



BAKER INSTITUTE REPORT

NOTES FROM THE JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY AT RICE UNIVERSITY

BAKER INSTITUTE HOSTS U.S.-RUSSIA ENERGY SUMMIT

The Baker Institute took part in 'history in the making' last year when it played host to the first U.S.-Russia Energy Summit.

The main plenaries for the summit, which convened October 1-2, 2002, were on the Rice campus and included groundbreaking speeches by key senior government officials from Russia and the United States on the subject of the importance of economic partnership and energy links between the two countries. Among those who spoke on the



(From left) Donald Evans, German Gref, Igor Yusufov, and Robert Card, undersecretary of energy, environment, and science for the Department of Energy, sign a joint statement at the conclusion of the U.S.-Russia Energy Summit.

importance of the new partnership were Russian energy minister Igor Yusufov, economic and trade minister German Gref, U.S. commerce secretary Donald

Evans, and energy secretary Spencer Abraham.

The summit followed an agreement in May by U.S. presi-

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SPACE POLICY SUMMIT PROVIDES RECOMMENDATIONS FOR EXPLORATION AND COMMERCE

Space exploration is a marathon, not a sprint, according to world space leaders at the Space Policy Summit hosted by the James A. Baker III Institute for Public Policy October 11-13, 2002.

Thirty-nine leaders from gov-

ernment and industry of 16 nations and five international organizations came to the Baker Institute to discuss space exploration, space commerce, and space applications. Both U.S. and international aerospace compa-

nies were involved.

They recommended that space exploration be pursued as a step-by-step progression that involves sustained, systematic improvements in scientific understanding and enabling technologies, such as advanced in-space propulsion and power-generation systems.

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International leaders from government, industry, and academia came to the Baker Institute for the Space Policy Summit.

"Guiding Principles for U.S. Post-Conflict Policy in Iraq," a joint study by the Baker Institute and the Council on Foreign Relations (see page 2)

BAKER INSTITUTE AND CFR MAKE RECOMMENDATIONS FOR U.S. POST-CONFLICT POLICY IN IRAQ

"The United States may lose the peace, even if it wins the war," warns a panel of experts, unless the administration lays out plans now for how to best reconstruct and govern Iraq post-Saddam. Led by Ambassadors Edward Djerejian and Frank Wisner, the panel calls for the appointment of a "Coordinator for Iraq" to oversee and articulate a three-phased strategy in the areas of security, economics, and governance.

In the first systematic and comprehensive effort to outline guiding principles and priorities in the postwar environment, an independent panel sponsored by the Council on Foreign Relations and the James A. Baker III Institute for

Public Policy at Rice University have prepared an "intellectual road map" to help the Bush administration promote reconstruction and reconciliation in Iraq and build a more stable Middle East in the day and the decade after war. The report makes clear that although considerable resources are available, Iraq's oil revenues will not be enough to provide for the many tasks required to stabilize and rebuild Iraq.

The panel asserts that U.S. efforts must be accompanied by a vigorous public diplomacy campaign in the Middle East and the Muslim world to deflate criticism in the region and deny terrorists

and extremists the ability to use military action to their own political advantage.

Key Tasks and Objectives the Memo Considers:

Security:

Immediately after the conclusion of hostilities a strong American presence will be needed to establish and maintain law and order to ensure that anarchy, revenge, and score settling do not overwhelm the opportunities for lasting political change. As soon as possible, the United States must pivot from a leading role to a "superintending" one, recognizing that the Iraqi people will be a liberated, not a defeated, people.

Early efforts must focus on eliminating the Republican Guard, Special Republican Guard, intelligence services, and other key institutions of Saddam's rule, while preserving the Iraqi Army—minus the uppermost leadership and any others guilty of serious crimes. Iraqi leaders whose crimes are so egregious that they can be tried for crimes against humanity must be detained and prosecuted.

Governance:

The report endorses a federal and democratic Iraq. The United States must make clear that it has no desire to become the de facto ruler of Iraq and its vast oil reserves. The report recommends a phased transition from an immediate "emergency transitional gov-

The personnel of the James A. Baker III Institute for Public Policy at Rice University express their deepest condolences to the families of the Space Shuttle Columbia crew and all those affected by the tragic events of February 1, 2003. The exploration of space is a difficult and challenging endeavor and is not without significant risk, but the rewards are great and of benefit to all humankind.

"We set sail on this new sea because there is new knowledge to be gained . . . and used for the progress of all people."

President John Fitzgerald Kennedy
Rice University, September 12, 1962

ernment with Iraqi advisers,” to an “internationally and UN-supervised Iraqi government” and finally to a “sovereign Iraqi government.”

The report cautions the administration to resist the temptation to establish a provisional government in advance of hostilities or to impose a post-conflict government dominated by exiled Iraqi opposition leaders. The external opposition has a role to play, the report contends, but it should be considered an important voice among many.

Economics:

Although Iraq has the second largest proven oil reserves in the world, the Iraqi oil industry is being held together by “Band-Aids.” Oil production capacity in Iraq is dropping by 100,000 barrels per day (bpd) annually. Significant technical challenges exist to staunching the decline and eventually increasing production. The report concludes that it will take 18 months to three years and \$5 billion to bring the Iraqi oil industry back to pre-1990s production levels of 3.5 million bpd, in addition to \$3 billion in annual operating costs. To get to the oft-quoted six million bpd will take years and require massive expansion of infrastructure, billions of dollars in investment, and a stable political environment. War and its aftermath could further limit, not increase, Iraq’s oil production.

Leaving aside immediate humanitarian needs, which will be massive, reconstruction will take between \$25 billion and \$100 billion. Repairing existing oil export

installations will require \$5 billion, and rebuilding Iraq’s electrical power infrastructure could cost \$20 billion. Given that Iraq’s revenues are now in the neighborhood of \$10 billion per year, significant financial support will have to be generated by neighboring states, multilateral institutions, and other Western partners.

Initial investment requirements will have to compete with costs for Herculean humanitarian and other reconstruction needs that have to be met to avoid a major health and economic crisis in Iraq after a war. If not planned for in advance, the challenges faced by Iraq’s oil industry could leave Iraq’s population of 23 million largely dependent on international donor aid and portend a humanitarian crisis of serious proportions.

The report identifies a set of principles that should guide U.S. oil policy:

- Iraqis should maintain control of their own oil sector.
- A significant portion of early proceeds should be spent on the rehabilitation of the oil industry.
- A level playing field should be established for all international oil companies.
- Any proceeds are shared fairly by all Iraqi citizens. If depoliticized, the UN oil-for-food distribution mechanism is a useful starting point for distributing oil revenues throughout the country.

Full text of Guiding Principles for Post-Conflict Policy in Iraq is at <http://bakerinstitute.org> and www.cfr.org.

Panel’s Recommendations on Iraq after Saddam:

- After a transitional phase, the Iraqi people should choose their own government and run their own oil program, which faces significant challenges to increase production.
- U.S. should play a supporting, not a leading, role in political and economic reconstruction.
- Treat Iraqis as a “liberated, not a defeated, people.”



Richard Holbrooke, former U.S. ambassador to the United Nations, presented “America and the World Today” to the Baker Institute Roundtable and Baker Institute Student Forum October 29, 2002. Currently vice chairman of Perseus, Holbrooke served as ambassador to the UN from 1999 to 2001. He was U.S. ambassador to Germany from 1993 to 1994. As assistant secretary of state for Europe from 1994 to 1996, he was the chief architect of the 1995 Dayton peace agreement that ended the war in Bosnia. He was recently appointed chair of the Asia Society.

AMERICAS PROJECT EXAMINES POLITICAL IMPACT OF LATIN AMERICA'S ECONOMIC TURMOIL

After more than 10 years of following the economic recipe prescribed by international financial institutions, Latin America is still waiting for the promised economic growth. Several countries in the region are experiencing a severe economic crisis and increasing manifestations of social and political unrest—dramatically embodied by the current crisis in Argentina and Venezuela. The once-promising future of Latin America seems to be vanishing at an accelerated pace.

Sixteen young leaders from 16 countries within the Americas participated in Americas Project 2002, an intense three-day colloquium last October at the Baker Institute, sharing their varying experiences and perspectives on the political consequences of the current economic turmoil in Latin America. The Americas Project 2002 fellows discussed and analyzed the political, social, and economic challenges facing the region. Through this process they learned the specific challenges facing each country and identified common obstacles to democratic consolidation, economic growth, and social equity.

Numerous political leaders and the international media have contributed to highlight the recent economic and political turmoil and interpret it as Latin America's new tendency to divert from democratic practices and the new market model, said Erika de la Garza, program coordinator for the

Americas Project. She noted, however, that alarming political, social, and economic conditions in contemporary Latin America are not necessarily a direct consequence of the neoliberal policies adopted a few years back. They are com-

Corrupt practices and financial mismanagement within local governments, most importantly evidenced in the direct accusation of at least eight presidents in the past 15 years, have further eroded the already discredited political elites.



Sixteen young leaders from 16 countries within the Americas participated in Americas Project 2002. Erika de la Garza (far right) is program coordinator.

elling reminders of the long recent history of military dictatorships and of the incipient nature of most Latin American democracies.

For several decades Latin America has fought its long-standing problems of income distribution, low economic growth, social instability, violence, unequal access to education, poor citizen participation, and weak or nonexistent institutions. These troubles, combined with Latin American states' persistent failure to improve social conditions and provide safety to their citizens, have undermined the credibility of official authority and contributed to increased economic vulnerability.



Ambassador Roger Noriega, permanent representative of the U.S. to the Organization of American States, was a keynote speaker for the Americas Project.

Against this discouraging picture, the region in the last few years has witnessed important shifts toward democratic ways of governing, such as the Colombian Constitution of 1991 and Mexico's recent end of 71 years of political monopoly. The future of Latin America might not be as bright as it once seemed, yet several important lessons, such as fiscal prudence, have been learned.

Keynote speaker Ambassador Roger Noriega, the permanent representative of the United States to the Organization of American States (OAS), stressed the importance the Bush administration is placing on the region.

Enrique Peñalosa, the former mayor of Bogotá, was also a keynote speaker. He showed the Americas Project participants that despite the economic, political, and social constraints the region is facing today, small steps at a local level can pave the way to a city's and country's brighter future.

A panel of dynamic experts provided a fresh view of the current issues facing the region. Joe Barnes, the Bonner Means Baker Visiting Fellow at the Baker Institute, moderated the panel discussion.

Michael Shifter from the Inter-American Dialogue in Washington gave a political perspective, noting that the region is facing social, economic, and political crises. He emphasized the problem of lack of credibility and rejection of established political parties. The U.S. is neither the cause nor the remedy to the present disenchantment in Latin America, yet it is an important actor—but one that



Enrique Peñalosa (left), the former mayor of Bogotá, was a keynote speaker for the Americas Project. He is pictured with Allen Matusow, associate director for academic programs for the Baker Institute.

seems disengaged.

Jane Thery from the OAS's Secretariat of the Summit Process gave an economic perspective, focusing her talk on the Brazilian example. She presented some interesting figures on the severity of the crisis in Latin America: The projected growth for Argentina is negative 16 percent—twice the economic crisis of the Great Depression in the U.S.

Kurt Weyland from the University of Texas at Austin gave the social perspective: Things are not as bad as some scholars, media, and opinion polls say. People are strongly committed to democratic principles yet critical of the actual performance of their democratic institutions. Even if there is discontent, this doesn't translate into radical or immediate change. Everyone knows there is no alternative to the market model. He cited as an example Venezuelan president Hugo Chavez being

more rhetorical than willing to take action against the market model. He also mentioned Brazilian president Luiz Inacio Lula, who ran for president a few years ago on a platform that leaned heavily to the left; however, when a big part of the business community threatened to leave Brazil if he won the presidency, he became more moderate.

Ray Duch of the University of Houston presented his Baker Institute report, "State of the Latin American Political Economy," to the Americas Project fellows. The report summarized the findings of public opinion surveys that the institute has been conducting in Argentina, Colombia, and Venezuela under Duch's direction. The surveys were designed to help understand how, and to what extent, economic issues shape the political opinions and choices of the average Latin American citizen. The report is posted on the Baker Institute website, <http://bakerinstitute.org>.

The Americas Project, established in 1997, creates a leadership forum where a group of emerging economic, political, and cultural pacesetters throughout the Western Hemisphere can discuss solutions to some of the most pressing challenges confronting the nations of the Americas. The fellows for the 2002 conference were selected competitively from countries of the Western Hemisphere by the three coordinators of the Americas Project: Rice's Baker Institute, the Organization of American States, and the Greater Houston Partnership.

TRANSNATIONAL CHINA PROJECT UPDATE

Consumerism and Chinese Culture: TCP-Sponsored Research

As China continues to develop a market economy and open up to the global economy, advertisers are making appeals to middle-class lifestyles. What are the values expressed in these appeals? Some lifestyle advertisements tell Chinese to think of themselves as citizens of great cosmopolitan cities, such as Shanghai or Beijing. Others ask consumers to identify with the Chinese nation. Still others appeal to a distinctly unbounded, transnational Chinese middle class. Are these advertisements affecting the way the Chinese identify with each other?

Rice University's Transnational China Project (TCP), with support from the Henry Luce Foundation of New York, is using a combination of surveys of advertising campaigns in Asia's urban spaces and surveys of Chinese consumers to explore the impact of consumerism on this aspect of Chinese culture.

The Transnational China Project is directed by Steven Lewis, senior researcher at the Baker Institute; Benjamin Lee, Rice professor of anthropology; and Richard Smith, the George and Nancy Rupp Professor of Humanities and professor of history at Rice.

Preliminary results reveal that corporations, nongovernmental organizations, and governments

are all asking Chinese to think of themselves as members of an emerging, transnational Chinese middle class. These results were presented by TCP researchers Lewis and Smith at four international academic conferences last year on cultural and media studies: on the new culture of global cities in Asia at Washington University in St. Louis and the annual meeting of the Association for Asian Studies in Washington, D.C., in April; on new forms of communications technology and culture at Massachusetts Institute of Technology in May; and on Chinese media and visual culture at the Univer-

sity of Melbourne in October.

Lewis, Smith, and Lee will conduct field research in Beijing, Hong Kong, Shanghai, and Taipei in 2003 and 2004, examining how advertisements in public spaces are urging the citizens of these global cities to think of themselves as members of a distinctly Chinese transnational middle class.

The Media of Contemporary Chinese Culture in Transition: Public Lectures

How are Chinese political and economic reforms progressing

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Abdullah bin Hamad Al-Attiah, minister of energy and industry for the State of Qatar, discussed Qatar's expanding role in international gas trade at the Baker Institute Energy Forum June 21, 2002. Al-Attiah serves as Qatar's representative to the Organization of the Petroleum Exporting Countries and is chairman of Qatar Petroleum.

REPORT EXPLORES GEOPOLITICAL IMPLICATIONS OF WAR ON TERRORISM

The U.S. war against terrorism should include an integrated set of long-range geopolitical objectives that advance global peace and stability, according to a task force report by the Baker Institute and the Center for Strategic and International Studies (CSIS) in Washington, D.C.

The report, "The Geopolitical Implications of the War Against Terrorism" (available at <http://bakerinstitute.org>), explores how September 11 changed the geopolitical calculus in regions across the world.

Edward Djerejian, director of the Baker Institute, and CSIS counselor Richard Fairbanks presented the report in separate meetings with National Security Adviser Condoleezza Rice and Secretary of State Colin Powell in Washington, D.C., in June 2002. The report offers the following recommendations:

- **NATO.** Washington should give serious consideration to expanding NATO competencies in the area of counterterrorism by strengthening multilateral coordination among domestic counterterrorism agencies.
- **Europe/Transatlantic Alliance.** The United States should encourage the Europeans to rationalize their military capabilities, capitalizing on the unique strengths of each country, in order to maximize the overall effec-



Recommendations of the Baker Institute/CSIS Task Force on the Geopolitical Implications of the War Against Terrorism were presented to National Security Adviser Condoleezza Rice and Secretary of State Colin Powell in separate meetings. Task Force presenters were CSIS counselor Richard Fairbanks, CSIS South Asia program director Teresita Schaffer, Baker Institute director Edward Djerejian, and former chairman of the House of Representatives Subcommittee on Europe and the Middle East Lee Hamilton.



- **Russia.** More leadership and resources should be directed by the United States to broadening the Nunn-Lugar initiative to secure nuclear materials and expertise in Russia. Regarding Chechnya, Washington should become more
- actively engaged with Moscow to achieve peace in the Caucasus.
- **People's Republic of China.** The U.S. goal is to define the Sino-American agenda for the next leadership in Beijing, advance the agenda

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SYMPOSIUM OFFERS INSIGHTS ON RECONSTRUCTION OF AFGHANISTAN

"Afghanistan can stand as a testament to the Muslim world that extremism and terrorism can be beaten and that Muslims too are best served by an accountable government, education, and economic opportunity," said Zalmay Khalilzad of the National Security Council during the final keynote address at the International Symposium on Afghanistan at the Baker Institute November 18, 2002.

"The consolidation of the new order in Afghanistan can benefit from the supportive policies not only of the United States and France and other countries," he said, "but from the supportive policies of Afghanistan's neighbors as well."

Khalilzad, special presidential envoy for Afghanistan, highlighted tangible signs that the efforts of the United States and other countries to reconstruct Afghanistan are paying off.

He noted, for example, that the U.S. and its coalition partners have rebuilt or repaired some 600 schools during the past year, recruited 30,000 teachers, and distributed 10 million textbooks to students. During the same time, the United Nations' World Food Program, with the help of the U.S., has provided 575,000 metric tons of food to nearly 10 million people. The United Kingdom is leading the effort to end narcotics production and drug trafficking in Afghanistan.

And the U.S., Japan, and Saudi Arabia recently broke ground on a major road development project.

"While we have done a lot, there is a long way to go," Khalilzad said. As Afghans draft a constitution and prepare for their first free and fair elections with political parties participating in June 2004, they need to guarantee freedom and human rights for the Afghan people.

"Afghanistan still faces the remnants of Taliban, Al-Qaeda, and multiple militias and the danger of intervention or support for some of these groups from some of the neighboring states," Khalilzad said. He applauded the Afghans for placing the national army under civilian control with the nation's president as commander in chief, which should aid security efforts. And he advo-

cated that Afghanistan's neighbors cooperate with their Afghan counterparts to route out what remains of the Taliban and Al-Qaeda from the border areas and channel their support through the country's central government.

"The era of warlordism is over in Afghanistan," he said. "Nothing should be done that impairs the central government's ability to provide peace and stability."

Afghanistan's neighboring countries should be reminded that the past practices of seeking influence by supporting factions and arming regional warlords produced refugees, drug trafficking, and poverty that haunted them for two decades. "Now, instead of competing geopolitically for influence in Afghanistan, Afghanistan's neighbors can look to business, trade, and economic activity for improving their own



Zalmay Khalilzad presented a keynote address on "Afghanistan Today: A New Departure."



Olivier Roy discussed Afghanistan and its geopolitical context.



The panel discussion on the reconstruction of Afghanistan featured (from left) Frédéric Roussel, Satish Pai, Emmanuel Delloye, and Kamran Asdar Ali. At the lectern are Ambassadors Ishaq Shahryar and Edward Djerejian.

situation as well as the situation of Afghanistan,” Khalilzad said.

He noted that Afghanistan’s long-term security and stability ultimately rests on economic renewal. Bringing Afghanistan and its neighbors into the global trading system is critical to achieving this goal, so investment in the country’s infrastructure is of paramount importance.

Khalilzad emphasized that the United States will do its part to help Afghanistan develop and institutionalize an accountable representative and modern government and a national army. “We and our coalition partners are committed to staying in Afghanistan as long as necessary and until the new order is consolidated,” he said.

The U.S. helped bring 61 countries together to provide \$1.8 billion in reconstruction aid to Afghanistan. “We learned from the mistake we made in the 1990s,” Khalilzad said. “We abandoned Afghanistan at our own peril. We will not do that again.”

The symposium at the Baker

Institute coincided with “Afghanistan: A Timeless History,” a touring exhibit of Afghan art at the Museum of Fine Arts, Houston (MFAH).

“The American public at large doesn’t understand the richness of Afghan culture and art,” said Baker Institute director Edward Djerejian during his welcoming remarks. He organized the symposium with Denis Simonneau, consul general of France, and Peter Marzio, director of MFAH.

Denis Pietton, minister counselor of the French Embassy, and Ishaq Shahryar, ambassador of Afghanistan to the U.S., presented introductory remarks.

The first part of the symposium focused on the geopolitical context of Afghanistan, with a keynote address by the noted Middle East expert Olivier Roy of the Centre National de la Recherche Scientifique. The second part consisted of panel discussion on the reconstruction of Afghanistan. The panel included Kamran Asdar Ali of the University of Texas at Austin, who pre-

sented “Afghanistan and Its Neighbors: The Case of Pakistan”; Emmanuel Delloye of the French Ministry of Foreign Affairs, who discussed “France’s Assistance Programs for the Reconstruction of Afghanistan”; Frédéric Roussel of the Agency for Technical Cooperation and Development, who spoke about “Reconstruction and Development in Afghanistan: Humanitarian Challenges and Perspectives”; and Satish Pai of the Schlumberger Company, who presented “A Service Company Perspective.” Schlumberger Company sponsored the symposium.

The third part, titled “Afghanistan Today: A New Departure,” featured Khalilzad’s keynote address.



James A. Baker, III, honorary chair of the Baker Institute, discussed the current state of the world with the Houston chapter of the World Presidents’ Organization November 7, 2002, at the Baker Institute. The WPO is a global organization of more than 3,300 people who are or have been chief executive officers of major business enterprises.

BIPP RELEASES UPDATE TO 1996 STUDY ON OIL, SECURITY, AND THE PERSIAN GULF

In September 2002, the Baker Institute released an update to its 1996 study on the political, economic, social, cultural, and religious trends in the Middle East and the Gulf and their impact on energy supply, security, and pricing. The study, titled "Post-September 11 Update Report," was prepared in partnership with the Petroleum Energy Center of Japan.

The study, which includes six working papers, covers the trends that appear on the horizon for the international oil industry in the aftermath of the September 11 attacks on the U.S. and analyzes the impact altered geopolitics might have on the supply and demand for oil. The study concludes that "even in the first year of the 'War on

Terror,' sweeping changes have already occurred in the politics of new oil supplies, including nonconventional sources." The study observes that the balance of power inside the Organization of the Petroleum Exporting Countries is likely to shift as certain key producers expand productive capacity and adds that countries in the Asia Pacific region are examining their changing relations with key oil-producing nations in the Middle East.

"As the Asia Pacific region outpaces the rest of the world in energy demand," the study notes, "key consuming countries like China are using politics, trade, and investment opportunities and even arms supplies as a means to cultivate energy-supply security links with

some Middle East producers." It adds that ties between Asia and the Middle East are more complex than just oil, and they find their roots in religious commonality, increased trade, investment, foreign aid, and guest workers. In the aftermath of the September 11 terrorist attacks, a number of Southeast Asian countries have sought to crack down on radical Islamic activities in their borders so as not to jeopardize important loans, trade, and investment with Western nations. These steps have been met with criticism from various Islamic opposition groups, and Muslim majority states, such as those in Southeast Asia, have become vulnerable to domestic political pressure to do more to support Islamic causes in the Middle East.

The study recommends that large consuming countries band together on energy policy to reduce the risks of oil-supply disruptions and to make progress on environmental goals. Among the steps that consumer countries should take are 1) expanding the global emergency stockpiling system to include important developing countries, such as China, India, and Brazil; 2) developing and deploying alternative energy technologies; 3) developing federal policies to continue to enhance energy efficiency and export energy-efficient technologies and practices.

The study is available at the Baker Institute website, <http://bakerinstitute.org>.



Fatih Birol, chief economist for the International Energy Agency, was the featured speaker at World Energy Outlook 2002, an event held on the Rice campus December 3, 2002. After a presentation on the energy forecast, a panel discussion was held among (from left) Michelle Foss, executive director of the Institute for Energy, Law, and Enterprise at the University of Houston Law Center; Matthew Simmons, chairman of Simmons and Company International; Amy Jaffe, the Wallace Wilson Fellow for Energy Studies at the Baker Institute and associate director of the Rice Energy Program; Birol; and Charles Matthews, commissioner for the Railroad Commission of Texas. The event was organized by the Baker Institute Energy Forum; Institute for Energy Law and Enterprise at the University of Houston; International Association for Energy Economics; and Simmons and Company International.

SEMINAR SPOTLIGHTS MIDDLE EAST CULTURE

Experts from Japan, Cyprus, and various parts of the United States gathered at the Baker Institute for a Middle East Cultural Seminar November 1, 2002.

Sponsored by the Petroleum Energy Center (PEC) of Japan, the seminar was part of a Middle East update study now available on the



Masahisa Naitoh, executive vice chairman of ITOCHU Corporation in Tokyo, participated in the Middle East Cultural Seminar.

Baker Institute website, <http://bak-institute.org>.

Edward Djerejian, director of the Baker Institute, began the program with a presentation on "Challenges Facing the U.S. in Forging an Effective Middle East Policy and Combating Anti-Americanism in the Region."

George Marcus, chair of Rice's Department of Anthropology, introduced the participants.

Presenters and their topics included:

- Daniel Brumberg, associate professor of government at Georgetown University, "Attitudes toward Democratization and Political Reform"
- Michael Hudson, the Saif Ghobash Professor of Arab Studies at Georgetown Uni-



Experts from Japan, Cyprus, and various parts of the U.S. gather at the Baker Institute October 31–November 1, 2002, for a Middle East Cultural Seminar. Among the topics discussed were the challenges facing the U.S. in forging an effective Middle East policy and combating anti-Americanism in the region, the changing role of women in the Middle East, attitudes toward democratization and political reform, as well as oil revenues, the middle class, and economic policy.

versity, "Changing Influences of Media in the Arab World"

- Mamoun Fandy, Egyptian columnist from Arlington, Va., "Changing Styles of Political Discourse and Dissent"
- Ussama Makdisi, Arab American Educational Foundation associate professor of history at Rice, "The Cultural History of U.S. Involvement with the Arab World"
- Susan Ossman, visiting associate professor at the Center for

Contemporary Arab Studies at Georgetown University, "Changing Role of Women in the Middle East"

- Gerald Butt, Gulf editor of the Middle East Economic Survey, "Oil Revenues, the Middle Class, and Economic Policy"
- Jareer Ellass, oil specialist from Reston, Va., "Concepts of Oil Resource Patrimony in the Gulf"

On the day before the seminar, Rice researchers met with PEC representatives.



Beth Jones, assistant secretary of state for European and Eurasian affairs, presented a keynote address on NATO enlargement at the Baker Institute October 24, 2002. A former U.S. ambassador to the Republic of Kazakhstan, Jones served as senior adviser for Caspian Basin energy diplomacy prior to becoming assistant secretary of state. Rice students with whom she met at the Baker Institute included (from left) Chris Coffman, Rob Schaffer, Jo Kent, Becca Dalton, Skye Schell, Brendan Garvin, and Ian Everhart.

UNITED STATES POLICY ON ARAB-ISRAELI PEACE NEGOTIATIONS: NEXT STEPS

(a study by the James A. Baker III Institute for Public Policy at Rice University)

President George W. Bush's June 24, 2002, speech provides a principled context to pursue an Arab-Israeli peace settlement. Perhaps conflict resolution between Arabs and Israelis has never been as distant or so close. Much will depend on the United States remaining actively and continuously engaged to summon the parties and the international community to translate these principles into action. The vicious cycle of violence, terrorism, and military force can be turned into a virtuous cycle of peacemaking in the framework of effective security measures, democratic and economic reforms by the Palestinians, appropriate responsive actions taken by the Israelis, and an effective role by the Quartet (United States, United Nations, European Union, and Russia) and the Arabs to influence the parties to demonstrate the political will to move forward. But, clearly, no one should be permitted to use the need for reform and the need for efforts to end terrorism as an excuse to put Arab-Israeli peacemaking on the back burner.

Conceptual Framework

The basic framework for a peace settlement is there, and one does not have to reinvent the wheel: UNSC Resolutions 242 and 338,

the principle of land for peace, and the basic framework of the Madrid Conference of 1991 in terms of direct, face-to-face negotiations between Arabs and Israelis on the interconnected issues of land, peace, security, water, and the interrelationship of all these factors.

President Bush stated his vision in his June 24th speech in an explicit and fundamental manner outlining actions to be taken by both Palestinians and Israelis:

- "Two states, living side by side, in peace and security."
- "Peace requires a new and different Palestinian leadership, so that a Palestinian state can be born."
- "I call on the Palestinian people to elect new leaders, leaders not compromised by ter-

ror . . . and to build a practicing democracy based on tolerance and liberty."

- "Permanent occupation threatens Israel's identity and democracy. A stable, peaceful Palestinian state is necessary to achieve the security that Israel longs for."
- "So, I challenge Israel to take concrete steps to support the emergence of a viable, credible Palestinian state. As we make progress toward security, Israeli forces need to withdraw fully to positions they held prior to September 28, 2000. And, consistent with the recommendations of the Mitchell Committee, Israeli settlement activity in the occupied territories must stop."
- "The Palestinian economy



Daniel Ayalon, Israeli ambassador to the United States, discussed the State of Israel's peace strategy during a keynote address at the Baker Institute October 10, 2002. Ayalon, who was appointed ambassador earlier in the year, was instrumental in developing Israel's foreign policy during the last three consecutive Israeli administrations.

must be allowed to develop. As violence subsides, freedom of movement should be restored . . . and Israel should release frozen Palestinian revenues into honest, accountable hands.”

- “The Israeli occupation that began in 1967 will be ended through a settlement negotiated by the parties, based on UN Resolutions 242 and 338, with Israeli withdrawal to secure and recognized borders.”
- “We must also resolve questions concerning Jerusalem, the plight and future of Palestinian refugees, and a final peace between Israel and Lebanon and between Israel and a Syria that supports peace and fights terror.”
- “As new Palestinian institutions and new leaders emerge, demonstrating real performance on security and reform, I expect Israel to respond and work toward a final status agreement.”

The Diplomatic Challenge: Getting from Point A to Point B

The president’s last point above is the crux of putting a mechanism in place that will translate this vision into reality. It is a daunting challenge, given the brutal realities on the ground between Israelis and Palestinians and the legacy between them of terrorism and violence, fear and humiliation over the last 28 months. Nevertheless, the opportunity is there to move forward in translating the president’s vision

of a final settlement through a process of implementation that can be phased with reciprocal obligations and actions on both sides—Palestinian and Israeli.

First, it should be posited that the parties themselves cannot be the sole arbiters of whether or not there is progress on the ground along the lines the president has outlined. The international community—especially the efforts of the Quartet led by Secretary of State Colin Powell—has a key role to play here. Of interest in this connection is German foreign minister Joschka Fischer’s proposal for active international benchmarking of the progress made, or not made, on reform.

Second, the Quartet, while playing an important role, must make clear to the Arab states that they have a critical responsibility in influencing the Palestinians to move away from acts of terrorism and in reforming their political and economic structures. The Arab states must pursue this policy in word and deed. The Saudi initiative approved by the Beirut summit in offering the promise of full normalization of relations between the Arab countries and Israel in the context of a comprehensive Arab–Israeli peace agreement is an important inducement in terms of the endgame and must be reiterated and underscored by the Arabs.

Third, movement forward must not be made hostage to the least common denominator of the terrorists and extremists. Therefore, Palestinian security measures on the ground, with or

without an international component, have to be robust enough to control terrorism and violence. Because it is probably impossible to eliminate all acts of terrorism and violence, substantial and real efforts with significant prevention and reduction of incidents is a more realistic yardstick than total elimination. The latter standard would simply give Hamas, Palestine Islamic Jihad (PIJ), Hezbollah, and other groups a decisive veto on moving forward toward final status negotiations.

Fourth, the humanitarian situation of the Palestinians on the ground must be addressed on an urgent basis as the president indicated through efforts by the international community and the Israelis to rebuild damaged infrastructure and provide for basic human needs.

Fifth, Israeli settlement activity must cease immediately, and the United States, whose policy under both Democratic and Republican administrations has always opposed settlement activity, should use its influence with Israel to make that happen.

Phased and Reciprocal Obligations and Implementation

I. Reform and Reorganization of Palestinian Security Organizations

CIA director George Tenet’s plan and efforts to reorganize the Palestinian security organizations and services must be bolstered at the political level by a clear mandate on the part of the

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AUTHOR FRIEDMAN FEELS THE NATION'S PULSE POST-9-11

Despite polls that indicate more than 60 percent of Americans are in favor of the United States going to war in Iraq, *New York Times* foreign affairs columnist Thomas Friedman said the country is "deeply, deeply ambivalent and uncertain about this whole venture."

"I don't know who's taking those polls, but they don't reflect where the country's at, in my experience," he told Rice students September 27, 2002, at the Baker Institute.

As the inaugural speaker for the new Baker Institute Student Forum, Friedman shared his views on issues related to the Middle East as he fielded questions from undergraduate and graduate students.

A number of those questions touched upon matters that Friedman addresses in his new book, *Longitudes and Attitudes*, a collection of newspaper columns Friedman wrote after September 11, 2001.

The Pulitzer Prize-winning journalist said that his travels around the U.S. to discuss his book have helped him feel the nation's pulse.

"People are still worried about the economy, the stock market, and the lingering effects of September 11," he said. "The idea of invading Iraq has people unsettled."

Unlike the war in Afghanistan, which was a war of "no choice" that the U.S. would have fought



The executive committee of the Baker Institute Student Forum that invited Thomas Friedman (seated) to speak consisted of first-year students (from left) Dustin Stephens, Emery Ellis, Narayan Mulukutla, Shawn Leventhal (committee chair), and Navin Vij.

with or without allies and support from the United Nations, Americans perceive the war against Iraqi president Saddam Hussein as a "war of choice," Friedman said.

The choice comes down to taking Saddam out preemptively

or continuing to deter him in hope that the regime will eventually collapse.

"People will be a lot less ambivalent if we have a lot of allies and a UN resolution to go forth with war," Friedman said.

He believes that the threat to the U.S. posed by Hussein's weapons of mass destruction has been overhyped. Describing Hussein as "homicidal, not suicidal," Friedman said the Iraqi president is deterrable because "he loves life more than he hates us."

Friedman is more concerned about "the undeterrables"—the people who carried out the September 11 tragedies. "They hate us more than they love life."

Reaching the thousands of

.....

"After September 11,

people understood that

foreign affairs was

about their life, their

kids, their future."

.....

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FLYNN ANALYZES AMERICA'S PREPAREDNESS FOR ANOTHER ATTACK

"The U.S. is dangerously unprotected, dangerously unprepared to cope with a second catastrophic terrorist attack on our soil," homeland security expert Stephen Flynn told Rice students, faculty, staff, and other guests of the Baker Institute during a keynote address November 6, 2002. "That's where we're at 14 months post-9-11."

Flynn, project director of the Independent Task Force on Homeland Security Imperatives that was sponsored by the Council on Foreign Relations, discussed the findings and recommendations of the task force's recently published report.

"Our view is that what we saw on September 11 largely is how warfare will be conducted against the United States for the 21st century," Flynn said.

How Americans responded to the attacks in the immediate aftermath of September 11 had a profound effect on their way of life and their economy, because all aviation was grounded and all seaports and borders between Mexico and Canada were closed.

"We did what no nation could hope to do against the world's sole superpower—we imposed an economic blockade in our own economy in order to make ourselves more secure," Flynn said. "The only thing we had was a kill switch. We had to stop the world to be able to sort it out."

That switch was turned back



Stephen Flynn presented "Is America Still Unprepared and in Danger?"

on not because the U.S. was more secure or because the threat had gone away, but because the American economy was impacted. Within days after September 11, America's top auto manufacturers began closing assembly plants because the backlog of auto-parts supply trucks trying to cross the Canadian border at Detroit was costing them \$1 million an hour in lost production. "We did the arithmetic and effectively turned it back on because the cost was so great," Flynn said.

The example of September 11 taught adversaries of the U.S. two critical things, Flynn said. First,

the U.S. is open and unprotected. And second, "You get a very big bang for a very small buck by investing in this form of warfare."

The Task Force on Homeland Security Imperatives is concerned that although important measures have been taken since September 11 to respond to the risk of catastrophic terrorism, "we have not yet had much that's going to be fruit for a while with regard to organization of the federal government in dealing with federal security," Flynn said. This is particularly alarming in light of

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FORMER UPI PRESIDENT SHARES VIEWS ON TERRORISM

The war on terrorism is not, as some pundits have written, just a clash of the civilized world and the barbaric world, according to the recently retired president and CEO of United Press International.

"I wish it were that simple," Arnaud de Borchgrave told students, staff, faculty, and other friends of the Baker Institute during a keynote address September 16, 2002.

"One has to be irredeemably myopic not to see that the breeding grounds of transnational terrorism are in regions that are impoverished and where 60 percent of the population is less than 21 years of age," he said.

Now editor-at-large of the Washington Times, de Borchgrave noted that terrorism has traditionally been "the weapon of choice of the weak against the strong" and acknowledged President George W. Bush's statement that poverty does not transform poor people into terrorists and murderers.

"But despair breeds violence among the helpless and hopeless," de Borchgrave said. "The ever-worsening misery of the



Arnaud de Borchgrave (center) is greeted by James A. Baker, III (left), and Edward Djerejian.

Palestinians in those refugee camps does indeed beget terrorism."

Destitute parents in Pakistan send their children to religious schools known as madrassas, where they get free room and board and are taught to hate Americans and Jews. "These are the breeding grounds that spawn Al-Qaeda recruits," de Borchgrave said.

He estimated that prior to the tragedies of September 11, about 99 percent of Americans did not know that 12,000 madrassas in

Pakistan were teaching nearly one million young Pakistanis to hate America, India, and Israel, that these schools were supplying to terrorist organizations an endless line of recruits who went on to training in Afghanistan, or that this network of madrassas was funded almost entirely by clergy in Saudi Arabia.

"Since the end of the Cold War, editors and TV producers decided in their infinite wisdom that Americans didn't care about foreign news any more, so they focused instead on much-easier-to-cover and less-expensive-to-cover domestic stories," de Borchgrave said. "Prior to 9-11, almost any English language paper anywhere in the developing world carried more foreign news than our two or three major dailies combined."

The mainstream media

.....
*"The rising spectre of asymmetric warfare is forcing
us to reexamine virtually all aspects of intelligence,
war fighting, and public safety."*
.....

showed little interest in pre-9-11 presidential commission reports that foretold terrorism using weapons of mass destruction in the United States and recommended action that needed to be taken. "Congress did not act because the media, in my judgment, did not deem these things to be important," de Borchgrave said.

"We journalists tend to lose sight of our responsibility to inform but also to illuminate and dramatize major trends so that our political leaders can muster the courage to resort to unpopular measures that will later be seen as acts of visionary statesmanship," he said.

"I've been in the media business 56 years, and all I can say with a reasonable degree of certainty is that the world is a lot safer tonight than it will be 10 years from now," de Borchgrave said. "Much global turmoil lies ahead as the forces of nationalism, fundamentalism, globalism, and increasingly transnationalism sort themselves out."

Citing the potential for "forces of evil in the world" to harness technology for their objectives, he said nations can no longer be challenged with conventional military strength because of their overwhelming superiority. They're now faced with "asymmetric warfare," as evidenced by the attack on the USS Cole in Aden, Yemen, which is estimated to have cost terrorists \$10,000 to do \$250 million in damage to the billion-dollar warship. "9-11 was

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OTHER NOTEWORTHY EVENTS

Sir Christopher Meyer, British ambassador to the United States, met exclusively with Rice students at the Baker Institute October 3, 2002. Meyer, who also has served as British ambassador to Germany and has been assigned to Moscow, Madrid, and Brussels, has worked in the British Diplomatic Service since 1966.

Mark McClellan, the new commissioner of the Food and Drug Administration, presented a keynote address on how applying national health policies can improve the health of Texans. He delivered the speech at the Houston Area Health Services and Outcomes Research Conference held at the Baker Institute November 25, 2002. The Kelsey Research Foundation, the research affiliate of Kelsey-Seybold Clinic, hosted the annual conference.

Congressman Ralph Hall met exclusively with Rice students at the Baker Institute August 26, 2002, to discuss the future of the space program and space policy. Hall has represented the Fourth Congressional District in Texas since first elected to the U.S. House of Representatives in 1980. He is the ranking Democrat on the Committee on Science.

Information about the nation's most prestigious program for leadership development and

public service, the White House Fellows Program, was presented at the Baker Institute December 18, 2002. White House Fellowships offer exceptional young men and women first-hand experience working for a year at the highest levels of government with senior White House and Cabinet officials. Fellows repay that privilege by working as private citizens on their public agendas and contributing to the nation as future leaders. Among the speakers were Baker Institute director Edward Djerejian and a number of former White House fellows, including Congressman Joe Barton; former national security adviser Robert McFarlane, who is now chairman and CEO of Energy and Communications Solutions, L.L.C.; Kien Pham, senior managing director of Utility Choice Electric; and Julia Vindasius, managing consultant for Science Applications International Corporation. American Red Cross president and CEO Marsha Evans, also a former White House fellow, and Jocelyn White, director of the President's Commission on White House Fellowships, participated via satellite.

Kanat Saudabayev, Kazakhstan ambassador to the United States, participated in a Q&A with the news media December 19, 2002, while visiting the Baker Institute to meet with Director Edward Djerejian and Honorary Chair James A. Baker, III.

RUSSIA

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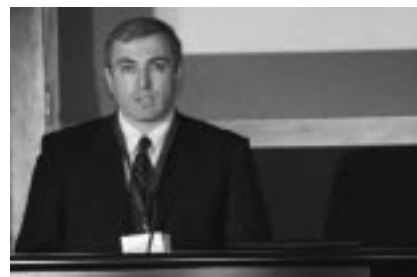
dent George W. Bush and Russian president Vladimir Putin to launch a new energy dialogue between the two countries. The summit was organized by the U.S. and Russian governments, U.S. Energy Association, American Petroleum Institute, American Chamber of Commerce in Russia, U.S.-Russia Business Council, City of Houston, and the Baker Institute.

The U.S. and Russia are committed at the highest levels to fostering a partnership in the energy area. Energy trade is an important component of Russia's economic development plans. And a strong Russian energy sector has strategic significance beyond Russian borders. The U.S. and other major consuming countries are hoping Russian resources can be used to diversify world oil supplies. "Russia is, and will continue to be, a growing important supplier of world crude," Evans said. "It is important that Russia play a strategic role in diversity of world oil supply."

In the keynote address that closed the summit, James A. Baker, III, former secretary of state and honorary chair of the Baker Institute, discussed the mutual benefits of closer American-Russian cooperation in developing Russia's energy assets. "The commercial advantages to cooperation between the U.S. and Russian energy companies are really quite obvious, but the commercial stakes—even though they are huge—are only part of the

broader economic advantages that will flow from closer U.S.-Russian cooperation in the energy area," he said.

Baker noted that the early and efficient development of Russia's oil and gas resources will also represent a substantial economic boon to Russia in terms of jobs,



Mikhail Khodorkovsky, chairman and CEO of Yukos, spoke during the closing plenary.



Baker Institute director Edward Djerejian (left) met with Ray Hunt (right), CEO of Hunt Oil Company, and Rex Tillerson, senior vice president for ExxonMobil, at the U.S.-Russia Energy Summit.



The U.S.-Russia Commercial Energy Summit drew a large crowd to Doré Commons in Baker Hall.

generating economic growth, and bolstering Russia's balance of payments. "And, of course, to the extent that American companies are involved, it will benefit American businesses and consumers through lower and steadier petroleum prices. But, not least, and perhaps most importantly of all, the full development



Vagit Alekperov, president of LUKOIL, spoke at the energy summit.

of Russia's immense potential by increasing diversity of international supply will reduce considerably the risk of instability in a world petroleum market that remains dominated by the volatile Middle East," he said.

Russia, which rivals Saudi Arabia and Iraq in terms of energy resources, is seeking Western investment and expertise to further develop its massive reserves. Russia represents a large, reliable source of oil that is not vulnerable to disruption from turmoil in the

which would be able to handle one million barrels a day of exports. Russian officials also announced plans to create a strategic oil reserve that could provide emergency supplies during times of oil market crisis.

Yusufov noted in his own opening remarks that closer energy and economic ties between the two nations will help Russia provide more stability in the oil markets. He added that American investment in his country's energy sector will be a key factor in

technology, which is being developed in the United States. . . . The major success in providing political stability in the Russian Federation makes it a reliable partner to the U.S."

Summit panel discussions focused on resource development, Russia's investment framework, production-sharing agreement legislation, government and commercial financing, services and equipment, education and training, and upstream and downstream oil production and processing technologies.

Baker Institute director Edward Djerejian served as a major presenter and participant at the education and training session, noting opportunities for technical collaboration between Russian institutions and Rice University. Rice's energy program combines the strength of 64 Rice faculty members in 19 disciplines ranging from geoscience to nanoscience to engineering to economics and business.

Amy Myers Jaffe, the Wallace Wilson Fellow for Energy Studies at the Baker Institute and associate director of the Rice Energy Program, said the summit was considered a success by both the U.S. and Russian governments and energy sector participants. "This represents a historic opportunity because at the highest levels of government you have a political alliance and friendship that has been clearly and publicly defined," she said. "Now the question becomes, How do we translate that friendship into the commercial sphere?"



Donald Evans presented a keynote address during the opening plenary session.



Spencer Abraham presented a keynote address also during the opening plenary.



James A. Baker, III, honorary chair of the Baker Institute, spoke at the closing plenary in the company of (from left) Donald Evans, German Gref, Igor Yusufov, and Robert Card.

Middle East.

At the summit, Russian officials expressed their interest in investing in new port facilities that will facilitate large-scale, regular shipments of oil to the U.S. Several projects were outlined, including a new deep-water oil port at Murmansk, in northern Russia,

Russia's quest to fulfill this important international role. "The operating of our existing fields and operating fields with difficult resources [to recover] will require major innovation in the industry, which in turn will require major investments," he said. "Here is an opportunity to involve advanced

SPACE POLICY

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Summit participants identified key policies and initiatives aimed at bringing the benefits of space activities to humanity through international cooperation. They also discussed obstacles that inhibit taking full advantage of the benefits of space and explored ways to eliminate or move beyond these challenges.

The summit was the culmination of more than a year's work by international space policy experts who identified the key policy areas that helped shape the agenda. The summit, organized by the American Institute of Aeronautics and Astronautics (AIAA) and sponsored by the Lockheed Martin Corporation, was held in conjunction with the World Space Congress in Houston.

"As government and private sectors pursue the use of space for everything from satellite communications to human space-flight, a coherent and effective policy to regulate such activities will be of paramount importance," said Edward Djerejian, director of the Baker Institute. "The Baker Institute was pleased to host the first Space Policy Summit in coordination with AIAA and Lockheed Martin. We think it is a very promising start for future deliberations with a view toward policy recommendation to decision-makers."

The summit discussion was influenced by the renewed emphasis on national and inter-



Participants in the Space Policy Summit held discussions in the Doré Commons of Baker Hall.

national security concerns and the significant downturn in commercial space markets. Participants emphasized that space technologies and capabilities have a unique ability to address many of the challenges facing the world.

The meeting offered a valuable opportunity to share opinions and concerns in a private and frank forum for representatives from 12 national space agencies, 12 aerospace corporations, and eight other government agencies.

"In bringing together key space leaders from around the globe for a cooperative dialogue, the Space Policy Summit has provided the framework and path forward for addressing the most compelling challenges facing world space endeavors," said Brian Dailey, vice president—international of AIAA.

The summit was organized around three sessions, each of

which highlighted a separate area of discussion: commercial space activities, space exploration, and space applications. A fourth session on international security space issues is planned for spring 2003.

George Abbey, visiting senior fellow for space policy at the Baker Institute, noted that a number of crosscutting issues emerged from the summit. "Cooperation in space, for example, can provide a foundation to expand relationships among nations in many areas," he said. "Space organizations should make a more concerted effort to engage and make the world public more aware of space activities and the specific benefits and impact on their lives. Space also has a unique power to inspire youth to study math and science, which will have long-term workforce benefits."

Rice faculty who worked with Djerejian and Abbey to plan the

summit were Patricia Reiff, professor of physics and astronomy and director of the Rice Space Institute, and Neal Lane, University Professor, the Edward A. and Hermena Hancock Kelly Senior Scholar at the Baker Institute, and professor of physics and astronomy.

Below are observations and recommendations from the three sessions:

Commercial Space Issues:

Today's commercial satellite market is not sufficient to sustain current space launch systems or justify industry investment in new systems and technologies. Government support is necessary for the foreseeable future to achieve national objectives in the security, civil, and commercial sectors.

In many cases, government funding or requirements lead to the development of new technologies and applications. Once the development is mature, industry develops commercial products and services based on those applications.

Although export controls on space-related technologies reflect legitimate national security and nonproliferation concerns, they limit international cooperation and inhibit growth of the commercial sector. Governments should harmonize export control requirements according to true national security needs and create timely, predictable, and transparent systems for licensing space technologies, and they may consider a multinational approach to solve these challenges.

Dual-use space systems can efficiently and reliably serve users in both the public and private sectors.

Space Exploration Issues:

Discoveries to be made through space exploration are inexhaustible. Great interest in space exploration, both robotic and human, is ongoing. Following the notable history of international cooperation throughout the course of the space program, it was accepted that space exploration is a global endeavor and that a vision is needed that looks beyond the space station and involves robotics, human exploration, and the search for life—looking toward the Moon, Mars, and beyond.

Summit participants recognized that the International Space Station program represents an unprecedented technical achievement and provides a model for international cooperation, and they expressed confidence that, despite current problems, it will be successful.

Space Applications Issues:

Data access is still a problem in certain circumstances, although the cost of the raw data itself might be a minor contributor to the overall cost of value-added products. If requests are defined to meet specific needs, such as in pursuance of Integrated Global Observing Strategy themes, rather than as a blanket demand, it might enhance data availability from providers.

Remote-sensing programs are

increasingly being defined by user requirements, rather than being defined by space data providers, which is a welcome trend.

The Integrated Global Observing Strategy (IGOS) Partnership is a first real step toward a global Earth-observing system and is providing a foundation on which to build. It is important to use and strengthen existing activities (such as IGOS, the Committee on Earth Observation Satellites, Global Monitoring for Environment and Security, and the International Charter: Space and Major Disasters) and not try to create new mechanisms.

The organizers of the Space Policy Summit encouraged all participants and other individuals to actively follow up on the subjects discussed. An example of such a follow-up activity is an initiative undertaken by the AIAA's International Activities Committee (IAC). The IAC's 7th International Space Cooperation Workshop will be hosted by the International Space University at its central campus in Strasbourg, France, May 4–8, 2003. This invitation-only event will focus on a number of the key issues discussed by participants at the summit.

For more information, see www.aiaa.org/spacepolicy or www.bakerinstitute.org.

TRANSNATIONAL

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after World Trade Organization (WTO) accession? The TCP sponsored two public lectures by America's top experts on Chinese leadership changes and trade reforms in March and April 2002. In "China's Road Ahead: Will the New Leaders Make a Difference?" Li Cheng, professor of government at Hamilton College, explained that many current policies in the People's Republic of China will continue under a new generation of technocratic leaders. Economist Nicholas Lardy of the Brookings Institution, in "Integrating China Into the World Economy," described the rapid changes across sectors that are driving China's emergence as a future economic superpower. The text of his talk is available on the TCP website.

Are Chinese independent filmmakers concerned about the ways that contemporary cinematography and editing techniques influence the content of their works? In October 2002, the TCP sponsored a discussion of *Dogma95* film in Asia by Mette Hjort, professor of comparative literature at the University of Hong Kong. Hjort described how independent film directors in Hong Kong and elsewhere have made unique critical and even satirical adaptations to the film movement's strict guidelines on independent artistic control over production and content. She showed *Leaving in Sorrow* (*yoyou chouchou de zoule*), a *Dogma95* film created in

2001 by Hong Kong director Vincent Chui that portrays the fractured and frenetic social lives of young Chinese in Beijing, Hong Kong, and San Francisco.

The TCP will also explore current themes in China's contemporary installation art world through a talk by Xu Bing at the Baker Institute February 11, 2003. Xu Bing, China's most well-known contemporary artist, will discuss how his work presents unique understandings of the importance of calligraphy, printing, and text in Chinese society.

Explaining Social Changes in China and Chinese Societies: Pedagogy and Community Outreach

TCP scholars are developing innovative teaching techniques to explain the many ways that Chinese culture is adapting to an increasingly global cultural marketplace. As part of a program sponsored by the Freeman Foundation, Richard Smith and Steve Lewis helped 22 junior high and high school teachers from Dallas and Houston create new lectures and resources for teaching Chinese culture and history in their classrooms, including a study tour of six Chinese cities in June. And as part of an exchange with the University Mobility in Asia Program at Kyushu University in Japan in July 2002, Lewis taught a seminar on globalization and China to students from Rice University and universities in Hong Kong, Japan, Korea, Mainland China, Singapore, and Taiwan.

TCP scholars also explained the ways that WTO accession will affect Chinese society to members of the Society for Intercultural Education, Training, and Research in Houston in September 2002. TCP visiting researcher and writer Jianying Zha described the public apathy in China over the recent leadership succession in a November 11, 2002, *New York Times* editorial. Steven Lewis discussed the many potential synergies between the economies of Houston and China in the *Houston Chronicle* and on Voice of America. He was also called upon to discuss the significance of Chinese basketball player Yao Ming's hiring by the Houston Rockets in the *New York Times*, *Wall Street Journal*, *ESPN the Magazine*, and on CNN after briefing the Rockets' administrators and coaches on Chinese history and culture in September.

"Houston is now known all over China," said Lewis. "You can't pay for publicity like that." The efforts of a local franchise of the National Basketball Association to globalize parallel the worldly aspirations of China's changing middle class.

"Chinese culture is changing in fundamental ways, as evidenced by advertisements geared toward a new generation of young people who identify less with national culture and more with a blend of European, Asian, and American values," Lewis said. Yao represents that new generation and suddenly has become an important political, social, and cultural symbol.

Because he comes from the state-run sports system, Yao contributes to Chinese national pride in great athletes. Chinese urban youth are huge basketball fans, and Yao has the potential to inspire them. Because Yao has come to the United States to work and live independently, he serves as a reminder to Chinese that China is opening up to the world and is no longer a closed society. He will be a symbol of how Chinese work together with people from different societies, which is especially important for younger generations of Chinese who must grow up in a post-WTO economy.

The Transnational China Project examines how the circulation of people, ideas, values, and technologies among Chinese societies affects contemporary Chinese culture. Reports, transcripts, audio files, and extensive image archives from workshops and public lectures can be found on the project's bilingual website, <http://www.ruf.rice.edu/~tnchina>. The website continues to receive awards and acclaim. Recently, a report by the Center for Research Libraries at the University of Chicago listed the TCP's digital image archive as a major resource in the study of mass communication in the People's Republic of China.

TERRORISM

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relating to the campaign against terrorism, strengthen the political environment between the two countries, and in the process, reduce tensions created by fundamental differences over Taiwan.

- **Middle East Peace Process.** The United States must attach the highest priority to serving as a catalyst to achieve an Israeli-Palestinian peace. Washington must articulate the parameters of a framework for a final settlement, which would provide the necessary political context to begin negotiations within a mutually agreed upon time frame.
- **Iraq.** The United States should follow a 'ramp-up' strategy, employing escalating phases of suasion and coercion, to effect a change in regime in Iraq. That implies beginning with multinational efforts to bring about political change. Beyond that, it implies moving, under appropriate circumstances, from indirect support of alternative political players to covert operations to military operations that undercut the Iraqi Baathist regime.
- **Iran.** Washington must recognize that, despite the power of the hard-line clerics, Iran's demographic dynamics are generating significant societal

transformation. In the near- and mid-term, it is in U.S. interest to identify with and keep channels open to the youth and the reformers.

- **South Asia.** U.S. policy toward Central Asia must drive toward two objectives: avoiding a war that could go nuclear and eliminating the terrorist threat in Afghanistan and Pakistan. The near-term crisis and the longer-range strategy require an intensified and major role in seeking to defuse the current threat of warfare in Kashmir.

The task force was organized in January 2002 by Djerejian and Fairbanks. Under the honorary chairmanship of James A. Baker, III, the panel consisted of former national security adviser Samuel Berger, former national security adviser Zbigniew Brzezinski, former NATO supreme commander Wesley Clark, former CIA director Robert Gates, former chairman of the House of Representatives Subcommittee on Europe and the Middle East Lee Hamilton, former deputy secretary of defense and CSIS president and CEO John Hamre, former undersecretary of defense Fred Iklé, former senator and chairman of the CSIS Board of Trustees Sam Nunn, former U.S. ambassador and CSIS South Asia program director Teresita Schaffer, and former national security adviser Brent Scowcroft.

PEACE NEGOTIATIONS

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Palestinian leadership to prevent and crack down on terrorism. The Israelis should move back in a phased manner—concomitant with demonstrable progress by the Palestinians—to the positions they occupied in September 2000. This will allow the political process to move forward in terms of political reforms and elections in the Palestinian territories. Freedom of movement in the occupied territories and the release of Palestinian funds the Israelis are holding is necessary so that the Palestinians, the non-governmental organizations (NGOs), and the international community can restore the Palestinian social and economic structures. The Palestinians cannot be expected to implement political reforms and elections while under expanded Israeli occupation.

II. Political Reforms

As the security situation on the ground improves and Israel withdraws to the positions occupied by it in September 2000, the full implementation of political reforms at the executive, legislative, and judicial levels can proceed. In this respect a concerted effort by the Palestinians, in the first instance, to establish their institutions is central, aided, as appropriate, by others, including the Arab states that are involved in the drafting of a constitution

and NGOs.

Serious consideration should be given to the establishment of a parliamentary democratic system that could represent the diverse political forces of the Palestinian community with the creation of the office of a president who would be a head of state and a prime minister who would be a head of government. Arafat, if he were reelected in a free and fair election, could become head of state with power vested as head of government in a prime minister. The Palestinians are certainly familiar with this system, as it exists in Israel. If the Palestinians choose another political system, a position could be created to acknowledge Arafat's historic role as the leader of the Palestinian people while also granting real political power and responsibility, both executive and legislative, to others.

In anticipation of Palestinian elections, real progress must be made on the above security and political reforms and on Israeli withdrawal to September 2000 positions in order to allow the democratic process to proceed in a free and orderly manner. In this respect, international electoral monitors, including the International Republican Institute (IRI) and the National Democratic Institute (NDI) can play an important role preceding and during the elections.

III. Peace Negotiations

Once there is progress on security and political reforms and institution building, the United States

should take the lead, in an even-handed way and in close coordination with the members of the Quartet and the key Arab states, in the opening of political channels and dialogue between the Israelis and the Palestinians to prepare for full-scale direct negotiations leading to a final status agreement within the three years the president specified. In this respect, the establishment of a "Provisional Palestinian State" should be considered in the context of whether or not it will facilitate the endgame. The international standing of such an entity in contrast to a provisional government needs to be clarified.

Further, with the resumption of direct Israeli-Palestinian negotiations, the United States and the Quartet should make clear to the Syrians and the Lebanese that the goal remains a comprehensive agreement on all fronts and that the international community stands ready to facilitate this process. This will enhance our efforts with the Syrians and the Lebanese to support the policy on the Palestinian issue.

IV. The International Supporting Role

A major international donor effort is needed to support this policy. There may be some value in reinvigorating the multilateral committees set up at the Madrid Peace Conference, which include all the major players in the Middle East region and in the international community for financial, developmental, and other assistance. These committees are in

the fields of water, economic and social development, environment, arms control and security, and refugees. Alternatively, an international task force can be set up to deal with these issues.

Conclusion

At the end of the day there will be no settlement of the Israeli-Palestinian conflict unless each side abandons the zero-sum game, gives up part of its dream, and makes some historic compromises. For the Palestinians, the absolute right of return of Palestinian refugees to pre-1967 Israel would destroy the very Jewish nature of the State of Israel and will not be acceptable to any Israeli government. For the Israelis, the dream of a biblical "Greater Israel" in Judea and Samaria with Israeli settlements will destroy the prospects for a Palestinian state and any viable two-state solution. The parties came very close to agreement in the closing days of the Clinton administration—even abandoning their zero-sum game on the issue of Jerusalem. Now, the United States has outlined a vision for peace that incorporates a two-state solution in the context of Palestinian political, economic, and security reforms with reciprocal Israeli obligations and actions leading to final status negotiations and peace. This is a truly challenging but historic opportunity to arrive at a comprehensive Arab-Israeli settlement on all fronts.

FRIEDMAN

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undeterrables will entail reforming the failing Arab states, which historically have suffered a shortage of freedom, women's empowerment, and modern education.

"I want to get at that engine that is producing this generation after generation of failed states," Friedman said.

He supports going after Al-Qaeda, which he compared to a franchise organization. Wiping out the central headquarters was a significant blow to the terrorists, because now their "franchises" have to raise money and conduct training on their own, which will limit their degree of operation.

"It's important to find these guys and bring them to justice, but also to kill their ideas," Friedman said.

Asked whether it will ever be possible to claim victory in the war on terrorism, Friedman said that because of "such an amorphous threat triggered by so many different people with different motivations," people can hope only for "long, long cease fires."

"I don't think we'll ever be able to relax and let our guard down," he said.

Friedman, who won the Pulitzer Prize for international reporting in 1983 and 1988 and a third Pulitzer for his extensive reporting on the worldwide impact of the terrorist threat, noted that since September 11, more Americans have been think-

ing more globally, as evidenced by people from a wider range of education and income levels who started reading his column.

"After September 11, people understood that foreign affairs was about their life, their kids, their future," he said.

He told the Rice students to keep their eyes on Iran—"the most interesting story in the whole Islamic world."

The third and fourth generations of Iranians since the Islamic revolution of 1979 are now coming of age. During the limited democracy of the last 20 years, the vast majority of these Iranians have come to two conclusions: "They've had enough democracy to know that they want more, and they've had enough Islam crammed down their throats to know they want less of it," Friedman said.

The executive committee of the Baker Institute Student Forum was pleased to have Friedman as the first speaker for the forum. The committee consists of five first-year students: Shawn Leventhal (committee chair), Emery Ellis, Navin Vij, Dustin Stephens, and Narayan Mulukutla.

They established the forum this year to provide opportunities for Rice students to interact more fully with the Baker Institute and to foster student involvement in public policy.

FLYNN

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the prospect that the United States might go to war with Iraq and that Saddam Hussein might threaten the use of weapons of mass destruction in America. The task force warned that if the nation does not respond more urgently to address its vulnerabilities, the next attack could result in even greater casualties and widespread disruption to the economy and people's lives.

One of the key vulnerable areas involves transportation of merchandise from overseas, because the system of fast, efficient global shipping was designed with little regard for security at a time when malicious intent to exploit the system to create mass destruction was not much of a threat. Flynn cited a lack of security standards that govern who is allowed to load containers overseas and how those containers are transported.

The task force noted that 50,000 federal screeners are being hired at the nation's airports to check passengers, but only the tiniest percentage of containers, ships, trucks, and trains that enter the U.S. each day are subject to examination even though a weapon of mass destruction could well be hidden among the cargo.

Given that last year six million maritime containers arrived in the U.S. for distribution by 11.5 million trucks and 2.2 million rail cars, inspection of imports for risk management might seem a daunting task. But

security in the transportation system is an achievable goal, Flynn said, if provisions are made for transparency and accountability.

To feel secure about the safety of cargo shipments, people need confidence that what is put inside a container is legitimate and identified accordingly and that the workers who are loading the container are legitimate and authorized to do so. Confidence that the shipment hasn't been intercepted or compromised once it's on the move is needed as well, and sophisticated tracking devices can make that possible. With such safeguards in place, delays in shipping should be avoided because less time would have to be spent spot-checking containers, Flynn said. He cited several other problems with security and enforcement.

Flynn said 650,000 local and state law-enforcement officials continue to operate in a "virtual intelligence vacuum" because they have no access to terrorist watch lists provided by the U.S. Department of State to immigration officials.

"We have intelligence. Our problem is that we don't have actionable intelligence," Flynn said. As an example, he noted that ships don't get tracked like airplanes; if agents are tipped off that white powder has been loaded onto a ship, they might not be able to find the ship.

Logic and attentiveness to detail can be addressed with proper tracking systems. "You see things that don't make sense," he said, noting that a delivery that begins 60 miles from a port and

arrives 13 hours later should arouse suspicion, as should high-value goods being shipped via low-value methods.

Forensics should be handled in the security world the same as it is for aircraft safety. Just as flight-data recorders, cockpit recorders, and investigations by a national agency are used to determine why a plane crashed, a system needs to be put into place to determine how a terrorist attack was able to occur.

During a question-and-answer session after his talk, Flynn explained that the task force report does not reveal confidential information that could benefit terrorists. "We're not providing road maps," he said. But some of the specifics in the report were needed to convince people there's a problem that needs fixing and a sense of urgency to fix it.

With appropriate measures in place, when a terrorist incident occurs, the conclusion afterward should be that it resulted from a correctable breach in security, not the absence of security, said Flynn, the Jeane J. Kirkpatrick Senior Fellow in National Security Studies at the Council on Foreign Relations.

The task force was led by former senators Warren Rudman and Gary Hart, co-chairs of the now-famous Commission on National Security that three years ago warned of a terrorist attack.

The text of the task force's report and a list of members are available online at the Council on Foreign Relations website, www.cfr.org.

DE BORCHGRAVE

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the ultimate in low-cost, low-tech, high-return terrorism,” de Borchgrave said.

“The rising spectre of asymmetric warfare is forcing us to reexamine virtually all aspects of intelligence, war fighting, and public safety,” he said. “Our new enemies possess a combination of strong will, knowledge of our society, significant human and financial resources, and intense hatred of just about everything we stand for. The Internet has provided the transnational terror network with cheap, secure, and robust point-to-point communications and a cultural tool of unprecedented power.”

De Borchgrave noted that America’s vulnerabilities are well-known to the enemy, and he added that while Bush is “absolutely right to keep repeating that we are not at war with Islam, radical Islam is indeed at war with the United States.

“Let us never forget that revenge for perceived societal wrongs is always just a few key-strokes away,” he said, referring to the new dimension of transnational terrorism. “If terrorism is the act of the powerless, mastery of the computer compensates for that feeling of powerlessness. The next generation of anti-U.S. terrorists understands that a hand on a mouse is far more devastating than a finger on a trigger.”



Col. Lawrence Wilkerson, U.S. Army (Retired), chief of staff at the Department of State, spoke on the Rice campus December 3, 2002. The Baker Institute Student Forum and the Rice Career Services Center invited him to discuss careers in the U.S. Department of State, the Foreign Service, and civil service.



Houston mayor Lee Brown (center) updated the news media June 21, 2002, about the Houston Task Force on Terrorism’s ongoing assessment of the city’s response mechanisms to terrorist incidents and bioterrorism. Also speaking were Baker Institute director Edward Djerejian (left), chair of the task force, and Baylor College of Medicine president Dr. Ralph Feigin, chair of the task force’s Medical Advisory Steering Committee.



Allen Matusow, the Baker Institute's new associate director for academic programs, explained the historical origins of political Islam and its emergence as a major force in the Islamic world beginning in the 1970s during a presentation to the Baker Institute Roundtable October 17, 2002.

To inquire about program support at the Baker Institute, please contact Molly Hipp, director of development, at (713) 348-4737 or mhipp@rice.edu.

Baker Institute Report

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