

# Doing Things Jim Baker's Way: Foreign Policy Leadership as Innovative Management

By **P. Edward Haley**, Claremont McKenna College

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*About the Author:* **P. Edward Haley** is the W.M. Keck Foundation Professor of International Strategic Studies and Chairman of the International Relations Program at Claremont McKenna College  
E-mail: ehaley@cmc.edu

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## Abstract

James Baker's success and his contribution to the international successes of the Bush 1 administration stem from his mastery of techniques that allowed the U.S. government to act quickly and effectively in novel circumstances. In intriguing ways, Baker's preferred way of operating mimics the system of management that has been found to exist in businesses that must respond to drastic economic and technical changes in their environment. Practitioners in both fields have a great deal to learn from each other.

*Hence, it cannot be said too often that the foundation for "doing good" is "doing well." Good intentions are no excuse for incompetence.*

*--Peter Drucker<sup>1</sup>*

*. . .in some concerns, there developed an ambiguous system of an official hierarchy of power and responsibility, and a clandestine or open system of pair relationships between the head of the concern and some dozens of persons at different positions below him in the management. . . The organization chart would be redrawn. But, inevitably, this strategy promoted its own counter-measures from the beneficiaries of the latest system as the stream of novel and unfamiliar problems built up anew.*

*--Tom Burns and G.M. Stalker<sup>2</sup>*

## Introduction

The Bush 2 administration's decision to go to war in Iraq (2003—) mired the United States in a vicious civil war marked by unexpectedly heavy casualties and expense. Beyond the cost and uncertain outcome of the war, the manner in which the

administration took the United States to war, particularly its refusal to incorporate the views of senior military officers, career intelligence analysts, and foreign service officers into its policies, revealed serious flaws in the process the administration followed in making foreign policy.<sup>3</sup> Israel's war with Hezbollah in Lebanon (summer 2006) also showed the difficulties of dealing with weak states and non-state actors, two of the characteristics of the current international order.<sup>4</sup> Although the Israeli armed forces inflicted massive damage on Hezbollah and Lebanon's civilian infrastructure, many Israelis and the governments and peoples of Arab and Muslim countries generally regarded the latest fighting as a defeat for Israel. News reports indicate that the Bush 2 administration supported the Israeli government's plans for the war and delayed a U.N.-sponsored cease fire in order to allow time for Israeli bombing and ground action to accomplish the government's objectives. Some reports go further to state that the U.S. government regarded the war in Lebanon as a test of the strategy it would follow in an attack on Iran's nuclear facilities. To the extent that these reports prove to be true, the Israeli defeat in Lebanon was also a defeat for the United States.

These and other developments during the earlier Clinton and Bush 1 administrations, including the failure to grasp the changed nature of terrorism or prevent mass murder in Bosnia and Rwanda reveal some of the shortcomings of the American government's response to the enormous changes that have taken place in the international order since the end of the Cold War. However, while far from perfect in their handling of all foreign policy issues, the Bush 1 administration—President George H.W. Bush (Bush 1) and his senior advisers, especially James Baker and Brent Scowcroft—responded to the drastic political and military changes that accompanied the end of the Cold war in ways that kept the country united, enhanced American security, and strengthened the prestige and alliances of the United States. Bush 1's major achievements included its role in facilitating the peaceful withdrawal of Soviet power from central and eastern Europe, the unification of Germany as a member of NATO and the European Union, the replacement of some of the communist regimes that had held power since the end of World War II with successful market democracies,<sup>5</sup> the maintenance of good relations with China despite massive internal unrest in that country, the defeat of Iraq's invasion of Kuwait, and the convening of a region-wide Middle East peace conference to address the entire Arab-Israeli conflict. The campaign to force Iraq out of Kuwait was conducted under the auspices of the United Nations, relatively few American lives were lost, and Japan, Germany, and the oil-rich nations of the Gulf paid the entire cost of the fighting; the American taxpayer paid not a penny. When the Bush 1 administration left office, the United States was in an enviable position as the sole remaining global superpower: its alliances intact, its reputation high, and on good terms with former enemies, Russia and China. The United States enjoyed greater support and respect worldwide than at any time in the past 35 years. Plainly, there is a great deal to be learned about the management of U.S. foreign policy from the Bush 1 administration and Jim Baker.

While much has been written about the substance of the Bush 1 policies, including memoirs by President Bush, Baker and Brent Scowcroft, far less attention has been given to the foreign policy making process followed by the Bush 1 administration to achieve these successes.<sup>6</sup> This article begins by examining the ways in which Bush 1's secretary

of state, James Baker, approached his duties. It then offers insights from a small number of classic works drawn from the literature about the management of innovation in the business world. They overlap to a remarkable degree with the foreign policy management approach followed by the Bush 1 administration generally and by Jim Baker in particular. This double examination reveals that there is much to be gained from putting foreign policymaking in the broader context of creativity and innovation in a rapidly changing world. Like their counterparts in the business world, all three presidents and their principal advisers who served since 1989 faced the problem of innovation and creativity as they struggled with drastic changes in the international environment, novel developments that ranged from the end of the Cold War to a resurgent China and the global renaissance of Islam with its tragic offshoot, suicidal terrorism. Peter Drucker defines innovation “not as something that takes place within an organization but a change outside. The measure of innovation,” he continues, “is the impact on the environment.”<sup>7</sup> By this standard, the Bush 1 administration was successfully innovative to a degree that surpasses any administration since that of Harry Truman (1945-1953). Using the insights of Drucker, Tom Burns, G.M. Stalker, Herbert A. Simon, and other management analysts helps make the actions of the administration and those of Baker and Bush 1 less personal and more susceptible to analysis and learning.<sup>8</sup> What emerges is a fascinating picture of overlapping generalizations about the formal as well as informal dimensions of foreign policy and business leadership in novel circumstances.

In what follows I argue that Baker’s success and his contribution to the international successes of the Bush 1 administration stem from his mastery of techniques that allowed the U.S. government to act quickly and effectively in novel circumstances. In intriguing ways, Baker’s preferred way of operating mimics the system of management that has been found to exist in businesses that must respond to drastic economic and technical changes in their environment. This in turn suggests that practitioners in both fields have a great deal to learn from each other.

Bush 1 solutions to the novel problems that faced the United States after 9/11 were both procedural and substantive, and the analysis that follows attempts to do justice to both process and substance. Both are essential to success: nothing good can happen without correct ideas based on an accurate understanding of what is and what can and ought to be done. But ideas must be joined with a wise and effective way of acting both within the American government and in its relations with other governments. Substance without process is impotent; process without substance is sterile. Together they promise success, alone they invite failure.

### **The Baker Treatment**

James A. Baker III became the sixty-first secretary of state because of his long-standing friendship with President George H.W. Bush. When he was sworn in, Baker’s political credentials were extensive and impressive: a remarkably successful career as a campaign adviser and cabinet member in the administrations of Presidents Gerald Ford and Ronald Reagan. But it was his friendship with “Bush 41,” or “Jefe,” as Baker refers to the

president, that got him the job. Looking back on his public service, Baker described himself as an activist not a thinker. As he put it,

I would go to my desk every day and cross all the t's and dot all the i's, then I'd go home. I ran presidential campaigns that way and served presidents that way. I never thought too much about history in an abstract sense. In the back of my mind, I knew the things I was involved in were important; that's one reason I enjoyed public life so much. If I had a theory of history, it was: that if we worked hard and worked smart, we could win each day's battles, and that if we won each battle, we would win the war. To the extent I had a larger theory, it was that history is shaped by human actions and reactions.<sup>9</sup>

Leaving aside the “aw shucks” element in his words, Baker's way of thinking about history and his part in it derives from one of the major intellectual approaches to human agency. But it also gave him a way to commit himself unreservedly to politics, to sacrifice his free time and his family life to the unceasing demands of presidential campaign management and public service at the highest levels. Bored with the law in Houston, he thrived in Washington and never really left for the next two decades. In his work for presidents Ford, Reagan, and Bush, Baker consciously sought to combine campaigning and governing, and believed that the loyalties and insights that formed during campaigns made it easier to succeed once in office.<sup>10</sup>

Baker's conception of the nature of politics and how it works is as blunt and utilitarian as his philosophy of history. “Politics is gut cutting,” is one of his favorite sayings. Another is: “politics ain't beanbag.” Baker sees politics as unsentimental and unforgiving. It is not a game. It is a deadly serious contest to be fought with every ounce of energy and intelligence. The whole point is to win: to outthink, outmaneuver, outspend, outlast, outvote, and outwit the opposition. That's what they are trying to do to you, and it's up to you and your side to do it to them first. Everything matters. Nothing is too small for attention. Winning is central to politics and politicians, and Baker has more than his share of the politicians' drive toward victory. At the same time, even as he sought to beat them, Baker went out of his way to maintain good personal relations with his political opponents. His desire to avoid personalizing political differences reflects his upbringing and his own outlook, but it also made it easier for him to find political compromises that served the public good and the interests of those on both sides of the political aisle. Baker constantly refers to a loss of generosity and civility in politics during the last years of the 20<sup>th</sup> century and deeply regrets its disappearance. His account of his relations with Lloyd Bentsen, the man who defeated George H.W. Bush for the Senate in 1970, will suffice for dozens of examples that Baker gives of what he unashamedly calls old-fashioned bi-partisanship. During a vice presidential debate, Bentsen skewered Bush's running mate, Dan Quayle, who had pointed out that he had as much experience in Congress as John F. Kennedy when he ran for president: “Senator, I served with Jack Kennedy. I knew Jack Kennedy. Jack Kennedy was a friend of mine. Senator, you're no Jack Kennedy.”<sup>11</sup> Bentsen's quip played into the developing sense of Quayle as a country-club light weight who didn't belong in the White House. Baker wrote that Bentsen had been unfair to

Quayle, then added: “. . . but I didn’t hold any grudges. Politics is politics.”<sup>12</sup> In the same passage, Baker describes Bentsen as:

. . . a decorated combat veteran of World War II (he flew B-24’s out of Italy), a former three-term congressman, and a successful Houston businessman. He turned out to be a fine senator, well respected on both sides of the aisle, a moderate Democrat of the sort that, while not extinct, is far too rare in today’s politics. Two months after the bitter 1988 race ended, Lloyd graciously introduced me to the Senate Foreign Relations Committee for my confirmation hearing as secretary of state. This was a perfect example of the old way of doing things—fighting like hell in the campaign, then working together across party lines to do the public’s business.<sup>13</sup>

He was, he wrote, proud to serve as one of the pall bearers at Bentsen’s funeral.

Baker’s view of politics also shows in the rules he distilled about working in the White House. [See Appendix A.] They included admonitions not to forget that the White House chief of staff works for the president, however powerful he might appear to others or think of himself: “Nobody elected you.” And: “Husband the president’s power, and your own, by using it wisely. Don’t start more fights than you can win, and win the ones you start.”<sup>14</sup> Throughout his career, he fought to achieve as much as possible of his and the president’s goals, but was prepared to compromise in order to achieve something important rather than lose everything. He continually sought to see the issues from his adversary’s side as well as his own, believing this was the path to a mutually acceptable agreement. He tried to avoid personal animosity and bitterness in disagreement, and to treat friends and adversaries with dignity. “When you’re ahead,” he advised, “call the question. When you’re behind, work harder. If you can’t get what you want, get what you can. When you can’t win, fall back and fight another day.”<sup>15</sup>

Baker believes that the essential elements of his approach to politics come from his experiences in business law and presidential campaigning. One of these is the familiar nugget: “Prior preparation prevents poor performance,” which he learned from his father and never forgot. He comes back to it over and over again. Others are more complex, as he explained in interviews with the author of this article and his memoir about his years as secretary of state, *The Politics of Diplomacy: Revolution, War & Diplomacy, 1989-1992*. Essentially, he believes that every significant national and international issue has a political dimension that holds the key to its resolution.

Though he waited until his early 40s to enter national politics, Baker remained active well into George W. Bush’s second term (Bush 2), serving as co-chairman of the Iraq Study Group, which issued its report in late 2006. His other important assignments included Undersecretary of Commerce in the Ford administration, important campaign work for President Ford’s reelection campaign and Ronald Reagan’s first presidential campaign, Chief of Staff of the White House in the first Reagan administration, Secretary of Treasury in the second Reagan administration, campaign manager for George H.W.

Bush's first and second campaigns for the presidency, Secretary of State in the first Bush administration, and director of the legal effort to win the Florida election of 2000 that brought George W. Bush to power. In his memoirs Baker spends considerable time discussing the way he conducted the public's business. The main outlines of his method can be summarized in this way:

**Hard work** before any major decision and from day to day. Baker repeatedly makes clear that he sacrificed his family life to his job. His favorite shorthand for this is the five P's: Prior Preparation Prevents Poor Performance.

**Direct access to the president.** The importance of direct access emerges repeatedly. After each success Baker found direct access easier to achieve, but he always sought it. When he didn't have it or enough of it, he maneuvered to get it and widen his own responsibilities. His access to George H.W. Bush was exceptional because of their long and unusually close personal friendship. But his direct presidential access during the first Bush administration was crucial because of its contribution to the agility and timeliness of American policy in responding to the problems that accompanied the end of the Cold War.

**A small, extremely accomplished staff.** Baker constantly kept an eye out for bright workaholics like himself, brought them close, and worked them hard. Direct access to the president and a small staff led naturally to the next characteristic of the Baker treatment.

**Extreme centralization of decision-making.** Again and again in his memoirs and in the interviews conducted for this article Baker returns to the importance he attached to being the sole voice of American foreign policy. As he stated during an interview in his conference room at Baker Botts, the firm founded by his grandfather, in Houston: "When the foreign minister of another country came to town, he had to make only one stop—at the State Department—to know what United States foreign policy was." If someone 'got off the reservation,' I went to the president immediately, and he reeled them in." It happened very seldom, he said, once with the National Security Adviser, Brent Scowcroft, and once or twice with Secretary of Defense, Dick Cheney. But the outcome, as far as Baker was concerned, was always the same. The president reinforced the rule that Baker and the State Department alone were in charge of U.S. foreign policy. This doesn't have to happen very many times before competitors stop trying.

**Basing agreements on mutually acceptable arrangements or, the politics of diplomacy.** In Baker's eyes, putting politics at the core of diplomacy or domestic politics is not the same thing as "splitting the difference." The side with the stronger hand wins more of its agenda, and during the end game of the Cold War the United States was the strongest player. The settlement of the Cold War in Europe served American interests more than those of any other country except Germany. But Baker repeatedly underlines what he regards as the folly of attempting to seek unilateral advantage. If the other side thinks it has been wronged or short-changed the deal won't hold. It is as simple as that in his eyes. He drew this insight from his experience as a business lawyer and, once in

politics, from his recognition that if public policy makers disregard the political dimensions of their agenda their legislative proposals will fail or the deals necessary to win approval of their agenda will come unstuck. He saw no reason why diplomacy should be any different and approached it with the same principle in mind. A good example of this approach in action showed during Baker's negotiations with Soviet foreign minister Eduard Shevardnadze over the unification of Germany. In response to Shevardnadze's impassioned rhetoric about Germany's repeated invasions and destruction of Russia, Baker answered patiently: I can't change the past, Eduard: you must tell me something I can do for you now. The upshot was an agreement from West Germany to pay for the relocation of Soviet troops from East Germany and to build housing at their new locations inside the Soviet Union and a pledge from NATO not to station NATO troops on the soil of the former communist countries of the Soviet bloc. It was clear to all sides that this arrangement might not hold during a crisis, but like the German financing of Soviet troop relocation it was a crucial element in winning Soviet withdrawal from central Europe.<sup>16</sup>

**Operating inside the other side's decision loop.** One of the most intriguing concepts about aerial combat is that the deadliest pilots are able to react more quickly than their adversaries, which enables them to accumulate greater and greater advantage as they maneuver and, as the gains accumulate, to put their aircraft in position for a kill. Again and again as one studies the diplomacy of the end game of the Cold War it is clear that Baker and his assistants were consistently quicker and wiser in reacting and maneuvering than their Soviet counterparts, and the British and French governments, as well. Only the West German government came close to matching the speed and expertise that the Americans could bring to bear on important issues. One negotiation where this showed most clearly concerned the bargaining over the reduction of the massive conventional forces in Europe that both sides had amassed during the Cold War. The American decision process was so flat and its participants so knowledgeable and able to commit their agencies that decisions of every kind came relatively quickly and easily; of greatest importance, they repeatedly came faster and were more imaginative than those of the other side.<sup>17</sup>

The trouble with describing the Bush 1 policy process in this way is that by themselves, with the possible exception of operating inside the opponent's decision loop, the various attributes don't provide a basis for distinguishing successful process from unsuccessful and don't advance our understanding of the procedures needed to support successful foreign policy decision-making. All of them apply in a general way to the Bush 2 administration, but it has been far less successful than Bush 1. Two other assumptions offer some help: They provide a bridge between process and substance.

**Viewing the world, the United States and oneself prudentially and cautiously.** Because they saw themselves as fallible and believed that mistakes could be made and might prove disastrous, Jim Baker and the Bush 1 administration reacted cautiously and carefully, aware of the worst possible outcomes and allowing those as well as positive opportunities for change to govern their expectations as well as their policy initiatives. What is intriguing is that their pessimism never produced fatalism or timidity. In fact it

appears to have had the opposite effect. The possibility of failure stirred Baker and his colleagues to even greater efforts, longer hours, more consultation with other governments, more miles traveled, more troops sent. Their caution arose from the complexity and importance of the issues, but also from a skeptical view of human nature. As Brent Scowcroft, Bush 1's national security adviser, put it, "I believe in the fallibility of human nature. We continually step on our best aspirations. We're humans. Given a chance to screw up, we will."<sup>18</sup>

**Broadening the sources of information considered before acting.** The shorthand for this is giving the State Department rather than the Defense Department the lead in making and implementing foreign policy, which assured that experienced, skeptical intelligence analysts were allowed their say. More precisely, the Bush 1 administration listened carefully to the experts in the U.S. government. This did not give the various intelligence agencies and cabinet departments a veto or even the dominant influence in policymaking, but the principal decision makers were careful to listen before they acted. As president George H.W. Bush put it in an interview with the author: "We *always* listened to the CIA and other intelligence agencies. We knew what they were good at—bean counting—and what they didn't do so well [intentions], but we always listened to them. I and my principal advisers made the decisions, but we always listened to the CIA."<sup>19</sup>

### **Ending the Cold War and Defeating Aggression in the Gulf**

As they struggled to bring the Cold War to a peaceful end, the first Bush administration and Jim Baker in particular found themselves forced to adapt to change and to act under what amounted to the pressures of crisis—short decision time and high stakes—at a time when the fundamental assumptions of the Cold War were no longer valid but no new ones had been found to take their place.<sup>20</sup> New assumptions were needed, together with new policies to avoid the dangers of the end game of the Cold War and to harvest the amazing gains they recognized might be achieved if they could get it right.

"Every crisis," as Ian I. Mitroff pointed out, "no matter how different it is on its immediate surface, violates a common set of assumptions that we have been making about the world, others, and ourselves."<sup>21</sup> In these circumstances, leaders must find strategies that allow them to rise to the challenges they and their organizations face and to fashion new assumptions that will allow new policies to be put into action.<sup>22</sup> Among the most important assumptions about U.S. foreign policy that had been shattered was the notion that the leaders of the Soviet Union would never engage in genuine negotiations. For decades they had treated diplomatic encounters as tactical maneuvers and tried to reach over the heads of American leaders to sway public opinion within the United States and allied countries. As the initial months of the administration passed, it became increasingly clear that a smiling, genial, unthreatening Mikhail Gorbachev advocating economic reforms at home and nuclear disarmament and relaxation of tensions abroad was growing in attractiveness to the public in Western Europe. Bush, Baker and Scowcroft began to realize that if something weren't done and done quickly and

correctly, Gorbachev would undermine the U.S. position in Europe and could even collapse the North Atlantic Alliance. Unless the United States came up with a different set of assumptions and different policies, Gorbachev would succeed in putting the Soviet Union in a position to dictate the post-Cold War settlement in Germany and Eastern Europe, with potentially catastrophic consequences for the U.S. position in Europe on which much of its capacity for global leadership depended.

As the debate within the administration developed, the president played the role of instigator and kept the pressure on his national security team to come up with an early and effective response to Gorbachev's seductive appeals to Western European governments and peoples. "Times a wasting, Brent," he told Brent Scowcroft in May 1989, barely four months after taking office. "We've gotta push."<sup>23</sup> Vice President Dan Quayle, Secretary of Defense Dick Cheney, and deputy national security advisor Robert Gates argued that the Soviet Union was in such a weak position that it was unnecessary to do anything at all. But the president insisted, and gradually Baker and his colleagues found new assumptions and a new approach that responded positively to Gorbachev's proposals for disarmament and ending Cold War hostility but in a way that worked to the advantage of the United States.

The main idea was to offer counter-proposals that imposed a choice on Gorbachev: he could either live up to his grand proposals to cut nuclear and conventional armaments and relax tension or be shown to be a hypocrite. If they were ever put into practice, the promises that Gorbachev was dangling as he traveled from capital to capital would weaken the Soviet position in Europe far more than that of the United States because Russian control of Eastern Europe depended on the ideological and military division of the continent to justify the use of force to keep the governments of Eastern Europe in power. "Our job," Baker said, "was to hold him to his word."<sup>24</sup> The point Baker was making—and that the president backed—was that there was no way the administration could find out whether Gorbachev was willing to agree to major changes unless it put forward positive programs of its own. The point of the new political, economic, and military proposals was to find out just how high a price Soviet leaders were willing to pay to obtain the good relations with the West that they desperately needed in order to be able to reform the economy of the Soviet Union. The new assumptions that the Bush national security team developed and their agile policy responses, such as their refusal to allow Gorbachev to overbid them on arms reductions or crucial political changes, such as the unification of Germany, kept the Soviet leaders playing a losing game with their own chips. The outcome was a strategic reversal of a magnitude so enormous that it usually occurs only as the result of the defeat of one side in war. As Brent Scowcroft put it later:

The easing of Cold War tensions threw open the fundamental assumptions on which the entire postwar security structures of Western Europe, and our own strategic planning, were based: a Soviet threat and a divided continent. . . We had to rethink the larger strategic picture of European security, of our role in it, and of superpower relations. The events underway across Europe were interrelated in their cause and effect and had to be considered in a collective context as well as

individually. We were witnessing the sorts of changes usually only imposed by victors at the end of a major war.<sup>25</sup>

Ultimately, Russian troops withdrew from East Germany and the countries of Eastern Europe, whose communist governments quickly collapsed, along with the Warsaw Pact, the Soviet Union's military counterpart to NATO. Within two years the Soviet Union itself would disappear from history, to be replaced by a shrunken, bankrupt, militarily weak government. Germany absorbed East Germany into a united Germany, which remained within NATO and a member of the European Union. It was a victory as total as could be imagined, particularly in light of subsequent developments, which saw democratic governments established in key states of Eastern Europe, such as Poland, Hungary, and Czechoslovakia (later to split into two countries). These and other former communist states would become members of NATO and the European Union.

If the end game of the Cold War demanded effective crisis management, innovation, and the uprooting of old assumptions, Saddam Hussein's unexpected conquest of Kuwait posed a different kind of challenge to the administration that called for a drastic overhaul of assumptions and policies, this time in the Middle East. Significantly, the invasion of Kuwait came during the summer of 1990, when the outline of the post-Cold War world in Europe, was already apparent and when cooperation between the United States and the Soviet Union had reached unprecedented levels. The invasion of Kuwait actually posed two kinds of questions: what should be done to defeat the aggression, and how could those measures be used to create new norms and expectations not just for the foreign policy of the United States but for the entire world.

In addition to its own military planning, the administration chose to assemble a global coalition that gradually isolated Saddam Hussein's Iraq and made his conquest of Kuwait illegitimate and illegal. As a result, the United Nations Security Council Resolutions condemned the occupation of Kuwait and authorized the use of force to expel the invaders. Unlike the second Gulf War, when the United States found itself in Iraq with Great Britain and, essentially, little other support, dozens of nations joined in sending combat troops and money to take part in the first Gulf War. So successful was Baker's fund raising from the Gulf oil states, Japan, Germany, and the others, that the war cost the American taxpayer nothing at all. That casualties were relatively light on the allied side made the military side of the campaign a quick and near-total success. In addition, the war was fought with the agreement of Russia and the acquiescence of China, a precedent setting change and one that contributed decisively to the administration's hopes to create what it called a "new world order," by which it meant a pattern of reliable cooperation among the former Cold War enemies, Russia, China, and the United States, supported by new norms and expectations, that would combine to make aggression across national borders impossible.

The end game of the war to liberate Kuwait went much less well. As critics quickly pointed out, the fighting left Saddam's elite military forces, the Republican Guard, intact, and they were used brutally and pitilessly to put down rebellions by Shiites and Kurds in the south and north of the country. Worse, the Bush administration inexplicably

continued economic sanctions on Iraq, originally established to punish the aggressor, long after the eviction of Iraqi armies from Kuwait and the imposition of severe and intrusive disarmament conditions on Saddam Hussein's government. Here the administration simply lost its way. It hoped that the growing misery caused by the sanctions would drive Sunni military officers to blame Saddam Hussein and lead to his overthrow. It just didn't work that way. Given Iraq's history of ethnic and religious divisions, with Sunnis holding power but comprising only a fifth of the population of Iraq, this approach actually achieved the opposite result, and united Sunni officers around Saddam Hussein in opposition to the United States and the other ethnic and religious groups in the country. In addition, the continuation of the sanctions impoverished the country, destroyed the middle class, and resulted in the deaths of thousands of children and the elderly. Although not controversial at the time, the failure to send American forces "on to Baghdad" and bring down Saddam Hussein in 1991 festered in American partisan politics, to be eventually taken up by neo-conservatives and form an important part of the argument in favor of the second Gulf War, a decade later. In retrospect, the costs of the second Iraq war, which continues at this writing—nearly 4,000 American soldiers and tens of thousands of Iraqis killed and expenditures soaring toward a trillion dollars—make the expense of maintaining around-the-clock aerial surveillance and no-fly zones in northern and southern Iraq to protect Kurds and Shiites seem trivial.

### **Foreign Policy Making and Innovative Management**

The literature on management is enormous. Instead of attempting an exhaustive survey, I have relied on insights derived from the works of a handful of "classic studies" by authoritative figures in the field: Peter Drucker, Tom Burns, G.M. Stalker, and Herbert Simon. I have also taken advantage of the opportunity to re-read some of the originators of the field, particularly Adam Smith on the division of labor, and Max Weber on bureaucracy.<sup>26</sup> Recognition of the differences between formal and informal processes began more than a century ago in political science, at least as long ago as James Bryce's study of American politics, *The American Commonwealth*, in 1888 and Woodrow Wilson's *Congressional Government*, first published in 1885.<sup>27</sup> Their ideas spread widely and, in the area of foreign policymaking were sharpened by the insights of a group of scholars beginning in the 1950s who realized that organizations seldom behaved rationally. Searching for an explanation of this behavior some scholars emphasized the role of internal bargaining on decisions or "bureaucratic politics."<sup>28</sup> Advised by these scholars, many politicians began to see internal opposition to their policy management as an important and, perhaps even greater obstacle to success than the actions of their foreign adversaries. Under the influence of these ideas and attempting to respond to a changing international environment, a number of Cold War and post-Cold War presidents used their constitutional powers over the making and conduct of foreign policy to bring the primary responsibility for foreign policy into the White House and to minimize and, even on occasion, to eliminate the influence of the "bureaucracy," the uniformed military, intelligence analysts, spies, and diplomats who formed the interagency network that arose to manage the global ideological and military conflict with the Soviet Union after the end of World War II. As an example of the way these insights were used, President Richard Nixon and his national security advisor, Henry Kissinger, engineered the foreign policy

management system to maximize their control of decisions. They did so by forcing the State and Defense departments and intelligence agencies to provide options rather than agreed decisions, informing the president of alternatives and preventing the agencies from reaching a consensus on policy among themselves.<sup>29</sup>

Baker borrowed from these insights and practices. Like Kissinger, he believed that the U.S. government faced drastic changes in the international context, changes so vast that he could not succeed by following standard procedures and relying on career officials and routine procedures.<sup>30</sup> Like Kissinger, he surrounded himself with a small group of bright people on whom he relied heavily. Sorting the pros and cons of the approach after leaving office, Baker observed:

I knew I needed several qualities in my team. I wanted people who could generate ideas and initiatives and whose first inclination was to say ‘yes—not necessarily to me but to action. The natural tendency of any bureaucracy is to do nothing. This was true in spades at State, where doing something can lead to war or, sometimes even worse from the bureaucracy’s perspective, conflicts with regional clients . . . My team would need to excel at turning ideas into action, and that meant I needed implementers and enforcers as well. I also wanted people who understood politics, because, quite simply, politics drives diplomacy, not vice versa.<sup>31</sup>

The strength of this approach was that it allowed Baker “to develop initiatives privately and coherently and to use them to break diplomatic deadlocks.”<sup>32</sup> Its drawbacks were that it overworked Baker and his team and thus made it harder for them to avoid potential crises. It also left Baker little time or energy to focus on developing the skills and experience of younger foreign service officers.

Baker’s way of organizing and managing the complex operations of the U.S. government’s foreign policy would not have surprised scholars and practitioners of corporate management. Beginning with some of the same insights about irrationality in the behavior of organizations, they quickly moved to find ways of overcoming the obstacles it raised to efficient production. Among the insights with the greatest application to the management of foreign policy are the notions of mechanistic and organic systems of management. These are “ideal” types of management systems. Elements of both often intermingle in actual organizations. Both are “rational” in the sense that they are created to solve specific problems.

Mechanistic management systems are characterized by a number of attributes that one normally associates with “bureaucracy,” corporate or governmental. They often occur in situations of stability or slow predictable change:

- Tasks and responsibilities are specialized and precisely defined.
- Control and communication are hierarchical, communication runs up and down, between subordinate and superior, and knowledge and decision are concentrated at the very top of the organization; as a result, a condition of

“dependency” on superiors often develops among subordinates, who hesitate to act on their own and pass responsibility upward.

- Loyalty, obedience to superiors, and internal, inward-looking knowledge and skills are more highly valued than general, outward-looking knowledge.<sup>33</sup>

Organic management systems are well suited for environments marked by drastic sudden change, and even the most stable mechanistic system often finds itself pulled in the direction of organic management when facing the need to change and innovate. Organic management systems are characterized by:

- The importance of interaction with others, in defining tasks, sharing knowledge and experience, and, perhaps most important of all, accepting responsibility for performance. Tasks are continually redefined by working with others.
- Control, authority, and communication occur in a network rather than within a hierarchy, and there is no presumption of superior knowledge at the top. Rather than issuing orders and decisions, communications occur laterally and contain information and advice.
- Commitment to the organization grows, in Burns’ and Stalker’s words, “beyond any technical definition,” resembling at its best a scientist’s commitment to research, and focuses on expansion and technological progress rather than loyalty and obedience.
- There is a blurring of the formal, or management system as it was designed, and the informal, or the management system as it actually works.<sup>34</sup>

Burns and Stalker are careful to emphasize that although organically managed organizations become “flat”—hierarchy is not valued for its own sake—they are still “stratified.” Key decisions are often taken by the more senior members of the organization. The difference is the importance that organic systems accord those with the best knowledge and skills.<sup>35</sup>

### **Concluding Observations**

From this brief discussion it appears that Jim Baker succeeded in managing U.S. foreign policy in a time of drastic change because he created a small organic system within the vastly larger mechanistic system of the U.S. government’s diplomatic, military, and intelligence agencies. In fact, Baker’s actions came after years of movement in the same direction by his predecessors.<sup>36</sup> As a result of these considerations and in response to drastic changes in the international environment, the pattern of foreign policy management has steadily moved away from the mechanistic and bureaucratic and toward the organic and personalized. However, while they tried to avoid the flaws of mechanistic management, presidents and their closest advisors continued to rely primarily on the technical expertise and specialized skills of the “bureaucracy,” what Colonel Larry Wilkerson called the “interagency system,” of collection, analysis, and policy formulation. Two other factors deserve mention. The changes these presidents made

accumulated and undermined even the organic system that presidents preferred. And the resurgence of conservative ideology in the United States unleashed by the election of Ronald Reagan in 1980 brought a profound suspicion of government once again into the mainstream of American life. Even with this change, it may not have been inevitable that attempts to change the management of foreign policy would culminate in the determination of George W. Bush, Dick Cheney, and Donald Rumsfeld to reject the interagency system entirely and even to try to **replace** the bureaucracy with their own ad hoc committees. Much about the decisions that led to these changes remains classified, and the memoirs of the most important policymakers have not yet been published. Even so, it appears that the personalities of the most senior officials and, especially, the long-standing likes and dislikes that they brought with them when they took office, played an unusually significant role in the rejection of the existing interagency system of foreign policy management.

What emerges from this discussion are the similarities in the ways business and government attempt to cope with significant and unsettling changes in their operating environments. Seen in this light, not only do the efforts of the Bush 1 administration to cope with the end of the Cold War and those of Bush 2 to respond to the attacks of 9/11 seem familiar to students of organization and management, they were predictable. Their familiarity also suggests that the narrow and even exclusive arrangements preferred by the Bush 2 administration after the terrorist attacks of 9/11 are less unique than they sometimes appear to critics. The attacks on the World Trade Center and the Pentagon represented a massive failure of the established way of assessing threats to the United States. The attacks also represented an astonishing and violent shift in the external environment facing the U.S. government. Seen in this light, the preference of the most important Bush 2 advisers, especially Vice President Dick Cheney and Secretary of Defense Donald Rumsfeld and their closest associates, to go outside normal channels for intelligence analysis and policy ideas fits Burns' and Stalkers' observation of the appearance of "a clandestine or open system of pair relationships between the head of the concern and some dozens of persons at different positions below him in the management." If it took the process to an extreme, the Bush 2 administration's actions nonetheless also recall Jim Baker's highly centralized way of working out the end of the Cold War with Eduard Shevardnadze and the West German government. Given these similarities, what accounts for the difference in success between the two administrations?

It is obviously difficult to compare the reactions of individuals and administrations facing such radically different circumstances as those encountered by the Bush 1 and Bush 2 administrations. The world shifted with the collapse of the Soviet Union, but it shifted again with the rise of Islam and its terrorist off-shoots, and new developments continue to alter the circumstances facing U.S. decision-makers. At the same time, the general problem of responding to a radically novel environment invites generalizations as well as distinctions. With that in mind, it seems clear that two aspects of the Bush 1 response to innovation—and the "Jim Baker treatment"—deserve noticing. They are Bush 1's and Baker's continued reliance on the existing agencies of the U.S. government for information and policy options. The decisions taken by Bush 1 were their own, without question. President Bush and his advisers always listened to the CIA, knowing its

strengths and weaknesses, and they kept the final policy decisions to themselves. But there was no attempt to ignore much less to reproduce in a more complaisant form the analytical and deliberative processes of existing agencies. The other distinguishing characteristic was the determination of President George H.W. Bush and Secretary Baker not to seek outcomes that would have resulted in the humiliation or final destruction of their adversaries. This behavior can be observed in its benign form in their relations with Soviet leaders Gorbachev and Shevardnadze. The final outcome had to be acceptable to them. It could not provide them with grounds for rejecting the settlements or seeking to undo them. The more brutal face of this showed in their dealings with Saddam Hussein after his invasion of Kuwait. They were determined to defeat him and throw him out of Kuwait. But their decision not to completely destroy the regime and occupy Baghdad showed the care with which they sought to limit the uses of American power and to prevent the mobilization of opinion against the United States, in the Muslim world and beyond.

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## Appendix A\*

### Jim Baker's White House Rules

1. Remember, all your power as chief of staff is vicarious, through the president. Nobody elected you; you're staff, powerful, yes, but staff nonetheless.
2. Understand what the president wants, then help him get it. If you think he's wrong, tell him, but always respect and carry out his decisions.
3. On contentious issues, be an honest broker so he hears all sides (and all sides know they have been heard).
4. Husband the president's power, and your own, by using it wisely. Don't start more fights than you can win, and win the ones you start. Success builds on success.
5. Surround yourself with the best people you can find. You can't do this job without help. Give loyalty and demand loyalty. Delegate. Expect performance. When you get it, show appreciation.
6. Disagree agreeably. Listen respectfully. Treat everyone, allies and adversaries alike, with dignity. Return telephone calls.
7. Count the votes. When you're ahead, call the question. When you're behind, work harder.
8. If you can't get everything you want, get what you can.
9. When you can't win, fall back and fight another day.
10. Make the trains run on time so [the president] doesn't have to worry about the small stuff.
11. Respect the press and get to know reporters. Talk to them, on background most of the time, but on the record when necessary. Help them to understand the administration's position. And never lie to them.

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\*Taken from Baker, *Work Hard, Study . . .*" 212. All the words are Baker's. The way in which they appear and their order have been changed slightly to resemble a list of rules.

## Notes

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<sup>1</sup> Peter Drucker, *Management: Tasks, Responsibilities, Practices* (New York: Harper & Row, 1973), 809.

<sup>2</sup> Tom Burns and G.M. Stalker, *The Management of Innovation* (Oxford: Oxford University Press, 1994), xiii.

<sup>3</sup> On the foreign policy management system of the Bush 2 administration see in particular the remarks by Lawrence Wilkerson who served as Colin Powell's chief of staff at the State Department at the New America Foundation on October 19, 2005, available at: [www.newamerica.net/files/Doc\\_File\\_2644\\_1.pdf](http://www.newamerica.net/files/Doc_File_2644_1.pdf). See also, Rajiv Chandrasekaran, *Imperial Life in the Emerald City: Inside Iraq's Green Zone* (New York: Random House, 2006); Iraq Study Group, *The Iraq Study Group Report: The Way Forward - a New Approach* (New York: Vintage, 2006); P. Edward Haley *Strategies of Dominance: The Misdirection of U.S. Foreign Policy* (Baltimore, Md.: Woodrow Wilson Center Press and Johns Hopkins University Press, 2006); National Commission on Terrorist Attacks, *The 9/11 Commission Report: The Full Final Report of the National Commission on Terrorist Attacks Upon the United States* (New York: Norton, 2004); George Packer, *Assassin's Gate: America in Iraq* (New York: Farrar, Straus, Giroux, 2005); and Thomas E. Ricks, *Fiasco: The American Military Adventure in Iraq* (New York: Penguin, 2006); 9/11 commission and intelligence committee report and Iraq Study Group report. On the general management style of Vice President Dick Cheney, see especially a four-part series published in the *Washington Post* by Jo Becker and Barton Gelman, "Angler, The Cheney Vice Presidency," Part 1, June 24, 2007: "A Different Understanding With the President;" Part 2, June 25, 2007: "Pushing the Envelope of Presidential Power;" Part 3, June 26, 2007: "A Strong Push from Backstage;" Part 4, June 27, 2007: "Leaving No Tracks;" available at [www.washingtonpost.com](http://www.washingtonpost.com).

<sup>4</sup> See Lawrence Chickering and P. Edward Haley, "Strong State, Weak Society: The Social Dimension of State Building," *Policy Review*, No. 143, June & July 2007, available at [www.hoover.org/publications/policyreview/7833442.html](http://www.hoover.org/publications/policyreview/7833442.html).

<sup>5</sup> The effort has been successful in Latvia, Lithuania, Estonia, Poland, Hungary, and the Czech Republic. It failed in the Central Asian republics of the USSR and resulted in less successful transitions in Belarus, Slovakia, Ukraine, Bulgaria, Romania, and Georgia.

<sup>6</sup> See among many others, James A. Baker, III, with Thomas M. Defrank, *The Politics of Diplomacy: Revolution, War & Peace, 1989-1992* (W. P. Putnam's Sons, 1995); James A. Baker, III, with Steve Fiffer, *Work Hard, Study . . . and Keep Out of Politics! Adventures and lessons from an Unexpected Public Life* (New York: G.P. Putnam's Sons, 2006); George W. Bush and Brent Scowcroft, *A World Restored*, (New York: Vintage, 1999); and Philip D. Zelikow and Condoleezza Rice, *Germany Unified and Europe Transformed: A Study in Statecraft* (Cambridge, Mass.: Harvard University Press, 1997).

<sup>7</sup> Drucker, *Management*, 788.

<sup>8</sup> See Drucker, *Management*; Tom Burns and G.M. Stalker, *The Management of Innovation* (Oxford: Oxford University Press, 1994); Herbert A. Simon, "The Proverbs of Administration," *Public Administration Review* 6 (Winter 1946), 53-67, in Jay M. Shafritz and J. Steven Ott, *Classics of Organization Theory*, 2<sup>nd</sup> ed. (Pacific Grove, CA: Brooks/Cole Publishing Company, 1978), 102-118.

<sup>9</sup> James A. Baker, III, with Steve Fiffer, "Work Hard, Study . . . and Keep Out of Politics! Adventures and Lessons from an Unexpected Public Life," (New York: G.P. Putnam's Sons, 2006), 149-150.

<sup>10</sup> "That's true, and I've always thought it was important, if possible, to have had political experience with the president you serve. It secures your political bona fides within the administration and, more important, gives you a political perspective on public policy issues, which is always helpful in getting things done in government." *Ibid*, 277,

<sup>11</sup> Quoted in *ibid*, 273.

<sup>12</sup> *Ibid*.

<sup>13</sup> *Ibid*, 273-274.

<sup>14</sup> *Ibid*, 212. For a complete list of Baker's White House do's and don'ts see Appendix A.

<sup>15</sup> *Ibid*.

<sup>16</sup> Baker describes his negotiating approach in this way: "Successful negotiation requires a sense of political limits. For this agreement [Canada-U.S. free trade], that meant sensitivity to the political dynamics in both Canada and the United States, two democracies where interest groups are varied and vocal, and power is divided and diffuse. I spent a lot of time gauging congressional opinion and cultivating bipartisan support

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from friends of free trade on Capital Hill. I also had to educate myself on the political constraints faced the Canadians.” Baker, *Work Hard, Study Hard*, 436.

<sup>17</sup> A good description of this process during talks about German unification and the reduction of conventional forces in Europe occurs in Baker, *Politics of Diplomacy*, 213.

<sup>18</sup> Jeffrey Goldberg, “Breaking Ranks: What Turned Brent Scowcroft against the Bush Administration,” *The New Yorker*, October 31, 2005, [www.newyorker.com](http://www.newyorker.com).

<sup>19</sup> Email interview with George H.W. Bush. Emphasis in original.

<sup>20</sup> Psychology based studies of corporate practices reserve the term “management” for the conduct of the routines of a business organization, a vital task, but one not necessarily requiring creativity and innovation.

<sup>21</sup> Ian I. Mitroff, “Best Practices in Leading Under Crisis: Bottom-Up Leadership, Or How to be a Crisis Champion,” Conger and Riggio, *The Practice of Leadership*, 267.

<sup>22</sup> *Ibid*, 267-274.

<sup>23</sup> Quoted in Haley, *Strategies of Dominance*, 25.

<sup>24</sup> *Ibid*.

<sup>25</sup> *Ibid*, 50.

<sup>26</sup> See Drucker, *Management*; Tom Burns and G.M. Stalker, *The Management of Innovation* (Oxford: Oxford University Press, 1994); Herbert A. Simon, “The Proverbs of Administration,” *Public Administration Review* 6 (Winter 1946), 53-67, in Jay M. Shafritz and J. Steven Ott, *Classics of Organization Theory*, 2<sup>nd</sup> ed. (Pacific Grove, CA: Brooks/Cole Publishing Company, 1978), 102-118.

<sup>27</sup> James Bryce, *The American Commonwealth*, 2<sup>nd</sup> ed. (New York: Macmillan, 1891); Woodrow Wilson, *Congressional Government: A Study in American Politics* (Cleveland, Ohio: Meridian Books, 1967).

<sup>28</sup> Among the many influential and earliest works on this theme are Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971); Morton H. Halperin, with the Assistance Of Priscilla Clapp And Arnold Kanter, *Bureaucratic Politics And Foreign Policy* (Washington, D.C.: Brookings Institution, 1974); Richard E. Neustadt, *Presidential Power* (New York: Wiley, 1960).

<sup>29</sup> For a discussion of the measures Nixon and Kissinger employed, see Henry Kissinger, *White House Years* (Boston: Little, Brown, 1979), 38-48. “In the modern state,” Kissinger argued, “bureaucracies become so large that too often more time is spent in running them than in defining their purposes. A complex bureaucracy has a incentive to exaggerate technical complexity and minimize . . . political judgment; it favors the status quo, however arrived at, because short of an un-ambiguous catastrophe the status quo has the advantage of familiarity and it is never possible to prove that another course would yield superior results. It seemed to me no accident that most great statesmen had been locked in permanent struggle with the experts in their foreign offices for the scope of the statesman’s conception challenges the inclination of the expert toward minimum risk.

“The complexity of modern government makes large bureaucracies essential, ; but the need for innovation also creates the imperative to define purposes that go beyond administrative norms. . .” (39)

<sup>30</sup> Baker, *Politics of Diplomacy*, 30-31

<sup>31</sup> *Ibid*, 32.

<sup>32</sup> *Ibid*. Another of Baker’s insights was that he would be “the President’s man at the State Department, not the State Department’s man at the White House.” *Ibid*, 29-30.

<sup>33</sup> Burns and Stalker, *Innovation*, 120.

<sup>34</sup> *Ibid*, 121-122.

<sup>35</sup> *Ibid*, 122.

<sup>36</sup> See especially Morton H. Halperin and Priscilla A. Clapp, with Arnold Kanter, *Bureaucratic Politics and Foreign Policy*, 2<sup>nd</sup> ed. (Washington, D.C.: Brookings Institution Press, 2006), chapters 1-5.