until the next administration, maybe the policy will change.”

4. LEARNING FACTS ON THE GROUND

In discussing several of the cases, a number of working group members described their sense of exclusion from policy circles at different times in their careers. The information they reported, along with their advice and their concerns, they agreed, was too often dismissed as irrelevant to the agendas that drive the debate in Washington. As one field professional commented, “We are typically and increasingly disenfranchised from the inner culture of Washington. But Washington is not the center of the universe. (The United States) ignored the cultural contexts of our missions, situations, and professional expertise of people in the missions.”

This relative lack of interest among many senior officials in regional political, economic, or social conditions, even in areas where the United States has vital interests, is another contributing factor in strategic surprise. Any time that a prevailing strategy accords a low priority to field expertise, policy choices will reflect this bias. Information reported from overseas posts that is seen as too remote from “inside the beltway,” especially if it runs counter to popular assumptions, runs the risk of being ignored or discredited even if it is accurate and important.

Strategy that is formulated and supported by top officials in Washington runs the risk of becoming divorced from the demands of international realities if it is not routinely informed by expertise from the field. In several of the cases, assumptions favored by senior officials remained unchallenged, because policymakers were too remote from developments in other regions to be able to understand what was going on. Sometimes this was because they lacked expertise, at other times it was because of competing preoccupations that made it difficult to pay attention to events that had not previously been given a high priority.

Massive reform of intelligence agencies, as called for by several recent commissions, does not and will not address the problems of the growing gulf between professionals working overseas and senior leaders in Washington. The distinct and often competitive preoccupations of the two worlds would still make it difficult to ensure the flow of unbiased information, even if much more reliable intelligence were provided. The weak channels of communication, the different incentive structures, and the ever more domestic-centric and partisan culture of Washington continue to deepen the isolation and even estrangement of field professionals from the policy process.

A Washington-centric policy culture can actively limit the scope of information offered to or assimilated by senior officials. When warnings of incipient dangers come from remote areas of the world or involve complex indicators that are unfamiliar, persuading leaders in Washington that there are genuine reasons for concern is even more difficult. Instabilities arising from popular discontent due to economic or political disenfranchisement, as in Iran, or from the ascendance of unfamiliar dissident groups—indeed any factors that fall outside traditional threat paradigms—are too often dismissed as diffuse, or overly complex, or both. Routine and systematic attention by officials to the internal dynamics and motivations of other states is not likely to happen if the more narrowly defined conceptions of security, focused on military issues or intelligence targets to “support the warfighter,” remain the only reliable metric for measuring risk.

A failure to heed “facts on the ground” was a big factor in Iran in the 1970s, a country whose internal politics, economic development, or local culture were of little interest to most Americans—notwithstanding the thousands of U.S. military personnel, contractors, and diplomats who were stationed there right up until popular uprisings toppled the Pahlavi regime in 1979. There was growing evidence of an antiwestern backlash well before the Iranian revolution took hold, though reports warning about such trends never became part of the security assessments of the Persian Gulf. Despite extensive U.S. involvement in arming and training the Afghani resistance fighters against the Soviet occupation throughout the 1980s, similarly, U.S. interests in Afghanistan were defined strictly through the prism of the U.S.-Soviet strategic rivalry. The decision in 1991 to terminate the official U.S. presence in Kabul occurred not long before the country

collapsed to the rule of the Taliban, becoming a haven for the jihadists who turned so violently against the West.

When an overly simplified definition of U.S. strategic interests is overlaid onto a disparate and heterogeneous international system, the complex dynamics driving regional and global instability will always be subsumed by other priorities. Rudimentary strategic constructs—from the domino theory, which persisted through the Vietnam years, to more contemporary versions of global threats, such as the idea of rogue states or the spectre of a “fascist Islamic empire,” inevitably foster ill-informed policy, leading to conditions ripe for “surprise.” Certainly these simplistic notions are an inadequate basis for understanding or managing the challenges of a rapidly changing international environment in the twenty-first century—no matter how much they may appeal to congressional or public opinion.

5. SUSTAINED DIPLOMATIC ENGAGEMENT

The tendency to perceive the importance of countries only according to how they might be useful in advancing U.S. strategic objectives can interfere with the ability of the United States to sustain constructive and lasting engagement with other countries. U.S. diplomatic engagement has often been confined to elites, providing little opportunity for interaction with the rest of the population, including rival political factions or even powerful interest groups—especially if they are in opposition to a regime the United States favors. When U.S. officials work closely only with the host country’s military, intelligence, or law enforcement agencies—as was the case in Iran and is the case today in critical regions like South and Central Asia as part of the global war on terrorism—the United States runs the risk of becoming associated with agencies that engender deep suspicions among local populations. Such elements are sometimes considered the reason for citizens’ political disenfranchisement.

As at least two of the cases suggest, including Iran and Afghanistan, the failure to develop enduring and positive relationships with the citizens of countries in which the United States was involved spelled disaster for long-term U.S. interests. Global objectives like the war on terrorism have replaced Cold War containment as the ratio-

nale for superficial international engagement. Some of the underlying dynamics in U.S. foreign and security relations today look quite similar to those of the Cold War. But as President George W. Bush articulated in mid-2006, today there is no quick fix to security problems like nuclear proliferation. Diplomacy has become an essential instrument to resolve such dilemmas, while the declining utility of unilateral force projection continues to be driven home in many contingencies around the world.

For several decades now, the status of embassies and diplomacy has been steadily declining in the United States. For many Americans, including members of Congress, the image of diplomats is filtered through a time warp of the early to mid-twentieth century, a time when diplomatic *démarches* took place in formal meeting rooms in one or another West European capital. Notwithstanding the continued reductions in resources for embassies, the United States has long deployed Americans all over the world, including hot spots where conditions can be extremely dangerous.

Like security, intelligence support to diplomacy has not kept pace with the kinds of assignments Americans take on when posted to regions of instability and conflict. There seems to be a chronic tendency among both intelligence and policy officials in Washington to withhold or forget to share information with personnel working in the field. This proved to have particularly disastrous consequences for the embassies in East Africa that were the victims of terrorist attacks. The failure to provide vital information to the U.S. ambassador in Kenya, in particular, reflected the view that embassies exist largely to provide a platform for intelligence gathering, more often than not against targets outside of the host country. U.S. diplomatic personnel, in turn, often are not granted access to the results or analysis of that intelligence.

The failure to prevent or protect against the bombings of U.S. embassies in East Africa in 1998 underscored the need for greater integration of U.S. diplomatic missions into U.S. intelligence and military operations. The perception in Washington that embassies in East Africa were not high-risk posts and therefore unlikely targets for terrorism accounts for just part of the reluctance of Washington to heed threat warnings. Bureaucratic infighting also worked to prevent a special security investigation of the safety of the Kenyan embassy by CENTCOM (Central Command) Admiral Anthony Zinni, who had

been asked to conduct this survey by the U.S. ambassador. Even as the CIA was keeping Al Qaeda operatives in Nairobi under surveillance, the ambassador was being criticized by State Department officials for being “overly preoccupied” with security, receiving her first mediocre performance review of her career as a professional diplomat. It was not until after 9/11 that anyone raised the need to strengthen intelligence support to U.S. diplomatic missions, though it remains a relatively low priority even today.

6. THE NEED TO KNOW

Many of the commission reports that criticize the intelligence community overlook the reality that much of the institutional and cultural weaknesses they identify to be problems related to intelligence also are problems for policymaking. Our cases revealed several systemic dysfunctions plaguing both policy and intelligence, including excessive compartmentalization of information and clashes of organizational “cultures.” Such factors played an important role in setting the conditions for strategic surprise. Among the most important of these is the relative absence of mechanisms to encourage officials in the U.S. government to learn from mistakes, using after-action reports and other techniques, which could guide future decisions.

In all of the cases considered, the national security policy-making apparatus suffered from compartmentalization of information in ways that undermined the effectiveness of agencies’ performance—and in the case of Asia, between government and the private sector in hindering timely policy adaptation. The failure to share real-time intelligence made it impossible for policymakers who lacked necessary information to create informed decisions in East Africa, where the State Department and the embassy were excluded from access to intelligence about Bin Laden’s activities in Kenya or anywhere else. It is almost unimaginable in retrospect that intelligence officials failed to disseminate to the policy community a comprehensive picture integrating the significant and definitive body of information that had been obtained in the preceding two years about the Al Qaeda organization and its presence in Kenya.

When there is no routine discourse among top officials and professionals with detailed expertise, the ability even to consider

realigning policies in response to breaking events, let alone to understand complex events, is virtually impossible. This factor is critical to understanding the phenomenon of surprise. Undue restrictions on the number and kind of individuals or agencies allowed to contribute to intelligence or policy debates by definition interfere with the government's ability to assess events reliably. These restrictions make it impossible for analysts and officials to observe synergies across different sources of information, or certainly to do what the 9/11 Commission chided as most frequently being the reason for surprises—a failure to “connect the dots.”

In considering the second Afghanistan case, it was quickly apparent that working group participants who had been involved in policy formulation during the period just after the Soviet withdrawal never had access to information about covert U.S. programs involving the mujahideen. Nor did the policy officials have first-hand knowledge about the extensive U.S. involvement with the Pakistani intelligence service that ensued for a decade or more. Indeed, the ISD meeting proved to be the first time that State Department professionals had an opportunity to meet intelligence operatives who had conducted the actual operations. Afghanistan as such provides an object lesson about what can happen when there is so little interaction among those who have useful knowledge and decisionmakers—especially when the United States is deeply involved in fueling a regional conflict.

In the embassy bombing case, similarly, embassy personnel in East Africa, up to and including the ambassadors in Nairobi and Dar Es Salaam, were denied access to crucial surveillance information. Had this information been shared, a realistic assessment of threats to the security of the embassy in Nairobi would have forced a debate about taking urgent measures to thwart the attacks. This example attests to the potentially lethal implications of the compartmentalization of intelligence. In this instance, it amounts to a failure to provide a warning that could have saved hundreds of lives.

7. ORGANIZATIONS MATTER

An organization's enduring pattern of behavior and ways of thinking about central tasks, or culture, will lead different organizations to

respond to the same stimuli in different ways.¹²¹ It also will shape preferences over means, as well as shape preferences over outcomes. National security issues, for example, are interpreted according to the cultural patterns of an organization; where one organization's culture shapes a consistently more aggressive response to an external threat, another's culture may dispose it toward forming a diplomatic response. The sense of culture and mission within an organization can powerfully influence the behaviors of its key players; it can cause them to ignore or filter information that threatens the organization's culture or perceived mission, subsequently distorting policy analysis and decisionmaking.

Divergent organizational cultures within the national security apparatus are often blamed for the failures of the intelligence community. For example, one report argues that the office of the Director of National Intelligence has not been able to coordinate the intelligence community's activities because of the impediments posed by "three distinct and largely incompatible intelligence cultures that are poorly balanced: the military culture, with its 'up-and-out promotions system . . . discipline and strong mission orientation,' views the CIA with 'a degree of hostility and disdain, which the agency reciprocates,' and the FBI culture, focused in the past on catching criminals, but which is now 'having problems with intelligence gathering because [the FBI's] aim is to prevent the crime, not punish the criminals.'" ¹²²

8. PRIORITIES OF PROFESSIONALS AND APPOINTEES

Strategic surprise can arise because issues that are accorded the highest priority by senior officials in Washington may overwhelm their time and attention, making it virtually impossible to pay attention to other issues being reported by professional analysts—particularly if they are overseas. At the time that the U.S. embassies in East Africa were being targeted by Al Qaeda, for example, the conflicts in Bosnia and Haiti and the Middle East peace process were understandably demanding the attention of senior U.S. policymakers. Embassy security, an orphaned issue in the policy world in any case, had never been a high-level concern despite sporadic efforts to elevate its importance in the policy debate. As Admiral Crowe commented, "Getting

assigned to security issues was seen as just about as bad as being the janitor.”

Serious security dangers emerging in Afghanistan after 1989, including deepening fragmentation among various rival tribes and an incipient civil war, also had to compete for attention against major world events, including the fall of the Berlin Wall, the dissolution of the Soviet Union, and the first Gulf War. The common perception, moreover, was that the Afghan conflict was just about over, and the West had won.

Notes

1. There are, of course, numerous examples of policy challenges in which the United States failed to define accurately the character of the threat and/or adhered to a strategy long after it had proven less than adequate to achieve stated objectives. The accounts of decisionmakers responsible for the management of the war in Vietnam address this phenomenon, in particular the memoirs of former Secretary of Defense Robert McNamara, who confesses to having known as early as 1965 that U.S. military strategy against the North was ill conceived and bound to fail. See Robert McNamara, with Brian VanDeMark, *In Retrospect* (New York: Times Books, 1995).

2. The group deliberately did not discuss the complexities of the decisions leading to the invasion and subsequent war in Iraq, both because this particular case is being analyzed extensively by others and because of the conviction that other cases provide an important analytical and historical context for understanding the phenomenology of Iraq while still providing distance from the heated partisanship of the current debate.

3. Examples of primary sources used for this analysis include hundreds of declassified embassy cables, Interagency Intelligence Memoranda (IIM), DIA (Defense Intelligence Agency), CIA (Central Intelligence Agency) and INR (Intelligence and Research) reports; National Intelligence Estimates; NSC (National Security Council), White House, and State Department memoranda; memoirs of key officials; contemporary newspaper articles; reports of investigative commissions; congressional reports and hearings; evidence from trial transcripts; and personal testimony and experiences of the authors and working group participants.

4. Amy Zegart, "An Empirical Analysis of Failed Intelligence Reforms Before September 11," *Political Science Quarterly*, vol. 121, no. 1 (2006): p. 35.

5. Ibid., p. 52.

6. Commission on the Intelligence Capabilities of the US Regarding Weapons of Mass Destruction, March 2005, conclusion, p. 539. Online at http://www.wmd.gov/report/wmd_report/pdf. Hereafter, *Robb-Silberman report*.

7. Recommendations for change focused on four main objectives: (1) presidential leadership to ensure that the WMD (weapons of mass destruction) threat receives enough attention and resources, (2) establishing a central interagency direction and planning group within the National Security Council, (3) improving the execution of nonproliferation policy by the relevant governmental agencies, and (4) integrating planning and resource budgeting for nonproliferation programs. Specific recommendations for the intelligence community included enhancing technical capabilities for intelligence collection on proliferation; sharing information across the community; and developing a single, integrated proliferation plan for the entire intelligence community. For an overview by the commission's executive director of the commission's findings and recommendations, see Suzanne Spaulding, "The Deutch Commission Report: An Overview," *The Nonproliferation Review* (Fall 1999): pp. 168–78.

8. The United States Commission on National Security in the 21st Century, *Road Map for National Security: Imperative for Change*, phase III report (January 31, 2001). Online at <http://www.fas.org/irp/threat/nssg.pdf>.

9. Ibid.

10. United States Commission on National Security in the 21st Century, *Road Map*.

11. *Robb-Silberman report*, p. 3.

12. Ibid.

13. *The 9/11 Commission Report: Final Report of the National Commission on Terrorist Attacks Upon the United States* (New York: W.W. Norton & Company, 2004), p. 336. Also online at www.gpoaccess.gov/911/pdf/fullreport.pdf. Hereafter, *9/11 Commission Report*.

14. *Robb-Silberman report*, p. 11. Online at http://www.wmd.gov/report/wmd_report/pdf.

15. Ibid., p. 423.

16. See for example, Amin Saikal, *The Rise and Fall of the Shah* (New Jersey: Princeton University Press, 1980), and Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (Hoboken, New Jersey: John Wiley and Sons, 2003).

17. State Department White Paper, *The Evolution of the U.S.–Iranian Relationship: A Survey of U.S. Iranian Relations, 1941–1979* (1980), p. 54. On deposit at Washington, DC: National Security Archives, The George Washington University, Gelman Library, Suite 701, 2130 H Street, NW. Hereafter, State Department White Paper.

18. State Department White Paper, p. 488.

19. Ibid.
20. State Department White Paper, p. 488.
21. State Department, Bureau of Intelligence and Research, *Research Memorandum*, June 26, 1963: from the State Department White Paper.
22. State Department, Bureau of Intelligence and Research, *Research Memorandum*, February 11, 1963; see also National Intelligence Estimate, April 1963: from the State Department White Paper.
23. State Department White Paper, p. 54.
24. The Kissinger memorandum is described in the State Department White Paper, p. 49; see also Scott Armstrong, "The Fall of the Shah," *Washington Post*, October 25–30, 1980—a six-part series based on the review of thousands of embassy documents seized by Iranians during the hostage crisis and compiled into what Iranians called "Documents from the Nest of Spies."
25. State Department White Paper, *INR Report*, July 12, 1972, pp. 489–90.
26. Declassified CIA Report, April 17, 1975, from State Department White Paper.
27. U.S. Congress, Senate Committee on Foreign Relations, "U.S. Military Sales to Iran: A Staff Report to the Subcommittee on Foreign Assistance" (Washington, DC: U.S. Government Printing Office, July 1976).
28. State Department White Paper, p. 490.
29. State Department White Paper, page 62; see also Scott Armstrong, "Failing to Heed the Warnings of Revolution in Iran," second in a six-part series, "The Fall of the Shah," *Washington Post*, October 26, 1980, p. A1.
30. Many former intelligence officials have given similar descriptions.
31. Tehran embassy cable, "Straws in the Wind: Intellectual and Religious Opposition in Iran," July 25, 1977, and declassified CIA Intelligence Report, "Iran in the 1980s," August 1977, from the collection *Iran: The Making of U.S. Policy, 1977–1980*, National Security Archives.
32. Scott Armstrong, "Carter Held Hope Even After Shah Had Lost His," first in six-part series, "The Fall of the Shah," *Washington Post*, October 25, 1980, p. A1.
33. The State Department summaries on "growing restiveness" are described in Scott Armstrong, "Failing to Heed the Warnings of Revolution in Iran." The embassy assessment of "dissidence" was reported in a Tehran embassy airgram, February 1, 1978, in the State Department White Paper.
34. Armstrong, "Failing to Heed the Warnings of Revolution in Iran." The August 1978 cable and the contemporary DIA assessment are in the State Department compendium papers obtained from the

National Security Archives. Even as Khomeini continued to intensify his public diatribes against the shah from his new center in Paris in 1978, he also began to pull together a power coalition that started to include several major Iranian politicians from left-leaning factions who had previously opposed Khomeini's Islamist line. The coalition included mullahs such as Shariatmadari, who—while supporting a new government shaped by Koranic law—had nonetheless until then been espousing a parliamentary system and opposing the violent street tactics propagated by Khomeini and his followers. Most had been rivals to Khomeini in the emerging stages of the opposition but were by this time boarding what was almost universally seen as the leading power train. Several began to make public statements endorsing Khomeini's line.

35. The August 1978 cable and the contemporary DIA assessment are in the State Department compendium papers obtained from the National Security Archives.

36. Ibid.

37. This mindset, another working group member emphasized, originated in a pledge extended in the early 1970s to "give [the shah] everything he asked for . . . not only did we give it to him in private, but a formal memo went out to the bureaucracy, telling them that this is what we intended to do, (saying), in no uncertain terms, that this is how we were going to proceed."

38. The Iranian government gave the number of deaths as 122, while the opposition claimed one thousand. The three hundred to four hundred figure, according to Gary Sick, is based on accounts given by doctors who were called to the scene.

39. The embassy talking points are in the documents obtained from the National Security Archives.

40. Gary Sick, *All Fall Down: America's Tragic Encounter With Iran* (New York: Random House, 1985), pp. 52–53; see also Scott Armstrong, "U.S. Urged 'Crackdown' on Opposition," third in six-part series, "The Fall of the Shah." *Washington Post*, October 27, 1980, p. A1.

41. Sick, *All Fall Down*, p. 92. Douglas MacEachin, working group co-chair, was at the table in August 1978, when it was being presented to DCI (Director of Central Intelligence) Stansfield Turner, who was also a participant at the working group session.

42. In a conversation with Secretary of State Cyrus Vance during the Black Friday crisis revealed by a working group participant, his special assistant argued that "we should really start working on an "after the shah" sort of paper." In response, as this individual recounted, "[Vance] stopped in his tracks and said, 'What do you mean? The shah isn't gone. I mean, he isn't out of this picture at all.'" This conversation, moreover, took place "very, very late in the day. This was in January, after the riots had taken place, and everything

was falling apart.”

43. Because some members of Carter’s cabinet seemed to be more open to new thinking about Iran, there was a semblance of a more active policy debate about Iran during 1977–79. Midlevel officers in the State Department joined with younger analysts in the Central Intelligence Agency to prepare briefings urging their superiors to seek more distance from the shah. Serious consideration of alternatives for Iran, however, was hindered by the preoccupation of the administration with other ambitious foreign policy initiatives, from advancing the peace process in the Middle East to reaching a strategic arms limitation agreement with the Soviets in SALT (Strategic Arms Limitation Talks) II. According to one presenter, Vance was not genuinely committed to seeking change in Iran; he was just more polite about listening to those who were. There is no documented evidence that he ever brought forward the views of the outliers to the White House.

44. It was taken as a given among the majority of officials that the United States was “going to provide support to countries (including Iran) that would fight alongside us” as one participant put it. “The shah of Iran was remarkably friendly to Israel, and [he] had been extremely helpful in helping to put down insurgencies on the Arab side of the Gulf. . . . We had a so-called twin pillar policy, where the main focus for defending the Gulf would be Saudi Arabia and Iran. But, everyone knew the main pillar was to be the Iranians, not the Saudis.”

45. A CIA assessment at the end of November described Khomeini as having become the central figure in the antishah movement, espousing a xenophobic regime hostile to western interests in the region. It said, “His influence is now so strong that neither other clerics or civilian opposition leaders will take actions he opposes.” He is “determined to overthrow the Shah and is unlikely to accept any compromise.” Another CIA “Alert Memorandum,” warning of the potential eruptions from upcoming demonstrations, said that “the single most important factor in determining what will happen will be the actions of Khomeini and his followers.”

46. State Department White Paper, pp. 63–4. See also Armstrong, “U.S. Urged ‘Crackdown,’ p. A1.

47. For a detailed description of the origins and function of the East African cell, see *The 9/11 Commission Report*. Also in *Commission Staff Statement 15*. The description in the *9/11 Report* cites in an endnote a CIA report of April 1997, which was a reissue of a report disseminated earlier. Descriptions by Jamal Fadl, who was providing his information to the United States in late 1996, are in the Embassy Bombing Trial transcripts, pp. 421–23. The United States had already received information by the mid-1990s that groups supported by Bin Laden had been providing assistance to the Somalis,

but the information that began to be obtained in the fall of 1996 painted a much fuller picture.

48. According to the defector described below, Al Qaeda operatives later bragged that the Somali shootdown of the U.S. Black Hawk helicopters and the subsequent U.S. withdrawal of troops from Somalia were the result of their assistance. See also government exhibit 300A-T, in the Embassy Bombing Trial transcripts.

49. See Osama Bin Laden, "Declaration of War Against the Americans Occupying the Land of the Two Holy Places," August 23, 1996 (online at www.terrorismfiles.org/individuals.declaration_of_jihad1.html).

50. *9/11 Commission Report*, pp. 59–60, and endnotes 44–47, citing numerous reports from 1996–97, and Fadl testimony in the 2001 trial. See also *Commission Staff Statement 15*, online at www.9-11commission.gov/staff_statements/staff_statement_15.pdf.

51. See *9/11 Commission Report*, p. 60.

52. The description of Hage's background and operations in Al Qaeda financial dealings is now in the *9/11 Commission Report*, pp. 57–8. It is also given in extensive detail in the transcripts of the February 2001 Embassy Bombing Trials, including in testimony by Jamal Fadl. The record of the Embassy Bombing trials (February 27, 2001, p. 1575ff) includes a U.S. government stipulation that from July 1996 through September 1997, Hage's Kenyan phone number 254-8200067 was being tapped.

53. The fact that the tap on Hage's telephone led to the identification of an IMARSAT (Inter-National Marine Satellite) phone (number 682505331) used by Bin Laden's headquarters communications channel is also in the trial transcripts, pp. 5287–90, 5292–3, 5297, and 5371–2. The calls relating to Hage's summons to the meetings in Afghanistan are described in the Embassy Bombing Trial transcripts, pp. 5307–15, and 5339. The fact that the U.S. government was listening to Bin Laden's headquarters was leaked shortly after the embassy bombings in a *Washington Times* article, "Terrorism is Driven by Hatred of U.S., Israel," August 21, 1998, p. 1. According to the embassy trial transcripts, Bin Laden immediately ceased using this satellite phone. Several intelligence experts have said that by this time Bin Laden was already aware of the vulnerability of his telephone communications and probably was about to stop his IMARSAT anyway.

54. Re the media disclosure, see Hugh Davies, "Saudis Detain Member of Anti-American Terrorist Group," *Daily Telegraph* (London), August 2, 1997. The Haroun efforts and the scramble in the Nairobi cell are described in the Embassy Bombing Trial transcripts, pp. 5340–45.

55. Regarding the search and seizure of materials from Hage's residence, see Embassy Bombing Trial transcript of testimony by FBI

Special Agent Dan Coleman (who conducted the search and seizure) pp. 1078–88; 1096. A few days earlier, members of the Nairobi cell discovered Hage's telephone had been tapped and rushed to his residence to remove any document they viewed as potentially incriminating. But they failed to purge his computer, which was located in a cabin behind his house. Hage's confrontation at the airport by the U.S. officials, and his return to appear before a New York grand jury on September 24, 1997, is described briefly in the *9/11 Commission Report*, p. 69 and in endnote 87 to chapter 2. A more extensive account can be obtained from the Embassy Bombing Trial transcripts, pp. 1575–76. The recording of his grand jury testimony was introduced in its entirety as a government exhibit in the Embassy Bombing Trial record, in February 2001 and appears on pp. 721–887. Hage is currently in prison in the United States for his role in the embassy bombings.

56. See a copy of this report, introduced as government exhibit 300A-T, in the Embassy Bombing Trial transcripts.

57. See trial transcripts, pp. 5340–41 and 5347–55.

58. State Department, *Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar Es Salaam on August 7, 1998* (January 1999), p. 393. Available online at <http://www.mipt.org/pdf/ARBEmbBombNairobiDarEsSalaam08071998.pdf>. Hereafter, *ARB Report*.

59. "Text of World Islamic Front's Statement Urging Jihad Against Jews and Crusaders," *Al Quds al Arabia*, February 23, 1998 (trans. by Foreign Broadcast Information Service (FBIS).)

60. Miller, John. Interview with Bin Laden: "Greetings, America. My name is Osama Bin Laden." May, 1998. Online at www.pbs.org/wgbh/pages/frontline/shows/binladen/who/miller.html. Bin Laden had elaborated on these motivations during a March 1997 interview with CNN, when he repeated his public calls for attacks on the United States. In an opaque justification for killing civilians, he said that while his jihad was focused on driving U.S. soldiers from the Saudi peninsula, U.S. civilians must leave as well, and until they do "their safety is not guaranteed." When asked in the interview about his future plans, Bin Laden replied smugly, "You will see and hear about them in the media, God willing."

61. The fact that the order for the attacks had been given at about the time of the February declaration is described in the *9/11 Commission Report*, pp. 69–70.

62. State Department, *Report of the Accountability Review Boards*, p. 393.

63. See Embassy Bombing Trial transcripts, pp. 5347–55, and government exhibit 300A-T for the text of the report issuing "cover" instructions.

64. "The Performance of the Intelligence Community Staff

Statement No. 11,” p. 4. Online at www.9-11commission.gov/staff_statements/staff?statement_11.pdf.

65. The continued dominance of this view among various terrorism experts is reflected in media accounts of the African embassy bombings. See, for example, Martin Sieff, “Experts See Saudi as Broker, Not Author, of Terrorist Acts,” *Washington Times*, August 14, 1998, p. A7.

66. *9/11 Commission Staff Statements and Testimony*, ed. Steven Strasser (New York: Public Affairs Books, 2004) Staff Statement 11 pp. 320–22.

67. Regarding the analyst’s product that was not disseminated, see *9/11 Commission Staff Statements*, p. 322.

68. ARB Report, p. 9. Available online at <http://www.mipt.org/pdf/ARBEmbBombNairobiDarEsSalaam08071998.pdf>.

69. The incentive to provide strategic intelligence warning of emerging, if not yet totally defined, security threats has diminished, to the detriment of the U.S. government’s ability to hedge against evolving security conditions. As one participant observed, “Somebody in Washington is supposed to be looking at the threats to U.S. security and safety. You had better be on your toes.” Noting the intelligence about Al Qaeda gathered in Nairobi, he remarked, “We knew there was an entity that was brewing, growing, clearly a threat to [U.S.] security. Yes, there are going to be criminals all over Chicago any day of the week, but when Al Capone is right there, we’ve got to worry about Al Capone.”

70. *Robb-Silberman Report*, pp. 392–93.

71. *Ibid.*, p. 170.

72. ARB Report, p. 10.

73. Among the diverse sources who have described this long-standing Soviet effort to establish a client-state relationship with Afghanistan are Abdul Samad Ghaus, *The Fall of Afghanistan: An Insider’s Account* (McLean, VA: Pergamon-Brassey’s, 1988), pp. 79–193; and Raja Anwar, *The Tragedy of Afghanistan: A First-Hand Account* (London: Verso, 1988), pp. 33–91; Henry Bradsher, *Afghanistan and the Soviet Union*, 2nd ed. (Durham, NC: Duke University Press, 1985), pp. 17–74; Anthony Arnold, *The Fatal Pebble: Afghanistan’s Role in the Fall of the Soviet Empire* (Novato, CA: Presidio Press, 1993), pp. 47–57; and Selig Harrison in Diego Cordovez and Selig Harrison, *Out of Afghanistan: The Inside Story of the Soviet Withdrawal* (New York: Oxford University Press, 1995), pp. 14–24. Ghaus served as deputy foreign minister under Sadar Muhammad Daoud, and Anwar was in Pakistan’s government until the 1977 military takeover there, after which he resided in exile in Afghanistan. Both he and Ghaus spent time in prison in Afghanistan after the Soviet invasion. Bradsher was a journalist with extensive experience in Afghanistan. Arnold was a CIA officer who served in Afghanistan

in the mid-1970s. And Harrison is a regional expert and former journalist now with the Center for International Policy. Not surprisingly, all have different perspectives, but all agree on the main facts.

74. See for example Henry Kissinger, *Years of Upheaval* (Boston: Little, Brown, 1982), pp. 675–77 and 687.

75. Declassified Interagency Intelligence Memorandum, *Soviet Options in Afghanistan*, September 28, 1979, pp. 6–9, at the National Security Archives; declassified Interagency Intelligence Memorandum, *The Soviet Invasion of Afghanistan: Implications for Warning*, October 1980, pp. 6–8. The first of these documents was prepared through the same process as a National Intelligence Estimate, in response to a request at the time from National Security Advisor Zbigniew Brzezinski, as is described on page 79. The second is an “after-action review” prepared by the DCI’s National Intelligence Officer for Conventional Forces, in response to a request from the National Security Council staff, to examine what implications the “failure” to warn of the Afghanistan invasion might have for U.S. intelligence capabilities for warning of a Soviet attack in Europe.

76. Declassified IIM, *Soviet Options in Afghanistan*, pp. 9–10. Accounts in subsequent years said the number of Soviet advisors killed was at least nine and perhaps forty and put the number of Afghan deaths at from eight hundred to three thousand. See Anwar, *The Tragedy of Afghanistan*, p. 157; and Cordovez and Harrison, *Out of Afghanistan*, pp. 35–36.

77. IIMs *Soviet Options in Afghanistan*, pp. 6–8; and *The Soviet Invasion of Afghanistan*, pp. 10, 13, and 16–17.

78. IIM *The Soviet Invasion of Afghanistan*, p. 17; U.S. embassy Kabul, cable 5967, August 6, 1979, located at the National Security Archives, *Compendium: The Intervention in Afghanistan and the Fall of Détente*, compiled for the Nobel Symposium *Compendium*, 1995. The memorandum referred to was prepared by the strategic warning staff under the National Intelligence Officer for Warning, a relatively new position created by the DCI specifically to highlight potential crises early in their development.

79. IIM *The Soviet Invasion of Afghanistan*, p. 21. A description can also be found in the memoirs of former DCI Robert Gates, *From the Shadows: The Ultimate Insider’s Story of Five Presidents and How They Won the Cold War* (New York: Simon and Schuster, 1996), pp. 132–33.

80. *Ibid.*

81. Re early reporting of the takeover by Amin, see declassified cable, U.S. embassy Kabul 6874, September 15, 1979, available at the National Security Archives, in the Nobel Symposium *Compendium*. Also, the announcements by the Afghan regime itself are in Foreign Broadcast Information Service *Middle East edition*, September 15, 1979, p. S1, and September 17, 1979, pp. S1–2. Accounts

also appeared shortly afterward in the U.S. media—see “New Afghan Leader, Taking Over, Pledges Better Social Order,” *New York Times*, September 18, 1979, p. A18. Subsequent reporting on the unfolding information on the plot, including on the hideout of some of the Afghan military plotters in the Soviet embassy, can be found in declassified cables U.S. embassy Kabul 6914, September 16, 1979; Kabul 6936, September 17, 1979; Kabul 6959, September 18, 1979; Kabul 7025, September 20, 1979; Islamabad 10745, September 20, 1979; Kabul 7281, October 2, 1979; Ankara 7966, October 25, 1979; and Kabul 7784, October 25, 1979; all available in the *Nobel Symposium Compendium* at the National Security Archives. The information from these sources is briefly described in the declassified IIM, *Soviet Options in Afghanistan*, p. 16. The details of the earlier reporting of Moscow’s desire to purge Amin, including the report of the claims by the East German ambassador, are described in the declassified IIM, *The Soviet Invasion of Afghanistan*, pp. 10–12, 15, and 20. An example of the earlier media accounts is in “Moscow Said to Urge Shaky Afghan Regime to Broaden Base,” *New York Times*, August 2, 1979, p. A10.

82. IIM, *The Soviet Invasion of Afghanistan*, pp. 20 and 47. See also Zbigniew Brzezinski, *Power and Principle: Memoirs of a National Security Advisor* (New York: Farrar, Strauss and Giroux, 1983), p. 428; and Gates, *From the Shadows*, p. 133. A copy of the Brzezinski memorandum of September 19, 1979, is in the National Security Archives’ *Nobel Symposium Compendium*, *The Intervention in Afghanistan*.

83. IIM, *Soviet Options in Afghanistan*, p. 11.

84. *Ibid.*, pp. 12–13.

85. IIM, *Soviet Options in Afghanistan*, Key Judgments, pp. 2–3, and text, pp. 10–12, and 15–17.

86. IIM, *Soviet Options in Afghanistan*, p. 17.

87. IIM, *The Soviet Invasion of Afghanistan*, pp. 23–26, 29, and 47. Also, CIA/CSI (Center for the Study of Intelligence) Monograph, *Predicting The Soviet Invasion of Afghanistan: The Intelligence Community’s Record*, April 2002, p. 27.

88. Schulman’s meeting with the Soviet ambassador is described in a declassified cable, State Department 323556, December 15, 1979, available in the National Security Archives’ *Nobel Compendium*, *The Intervention in Afghanistan*. The meeting is also described, as are the instructions to the U.S. ambassador in Moscow to convey the same message to the Soviet foreign ministry, in another declassified cable in the Nobel compendium, Moscow 27530, December 17, 1979.

89. These discussions are summarized in a memorandum, “Record of the Meeting of the Special Coordination Committee,” December 17, 1979, which has now been declassified and is included

in the National Security Archives' Nobel compendium. The rebuff from Moscow is described in the cable cited above, Moscow 27530, December 17, 1979.

90. Accounts of this event are in the FBIS edition of December 21, 1979, p. S2. A subsequent account is in the *New York Times*, January 2, 1980, p. 1, and in Bradsher, *Afghanistan and the Soviet Union*, p. 178.

91. Douglas MacEachin, *Predicting the Soviet Invasion of Afghanistan: The Intelligence Community's Record* (Washington, DC: Center for the Study of Intelligence, April 2002), p. 31. The study gives an account by a participant in these debates. Some examples of points raised in the debates are also in the IIM, *The Soviet Invasion of Afghanistan*, p. 34.

92. IIM, *The Soviet Invasion of Afghanistan*, pp. 37–38, 45–46, 38–39, 62, 133. (Includes descriptions of the contemporaneous reporting in the CIA's *National Intelligence Daily* and the DIA *Defense Intelligence Notes*) The radio broadcast text is in the FBIS *Middle East edition* of December 28, 1979, p. S1. An account of these events is also in State Department cable 333161, December 28, 1979, in the National Security Archives' Nobel compendium.

93. Brzezinski, *Power and Principle*, p. 429.

94. Numerous documents in the National Security Archives' Nobel compendium, *The Intervention in Afghanistan and the Fall of Détente*, show this was the guiding scenario for Soviet military planning as far back as the initial reaction to the March 1979 uprising in Herat. Most revealing are the "Transcripts of CPSU Politburo Discussions on Afghanistan, 17–19 March 1979." These documents are included in the Woodrow Wilson Center's *Cold War International History Project*, Bulletin 8–9 (Winter 1996–97): pp. 136–45.

95. A summary of the findings of this study has been declassified, and the description of the Afghanistan case appears in a chapter titled "The Dangers of Single Outcome Forecasting" in *Inside CIA's Private World: Declassified Articles from the Agency's Internal Journal*, ed. H. Bradford Westfield (New Haven: Yale University Press, 1995), pp. 253–54.

96. Available in *The Intervention in Afghanistan and the Fall of Détente*, compiled for the Nobel compendium, on deposit at the National Security Archives.

97. See, for example, Memorandum for Zbigniew Brzezinski from Thomas Thornton, "Regional Cooperation in Afghanistan," September 24, 1979; Memorandum for David Aaron from Thomas Thornton, "Soviet-Afghan Contingency Planning," October 2, 1979, at the National Security Archives.

98. The title "Prisoners of Our Preconceptions" is from Philip Tetlock, *Theory-Driven Reasoning About Plausible Pasts and Probably Futures in Word Politics: Are We Prisoners of Our Preconcep-*

tions? *American Journal of Political Science*, vol. 43, no. 2. (April 1991): pp. 335–66.

99. Steve Galster, *Volume II: Afghanistan: Lessons from the Last War*, October 9, 2001. Online at the digital National Security Archives: <http://www.gwu.edu/~nsaarchiv/NSAEBB/NSAEBB57/essay2.html>.

100. The accord document phasing in the withdrawal of Soviet troops is called the “Agreement on the Interrelationships for the Settlement of the Situation Relating to Afghanistan.” Copies of the four documents that comprise the accords can be found in Cordovez and Harrison, *Out of Afghanistan*, appendix: “The Geneva Accords,” pp. 389–97.

101. George Shultz, *Turmoil and Triumph* (New York: Charles Scribner’s Sons, 1993), p. 1,091.

102. *Ibid.*, p. 1,087.

103. Shultz, *Turmoil and Triumph*, p. 1,087.

104. *Ibid.*, p. 1,091.

105. George Shultz, *Triumph and Tragedy*, pp. 869–70; 895; 960; 987; 1,087–89; Cordovez and Harrison, *Out of Afghanistan*, pp. 341, 360–62.

106. Ahmed Rashid, *Taliban: Militant Islam, Oil, and Fundamentalism in Central Asia* (New Haven, Connecticut: Yale University Press, 2001), pp. 12–3.

107. For a more detailed description of the backgrounds and emergence of these key mujahideen, see for example: Ralph H. Magnus, and Eden Naby, *Afghanistan: Mullah, Marx and Mujahid* (Boulder, CO: Westview Press, 1998), pp. 142–46; Raja Anwar, *The Tragedy of Afghanistan*, pp. 73, 237; and Rashid, *Taliban*, pp. 12–13.

108. For a detailed description of this history, see David B. Edwards, *Before Taliban: Genealogies of the Afghan Jihad* (Berkley and Los Angeles, California: University of California Press, 2002), chapter 7, “Fault Lines in the Afghan Jihad,” pp. 225ff.

109. U.S. Congress, House Committee on Foreign Relations, Subcommittee on Asian and Pacific Affairs, 101st Cong., 1st sess., *Hearings on Afghanistan*. testimony by Benazir Bhutto, July 14, 1989, and testimony by General Abdul Rahim Wardak, August 3, 1989 (Washington, DC: U.S. Government Printing Office, 1989).

110. *Ibid.*

111. Cordovez and Harrison, *Out of Afghanistan*, p. 387.

112. See *9/11 Commission Report*, p. 65 and endnote 71 to chapter 2.

113. The immediate causes of the crisis stemmed from economic “bubble” conditions beginning in Japan and spreading to several other Asian states. Japanese overinvestment in the productive sectors of states like Korea, Thailand, and Indonesia had fueled the overval-

uation of Japan's and others' currencies, most of which were pegged to the dollar. When Japan suggested in 1997 that it might devalue the yen relative to the dollar, it catalyzed currency devaluation across several states in the region, in turn undercutting the cost competitiveness of their exports, forcing contractions in productivity and severely slowing the pace of growth. A loss of international confidence in these economies led to immediate declines in foreign direct investment, leaving countries to cope with high levels of external indebtedness, especially short-term corporate debt incurred without benefit of adequate government oversight. IMF and U.S. intervention—infusions of capital to defend currencies and arrangements to reschedule short-term debt in return for austerity programs, economic restructuring and management reform—ultimately stemmed the crisis in mid- to late 1998. For further discussion, see, for example, Scott Snyder and Richard H. Solomon, "Beyond The Asian Financial Crisis: Challenges and Opportunities for U.S. Leadership, Special Report 29 (Washington, DC: United States Institute of Peace, April 1998).

114. Economic intervention by the IMF and others required cooperative measures that spanned the region and the international system as a whole, underscoring the critical interrelationships among national, regional, and global policies in affecting economic recovery. Common indicators identified as essential for restoring economic viability included full implementation of stringent IMF reform programs; completion of debt-restructuring programs; constraints on powers such as China and Taiwan to prevent opportunistic currency devaluations; the opening of the Japanese market to regional exports; and a global commitment to a fair and open market system that could allow Asian countries to recapitalize through the resumption of competitive exports.

115. This is not universally true. China's system of authoritarian government managed to maintain sufficient isolation to be buffered from the crisis. With its strict regulations of social and political life, Singapore also weathered the crisis with minimum effects.

116. The Thai currency (the baht) came under strong exchange market pressure in the winter and spring of 1997, forcing the Thais to abandon the fixed exchange rate they had maintained against the U.S. dollar for many years.

117. The weakness of the Indonesian rupiah, which followed soon after, also was not very surprising. The central bank responded sensibly, with a widening of the exchange rate band, allowing the rupiah to depreciate somewhat, and it raised interest rates. When the pressure continued, however, and when the rupiah was allowed to float after August 14, its value plunged rapidly. Domestic businesses and banks began moving capital abroad; international banks and investors soon followed. The failure to stem capital flight had not

been anticipated, but the bigger surprise was the scale of the short-term (dollar-denominated) debt in the Indonesian private sector. Comprised of both financial institutions and nonfinancial enterprises, the private sector had incurred about \$80 billion in external debt. As this became known, the rupiah depreciated further, rendering much of Indonesia's business sector insolvent.

118. The Korean government had maintained sound macroeconomic policies. Its problems arose from its overdependency on the performance of giant oligopolistic entities that spanned the industrial and financial sectors and relied on government subsidies whenever they encountered setbacks. After the election of President Kim Dae-jung and an orchestrated stabilization of the dollar deposits in offshore branches of Korean banks in January 1998, the new economic program took hold, and confidence began to return.

119. National Intelligence Council, "Global Trends 2010" (Washington, DC: NIC, September 1997), p. 8.

120. One participant cited an instance in which the Treasury objected to preparation by the National Intelligence Council at the CIA of a paper discussing economic fragility in a major Asian country.

121. James Q. Wilson, *Bureaucracy: What Governmental Agencies Do and Why They Do It* (New York: Basic Books, 1989), p. 91.

122. Walter Pincus, "Intelligence Redo is Harshly Judged," *Washington Post*, March 31, 2006, p. A17.

APPENDIX I

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Iran: Intelligence Failure or Policy Stalemate?

November 23, 2004

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Geoffrey Kemp	The Nixon Center
Ellen Laipson	The Henry L. Stimson Center
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Douglas MacEachin	Institute for the Study of Diplomacy
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The 1998 Terrorist Bombings of U.S. Embassies in Kenya and Tanzania: Failures of Intelligence or of Policy Priorities? March 14, 2005

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The Soviet Invasion of Afghanistan in 1979: Failure of Intelligence or of the Policy Process? September 26, 2005

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**The U.S. and Soviet Proxy War in Afghanistan, 1989–92:
Prisoners of Our Preconceptions?**

November 15, 2005

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The Asian Financial Crisis of 1997–98: Adapting U.S. Intelligence and Policy Making to the Challenges of Global Economics February 27, 2006

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Discourse, Dissent, and Strategic Surprise Formulating U.S. Security Policy in an Age of Uncertainty

Janne E. Nolan, Douglas MacEachin
with Kristine Tockman

The Institute for the Study of Diplomacy (ISD) at Georgetown University launched a two-year study of the role of intelligence and policy failures in undermining the pursuit of U.S. strategic interests. This study focuses on why the United States has found itself unprepared to manage or contain adverse developments in regions of vital interest even in instances where there was extensive U.S. diplomatic and military involvement. The authors of this monograph selected five case studies of “strategic surprises” drawn from recent history. The cases were discussed and analyzed by a working group made up of senior practitioners and policy experts, a group established in the fall of 2004 that held five meetings sponsored by ISD from November 2004 through the spring of 2006.

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