



BAKER INSTITUTE REPORT

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

BAKER INSTITUTE CONVENES WORLD'S TOP SCHOLARS TO ADDRESS FUNDAMENTAL TAX REFORM

At a time when tax reform has become one of the most critical issues on the U.S. policy agenda, the Baker Institute convened a two-day conference assembling the top experts in public finance to explore in depth many of the most critical issues raised by the prospect of fundamental tax reform, from the perspectives of both theoretical and empirical economics and real-world policy analysis.

The renewed focus on tax reform as part of the U.S. policy agenda was highlighted by the

report of the President's Advisory Panel on Federal Tax Reform, released in November 2005, which identified three alternative—and rather different—potential directions for reform. Given the level of interest in tax reform in the United States (and around the world), and the degree of controversy about the appropriate direction for such reform, the formulation of tax policy has become one of the most critical issues facing our nation.

Accordingly, the Baker Institute, with the help of a gen-

erous grant from the Alfred P. Sloan Foundation, convened a conference titled "Is It Time for Fundamental Tax Reform? The Known, the Unknown, and the Unknowable." Held April 27-28 at the institute, the conference assembled nearly 40 of the world's foremost tax scholars in a vibrant and provocative debate about the future of tax policy in the United States.

The Sloan grant was obtained

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HUGHES ARTICULATES THREE IMPERATIVES FOR U.S. PUBLIC DIPLOMACY EFFORTS

Karen Hughes, speaking seven months after being appointed under secretary of state for public diplomacy and public affairs, outlined three strategic imperatives for U.S. public diplomacy efforts.

"I truly believe that there is no more urgent challenge for America's national security and the future of all the world's children than this task of reaching out to the rest of the world to foster common interests and values and to confront common threats together,"

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Karen Hughes, under secretary of state for public diplomacy and public affairs, meets with Rice University students before her public address at the Baker Institute on public diplomacy challenges.

LETTER FROM THE DIRECTOR



I am pleased to announce three new important appointments at the Baker Institute as we approach the

coming academic year.

On the executive management side, Mark Scheid will hold the newly created position of managing director for programs and international studies. The managing director role encompasses the responsibilities of associate director for management as well as administration of the institute's programs and worldwide scholarly endeavors.

Mark Scheid, who most recently served at Rice University as assistant to the president and executive director of international programs and scholarships, will help bring the Baker Institute to the next level of excellence and outreach as it enters a new, challenging phase of consolidation and future growth. In addition to experience in executive-level university administration, he has extensive experience in the academic side of student affairs, crisis management, and international programs. Mark represented Rice when internationalization blossomed in higher education, and he is committed to helping the Baker Institute become even more deeply engaged with the rest of the world as it expands its international programs, adds international fellows in important research areas, and

creates student exchange programs.

On the research side, Sari Nusseibeh, president of the Al-Quds University in East Jerusalem, has been appointed the Diana Tamari Sabbagh Fellow in Middle Eastern Studies. He has extensive knowledge of the sensitive issues surrounding the Middle East through his work as a representative of the Palestinians, his co-authorship of the Ayalon-Nusseibeh Principles for an Israeli-Palestinian peace settlement, and his founding of the People's Voice initiative, a nonpartisan civil initiative to advance peace between the Israelis and the Palestinians. Yair Hirschfeld, director general of the Tel Aviv-based Economic Cooperation Foundation, will continue as the Isaac and Mildred Brochstein Fellow in Middle East Peace and Security in Honor of Yitzak Rabin. Nusseibeh and Hirschfeld will work with the Baker Institute's Israeli-Palestinian Working Group, both at the institute and in the region.

There is a strategic, technical and operational requirement to assist in rebuilding a confidential political dialogue between top Israeli and Palestinian decision makers; to develop with them a workable strategy of coordination and cooperation; to assist in promoting a related action program; and to develop legitimate public support.

The institute, in cooperation with Israeli and Palestinian experts who have full access to Israeli and

Palestinian leaders, will take upon itself the aforementioned tasks to develop a strategy on a track two dialogue. The aim is to enable both sides to move from the present dangerous stalemate in Israeli-Palestinian relations to stabilization and progress toward negotiations and a political settlement.

Finally, Eduardo Elizondo has been appointed project coordinator for the U.S.-Mexico Border Project, a new project funded primarily by the Houston Endowment. It will focus on sensitive and critical issues involving the U.S.-Mexico border such as migration, security, health, water, and the environment. It will define priorities, organize scholarly task forces to conduct research studies, formulate proposals, and engage decision makers at the highest levels of government in the United States and Mexico. The integrated overview of the border region that we are planning should help address problems that are currently the source of serious tensions between two close neighbors.

Elizondo, who previously managed a federal grant for improving educational opportunities for immigrants, will work closely with Erika de la Garza, program coordinator for the Americas Project, on Latin American issues and research as the Baker Institute becomes more deeply involved in Latin American affairs.

Edward P. Djerejian

FREEDOM OF EXPRESSION MIXED IN THE AMERICAS

Four journalists have been murdered, another has disappeared, two have fled their countries out of fear for their lives, and numerous others have suffered attacks and acts of intimidation in Latin America and the Caribbean this year. Even as the intensity and frequency of such attacks rose in the first few months of 2006, most of the 298 cases involving murdered journalists in the Americas since 1987 remain unsolved. The intellectual authors or the executors of crimes against journalists continue to act often and with impunity.

At the same time, only 17 of the 35 countries in the hemisphere have free media environments, down from 23 in 1991, according to the organization Freedom House. And during the period 1990-2005, 15 elected presidents were overthrown before they could complete their terms, illustrating the fragile state of democracy in the region.

These findings diverge in terms of the level of inherent aggression that is directed toward the media, which can range from physical attacks to outright media control. Yet, both of these tactics serve to suppress freedom of expression and freedom of the press, which are central pillars of democracy.

“A few decades ago when the region was marred with dictatorships, government censorship was straightforward,” noted Erika de la Garza, the Americas Project program coordinator at the Baker Institute. “In contrast, today when



Edward P. Djerejian, Baker Institute director, fourth from left, and José Miguel Insulza, OAS secretary general, fourth from right, with the participants of the 2006 Americas Project colloquium.

all but one country in the hemisphere is democratic, censorship is still present but dangerously disguised.”

In May, the 2006 Americas Project panel of experts discussed these statistics and the state of freedom of expression in the Americas at the Organization of American States (OAS) in Washington, D.C. The discussion took place in the context of the 2006 Americas Project colloquium’s theme, “Freedom of Expression in the 21st Century in the Americas,” jointly sponsored by the OAS and the Baker Institute. It included analysis of the progress of legislative reform, the state of contempt and other laws inhibiting free speech, and the status of media independence and governments’ influence over media coverage. The findings of the group of young leaders who participated in this year’s Americas Project will be forthcoming in a Baker Institute Policy Report.

While making clear that attacks against journalists remain alarmingly common, the expert panelists noted that there have been major advances in recent years in the hemisphere to promote freedom of the press. For instance, many cases involving the death or disappearance of journalists have been reopened, due in part to efforts by the Inter American Press Association (IAPA) to submit such cases to the Inter-American Commission on Human Rights (IAHCR), said Diana Daniels, IAPA’s current president and vice president of the Washington Post Co.

Furthermore, in 2001, Colombia reformed its penal code, raising penalties on those found guilty of assaulting, killing, or kidnapping journalists. Colombia, Guatemala, and Mexico have created a special prosecutor to investigate crimes against journalists. Mexico has

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NIGERIA AND THE FUTURE GLOBAL GAS MARKET

In a May 2 lecture, “Nigeria and the Future Global Gas Market,” Funsho Kupolokun, group managing director and chief executive officer of the Nigerian National Petroleum Corporation (NNPC), provided a detailed overview of the current and expected rapid growth of Nigeria’s natural gas sector. Addressing a gathering of investors, senior statesmen, top oil company leaders, and energy experts, he spoke about the ambitious program under way to reform and expand Nigeria’s overall energy sector, with a key goal to be the comprehensive development of major international natural gas

export business. Kupolokun also discussed government initiatives to carry out national economic development through sustainable and equitable practices.

In addition to being a major oil producer and a member of the Organization of Petroleum Exporting Countries (OPEC), Nigeria possesses the world’s seventh largest reservoir of natural gas reserves, totaling 184 trillion cubic feet. With global demand rising for both oil and natural gas, Nigeria’s energy sector is well-positioned to prosper in coming years, Kupolokun said.

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BAKER INSTITUTE’S PROGRAM ON THE ROLE OF THE NATIONAL OIL COMPANY IN INTERNATIONAL ENERGY MARKETS

The Energy Forum’s new, two-year program included lectures this spring relating to the growing importance of national oil companies in international energy markets. To date, speakers have included senior energy and political leaders from Saudi Arabia, Nigeria, India, Qatar, and Libya.

INDIA’S QUEST FOR ENERGY SECURITY

In a March 31 keynote address, Murli Deora, the Republic of India’s minister of petroleum and natural gas, outlined India’s strategy to achieve energy security and welcomed improving energy ties between India and the United States. In his Shell Distinguished Lecture Series presentation, “India’s Quest for Energy Security,” Deora explained how Indian policymakers are implementing a wide-ranging energy strategy to contend with India’s increasing dependence on fossil fuels.

Deora’s remarks came at a time of heightened U.S. concern that state oil companies from emerging economies such as China and India are racing to secure supplies

from countries the United States considers controversial. Prominent American commentators have urged that the United States and emerging countries such as India cooperate on energy initiatives to avoid conflict, in the hope that cooperation on broad energy issues can produce greater stability in global markets and encourage sound energy policy in both consuming and producing nations. The alternative—increasing geopolitical tensions—benefits no one.

Deora highlighted India’s strategy to diversify its sources of domestic and imported oil and natural gas, and he also noted its commitment to increase energy supplies from alternative sources

such as nuclear and renewable energy. On the oil and gas front, recent bidding rounds for domestic oil and gas production blocks also have been very successful, with several blocks being awarded to foreign-owned firms. This development could prove to be important because, to date, recovery rates have been very low in India, which has been a problem for its domestic oil and gas industry. However, foreign investment in India’s drilling and production industries could make available new technologies that could raise recovery rates. In addition to improving the attractiveness of future investments, higher recovery rates could reduce

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QATAR'S ENERGY MINISTER DETAILS ENERGY EXPANSION PLAN TO MEET GLOBAL GAS DEMAND

Through tremendous efforts, the State of Qatar has gone from being a country with limited oil production and little gas production to being one of the largest energy producers and exporters in the world.

Speaking June 24 at an Energy Forum event, Abdulla Bin Hamad Al-Attiyah, second deputy premier and minister of energy and industry for Qatar, described his nation's strategy to diversify its economy through various gas-based projects while meeting future global gas consumption, which is projected to double over the next 25 years.

With its existing and future, large-scale liquefied natural gas (LNG) projects, Qatar is emerging as a leading global LNG supplier. The significantly bigger production trains and LNG tankers that Qatar is currently building will position it to deliver large amounts of natural gas at competitive prices to distant markets in the United States, Asia, and Europe, Al-Attiyah said. These huge investments in the LNG value chain are expected to make Qatar the biggest global exporter of LNG by the end of this decade.

"During the next 10 years, the USA's total natural gas imports will double," Al-Attiyah said, noting that due to declining production from mature domestic basins, the United States will need to secure gas supplies from outside North America. "However, by that time,

Qatar will be supplying the United States with about 30 million tons of LNG per year, nearly half of [its] projected net LNG imports."

Possessing the largest single non-associated gas field in the world—the North Field accounts for about 15 percent of the world's total gas reserves—Qatar adopted a strategy to diversify its economy through gas-based projects 10 years ago. Recognizing the potential benefits of an open policy to foreign investment in its energy sector, Qatar embarked on ambitious LNG joint venture projects with some of the world's leading energy companies to build its current production and export capacity of natural gas. Today, ExxonMobil and ConocoPhillips are key shareholders in Qatar's LNG sector.

Al-Attiyah said Qatar's expansion plan is aimed at boosting LNG production capacity to 77 million tons per year by 2012, in addition to a projected 1.1 million barrels a day of crude oil.

Amy Myers Jaffe, Wallace S. Wilson Fellow in Energy Studies, said the results of Qatar's efforts to exploit its reserves and bring in strategic partners are significant.

"They have been able to meet the technical challenges of increasing their participation in the world's energy markets," Jaffe said. "At the same time, they are making a significant contribution to global energy security by having so much production come on so rapidly in a short amount of time."

"During the next 10 years, the USA's total natural gas imports will double.... By that time, Qatar will be supplying the United States with about 30 million tons of LNG per year, nearly half of [its] net LNG imports."

– Abdulla Bin Hamad Al-Attiyah

STATE DEPARTMENT OFFICIAL BRIEFS ENERGY FORUM ON IRAQI ENERGY INDUSTRY

Gasoline subsidies are placing a heavy burden on Iraq's treasury and need to be phased out, Robert Silverman, director of the Office of Iraqi Economic Affairs at the U.S. Department of State told the Baker Institute Energy Forum during a special briefing March 30. Higher prices are needed not only to attract investment into the country's languishing refining and fuel sector, but also because low prices are driving massive smuggling and fuel-looting operations. Those operations are promoting

widespread corruption in the Iraqi energy industry and giving profiting groups incentive to plan and participate in attacks on facilities to keep smuggling businesses of imported fuel on the rise. Responsibility for smuggling is thought to reach into the upper levels of the Iraqi government, especially in the oil ministry, making it difficult to eliminate.

Iraq's refineries sustained no damage during the 2003 war, but are operating at only 50-75 percent of capacity, according to Silverman,

given both security and technical problems. "Refining is weak and needs much improvement," he said. "Increasing oil prices cuts both ways in Iraq. They make more on their crude oil exports, but they end up paying a lot more because they (Iraq) have to import so much fuel at world prices from neighbors like Turkey and Kuwait. So it's a double-edged sword."

In 2005, Iraq's oil exports averaged 1.4 million barrels a day,

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LIBYAN DIPLOMAT URGES U.S. TO DEMONSTRATE THE BENEFITS OF COOPERATING TO FIGHT TERRORISM

A month after the United States announced it would reestablish full diplomatic ties with Libya, the chief of the Libyan Liaison Office urged the United States to go beyond using Libya as an example of a nation that has relinquished weapons of mass destruction and demonstrate to the world the benefits of Libya's cooperation in the fight against terror.

In a June 20 address at the institute, Ambassador Ali S. Aujali said the United States should do more than simply permit energy companies to return to Libya and help the country expand other sectors including tourism, health care, education, infrastructure, and banking.

"It is important to show the people outside of Libya and outside of the United States that if you really

take a great step toward fighting terrorism and abandoning weapons of mass destruction, then we will compensate you," Aujali said. "There are many, many other things we can do together."

Aujali's visit occurred at a strategic turning point in U.S.-Libyan relations, which provides the opportunity to cooperate in areas of common interest. Since Libyan chief of state Colonel Muammar Qadhafi renounced weapons of mass destruction in 2003, the United States has lifted longstanding sanctions on bilateral relationships, removed Libya from the terrorism watch list, and recently normalized relations with Tripoli, ending a quarter century of deep suspicion and, at times, outright hostility.

"These developments not only

represent a landmark in relations between our two countries, they also send a message to capitals such as Pyongyang and Tehran about the benefits of cooperating with the international community," Director Edward P. Djerejian said.

Since 2003, Libya has shown its commitment to help meet the growing global demand for oil and natural gas by welcoming the participation of international oil and gas companies in developing its energy sector—including development and expansion of its liquefied natural gas capacity and pipeline export capabilities to Europe. Washington officials have noted that Libya has dramatically increased its efforts to combat international terrorism and has made important contributions to U.S. national security.

THE ROLE OF COMMERCIAL PROJECTS IN U.S.-R.F. NON-PROLIFERATION COOPERATION

The Baker Institute and the Carnegie Endowment for International Peace held a workshop at the institute that explored how commercial projects have contributed to the resolution of nuclear proliferation problems in the past, in the context of U.S.-Russia cooperation. At the March 10 workshop, a group of 15 scientists, business professionals, and former U.S. and Russian officials examined how such precedents might be applied to resolving the nuclear stand-off with Iran. In particular, they examined how commercial approaches to the nuclear fuel cycle might facilitate this effort, with a focus on the back end of the fuel cycle and international storage of spent fuel in Russia.

The subject of the workshop was critical and timely because the stakes are huge in the impasse between Tehran and the international community. Should Iran move forward with a nuclear weapons program, it would be a great setback for the nonproliferation regime. Many believe that Tehran will not have the ability to produce nuclear weapons for at least five years. The immediate goal of international policy, therefore, should be to delay this acquisition, with the long-term goal of preventing it altogether.

The workshop participants emphasized that there is still time for diplomacy, and the United States and Russia should work together in an effort to

reach agreement with Iran. The International Atomic Energy Agency (IAEA) must be involved in inspections, and Iran must provide a series of assurances. In the meantime, the report of the IAEA to the National Security Council should not be seen as a punitive measure. Instead, the focus should

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– Baker Institute Policy Report

be on developing a plan to provide fuel for nuclear power plants on an assured basis. This plan should not be Iran-centric, but should be available to all countries seeking nuclear energy.

The workshop organizers did not seek formal consensus, but all participants agreed on the following recommendations, which were summarized in a policy report, “On

the Role of Commercial Projects in U.S.-R.F. Non-Proliferation Cooperation.” Published in May, and subsequently presented to the Bush administration, the report noted that the participants agreed it would be useful to:

1. Examine ways to engage the Iranians more effectively in a discussion of the future of nuclear power. The goal should be to determine if it is possible to “change the subject” away from the laser-like focus on enrichment that has been the symbol of Iran’s defiance. This discussion should begin with consideration of the back end of the fuel cycle, e.g., the Non-Proliferation Trust project.
2. Find ways to move the United States and Russia expeditiously into negotiation of an Agreement for Nuclear Cooperation (123 Agreement). The G-8 summit meeting in St. Petersburg in July 2006 represents a near-term opportunity for President Bush and President Putin to launch this process.
3. Consider how the new nuclear energy initiatives, i.e., the Global Nuclear Energy Partnership (GNEP) and the Putin initiative to establish international fuel service centers in Russia, relate to the effort to solve the nuclear problem with Iran. All participants

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U.S.–CHINESE PERSPECTIVES ON ENERGY AND MIDDLE EAST RELATIONS

The ability of the United States and China to work together on energy policy depends upon the successful integration of energy issues into broader discussions on a range of regional and strategic global and local economic policy issues.

At an April 3 workshop, American and Chinese scholars analyzed the geopolitical and strategic implications of energy for U.S.-China-Middle East relations. They discussed various initiatives and multilateral institutions involved in supporting coordination and cooperation between the United States and China as major energy consumers.

The “International Workshop on Energy Security: Implications for U.S.-China-Middle East Relations” was held at the Baker Institute and

co-hosted by the institute’s Energy Forum and the Shanghai Institute for International Studies (SIIS). SIIS vice president Yang Jiemian led scholars Li Weijian, Shao Yuqun, Wang Youyong, and Ye Qing in discussions with Director Edward P. Djerejian and Baker Institute fellows Joe Barnes, Amy Myers Jaffe, Ken Medlock, and Steven Lewis. Geoff Kemp, director of regional strategic programs at the Nixon Center, and Ed Morse, global energy market expert from Hess Energy Trading, also participated.

Participants shared viewpoints on the following topics: the efficacy of initiatives that bring energy policy goals into broader discussions of regional strategic security dialogues; the integration of regional energy markets into a global market; the

development of international energy infrastructure projects in Northeast Asia; and the coordination of demand-reduction and sustainable development policies at the local level.

As a follow-up to this workshop, Lewis gave a presentation at a conference on Middle East and energy security issues attended by American, Chinese, European, and Persian Gulf scholars in Hainan, People’s Republic of China, June 1-2, and co-hosted by SIIS and China’s National Institute for South China Sea Studies. The Baker Institute and SIIS are two of only a few American and Chinese think tanks exploring these important policy issues, and they plan to have more conferences on these topics in China and Houston.



From left to right: Donald Kendall, Robert A. Mosbacher, Sr., Donald Marron, Henry Kissinger, and James A. Baker, III.

ROBERT A. MOSBACHER GLOBAL ISSUES SERIES FORMALLY LAUNCHED

James A. Baker, III, the Baker Institute’s honorary chair, and Founding Director Edward P. Djerejian hosted a reception April 12 in New York to formally launch the Robert A. Mosbacher Global Issues Series which the Baker Institute has established in honor of former Secretary of Commerce Robert A. Mosbacher, Sr. Through this endowment, the institute will foster constructive public policy dialogue and academic exchanges on the role of international trade and commerce as a fundamental factor for economic and social development in emerging countries.

ENGAGING THE NEXT GENERATION OF ASIAN POLICYMAKERS IN THE AMERICAN SOUTH

Competing political and economic agendas in Northeast Asia pose new challenges for cooperation by China, Korea, Japan, and the United States, and they also require renewed efforts by governments, scholars, and the private sector to explore new institutions that foster mutually beneficial development.

This was the conclusion of the “Houston Forum for Young Specialists 2006: Cooperation and Challenges in East Asia,” held

March 18-19. Ambassador Shinichi Kitaoka, one of Japan’s representatives to the United Nations, Yong J. An, an Asian gas trade expert, T.R. Reid, correspondent with the *Washington Post*, Yasushi Watanabe of Keio University, and Suisheng Zhao of the Center for U.S.-China Cooperation at the University of Denver, joined Baker Institute fellows Amy Myers Jaffe and Steven Lewis in roundtables and break-out sessions with 25 young scholars, officials, journalists, and

junior executives from across the American South.

Participants discussed the potential role of international strategic dialogues, regional and global energy security organizations, international historical review commissions, and public awareness and media information projects in the four countries. The weekend retreat was co-hosted by the Baker Institute and the Japanese Consulate of Houston.

TCP LECTURES: CHINESE LANGUAGE EDUCATION AND GLOBAL MEDICINE

The Transnational China Project (TCP) held two events on topical issues relevant to the project’s aim of researching and understanding how Chinese culture is interacting with societies across the globe. The first covered the challenges and solutions for meeting the sharp demand for Chinese language education. The second explored Chinese medical culture, individual ethics, and the challenges posed by globalization.

Despite recent media reports of a surging interest in Chinese language education at all levels of American academia, and a doubling in recent years of the number of American university students applying to study abroad in China, Americans need to greatly expand both the investments in and the restructuring of language

education pedagogy and learning experiences. This needs to be done in order to assure that the U.S. language programs are balanced, from educational and cultural perspectives, with those in China.

This was the message delivered in a TCP public lecture, March 22, titled “Opportunities and Challenges: Chinese Language Education in the Global Context.” It was delivered by one of America’s preeminent authorities on Chinese language education and study abroad programs, Professor Hong Gang Jin of Hamilton College, who is also a frequent consultant to governments, nongovernmental organizations, and universities.

In her talk, Jin related the successes and failures of K-12 Chinese language experiments and pro-

posed ways that universities can advise local governments to certify new instructors and work with ethnic “heritage schools” to create advanced placement language programs. She also predicted that even with these efforts, the demand for K-12 Chinese language education in the United States would require hiring instructors from China and the Chinese societies. This event, and a related workshop on developments in Chinese language pedagogy with the faculty of the Rice University’s Center for the Study of Languages, were facilitated by the Asian Studies language faculty, in particular Professor Chao-Mei Shen.

In the field of medicine, globalization presents new economic

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SCIENTIFIC EXPERIMENTS ON THE INTERNATIONAL SPACE STATION

Astronaut Donald Pettit recently completed his first space flight as the International Space Station science officer of the three-person expedition and crew aboard the space station, logging more than 161 days in space, including more than 13 extra-vehicular activity (EVA) hours. During five-and-a-half months aboard the station, the crew worked with numerous U.S. and Russian science experiments. The expedition and crew launched on the space shuttle *Endeavor* and returned to Earth on the *Soyuz* spacecraft due to the loss of the space shuttle *Columbia*.

Like the other members of the crew, Pettit was busy most of the week doing research and building the space station. On Saturdays, when he had free time, he performed what was referred to as “Saturday Morning Science,” accomplishing experiments of his own design. Pettit described this as “discovery science” in an interesting and informative program April 11 at the Baker Institute.

They included an amazing experiment Pettit referred to as “Symphony of Spheres.” Pettit created a three-inch diameter sphere of water, then inside of that he injected about an inch-and-a-half diameter bubble of air, and then he injected droplets into the bubble of air. This in turn created an amazing set of dynamics.

Another experiment was very simple. Pettit made a large sphere of water. Astronauts and cosmo-

nauts have been making spheres of water almost since Yuri Gagarin flew on the *Vostok* spacecraft in 1961. Most of these spheres have been small. It occurred to Pettit that the ratio between surface tension and inertial forces get smaller as the sphere gets larger. So he carefully made a sphere as large as his head attached to a frame so it wouldn’t drift away. He basically created a spherical pond. When one throws a rock into a pond, the ripples move out. When one puts a pulse on this large sphere, ripples move out, but they’re on a spherical surface. They move out until they come together 180 degrees away from the pulse and then shoot out a spurt of water, which collapses back down and sends a ripple back the other way. It bears an uncanny resemblance

to computer models of what happens when a planet is struck by a large asteroid. The surface waves damp out, leaving the spherical body waves that go on for five or 10 minutes.

Pettit demonstrated the truly amazing results of his experiments, showing photographs and video of the experiments that were taken as he performed his investigations.

Pettit’s presentation raised many questions relative to the effects of micro-gravity on physical processes. His presentation demonstrated very closely that further investigations are needed if we are to understand the effects of micro-gravity on physical phenomena as we know them here on Earth.



NASA Astronaut Donald Pettit speaks about his experiments aboard the International Space Station and demonstrates their results by showing photographs and video.

CODE RED: THE CRITICAL CONDITION OF HEALTH CARE IN TEXAS

Texas leads the nation with the largest percentage of its population without health insurance. This is an impending crisis for the state that needs to be addressed immediately, according to a report released from a state health care task force.

“Twenty-five percent of the population of Texas is without health insurance—and the national average is only 15.7 percent,” said Neal Lane, senior fellow in science and technology at the Baker Institute and chair of the task force.

Increasing numbers of uninsured individuals place extraordinary economic and service burdens on health care providers, hospitals, trauma centers, and the communities which fund health services. A lack of coverage can also affect an individual’s physical and mental health, and access to care. The health of Texas, economically, educationally, culturally, and socially, depends upon the physical and mental health of its population.

The continuous increase in numbers of individuals without health insurance coverage or with inadequate coverage is a major policy challenge in Texas, and a significant and continuing concern for the country. To address these serious challenges, 10 academic health institutions in Texas (Baylor College of Medicine, Texas Tech Health Science Center, Texas A&M Health Science Center, North Texas, and the six health institutions of the University of Texas System) organized a statewide task force.

After 18 months of deliberation,



A panel including Vivian Ho, fellow in health economics at the Baker Institute, and John Mendelsohn, president of M. D. Anderson Cancer Center, takes questions regarding the health care report released at the Baker Institute.

the task force released the report, “Code Red: The Critical Condition of Health in Texas,” at an April 17 event at the Baker Institute. The event included a brief review of the report by Jack Stobo, president of the University of Texas Medical Branch at Galveston and vice chair of the task force, and a panel of experts: Vivian Ho, fellow in health economics at the Baker Institute; Elena Marks, director of health policy for the mayor’s office; Michael McKinney, vice president at the University of Texas Health Science Center at Houston; and John Mendelsohn, president of M. D. Anderson Cancer Center.

The report outlined a series of 10 recommendations and sub-recommendations for the state of Texas to improve health care and health insurance access. The recommendations, in total, address

universal access to health care services; areas the state should fund; methods to obtain more funding; access and coverage experiments the state should perform; effective disease management; electronic health records and virtual care coordination; accurate health care provisions; education; cost containment; and public health initiatives.

“Critical solutions to the challenge of the uninsured must arise out of a shared responsibility for the problem by a broad diversity of participants, including health care providers, patients and their advocates, policymakers, businesses, community organizations, and state and federal governments,” Lane said.

The report, “Code Red: The Critical Condition of Health Care in Texas,” is available online at <http://www.coderedtexas.org/>.

BAKER INSTITUTE STUDENT FORUM SPRING EVENTS

During the spring semester, the Baker Institute Student Forum (BISF) hosted numerous successful events underscoring its traditional role as a link for the Rice University student body to the programs offered by the BISF. Created in 2002 by a small group of undergraduates, the BISF is dedicated to fostering student involvement in public policy.

A March 28 excursion to the Houston City Council gave a dozen students an inside look at its workings. The tour, organized by the BISF, introduced participants to the council's headquarters and provided an overview of how the council prepares for meetings. The students also observed the public portion of an actual meeting. As an added bonus, the council named March 28 "Baker Institute Student Forum Day" in Houston.

To shed light on the lighter side of policy, the BISF hosted cartoonist Signe Wilkinson of the *Philadelphia Daily News* April 4 to talk about political cartoons and political sat-

ire in a partisan age in American politics. Participants saw numerous examples of Wilkinson's work and were treated to an entertaining autobiographical account of a person with a unique role in the policy universe. Wilkinson also agreed to sign copies of her recently published collection, *One Nation, Under Surveillance*.

An April 12 panel discussion focused on how, in recent years, Houston has become a prominent way station in the illegal trafficking of persons. The BISF organized this event on human trafficking in order to raise awareness about the persistence of its attendant human rights violations, to elucidate the causes behind the trade, and to allow the panelists to offer the best possible remedies. It exemplified the BISF's aim to foster dialogue about serious problems that often fail to garner attention when competing for coverage with high-profile issues.

The BISF co-hosted the "Code Red" panel discussion April 17 on the chronic number of medically

uninsured in Texas. The panel, which included numerous experts, touched on issues including the lack of coverage among women and minorities, the difficulty of expanding coverage in a time of exponentially rising medical costs, and the various possible actions which policymakers could undertake to increase coverage in the state and across the country.

In an April 20 meeting, the BISF enjoyed an off-the-record discussion with James A. Baker, III, the 61st Secretary of State. Baker shared his absorbing stories and profound insights with a select group of invited students and BISF members.

On a May 4 visit to the Texas Capitol in Austin, a group of students received an extensive tour and sat in on an emergency session of the state legislature, courtesy of both the BISF and Martha Wong, Texas state representative. This event familiarized students with regional lawmaking and provided a needed break from the grind of final examinations at Rice.

EDUCATIONAL PROGRAM ON TERRORISM IN 2006

The Baker Institute hosted a May 2 presentation on "Terrorism in 2006" by Joan Neuhaus, fellow in homeland security and terrorism. The event was aimed at encouraging a dialogue about the world of terrorism today and the threats faced by every citizen.

In the ever-shifting world of terrorism, an act of terrorism may

come at any time, in any place, and in any form. Targets may be symbolic, economic, or strategic in nature, and Houston must remain diligent in its efforts to detect and deter potential threats, Neuhaus warned. Houston is a target-rich environment, and it is the only city in the country with all nine primary terrorist target sets, as defined

by the FBI. In addition, numerous known extremists have lived or traveled to Houston, and they have had affiliations with international terrorist organizations that have shown the organization, motivation, and capability of successfully executing attacks in other parts of the world.

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TAX REFORM

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by John Diamond, the Baker Institute's Kelly Fellow in Tax Policy, who observed, "Our nation is at a truly critical juncture as it must determine how it will reformulate its tax policy, given the manifest problems of the current income tax and in the face of ever-increasing global competition." He noted that the conference examined virtually all of the critical issues raised by the prospect of fundamental tax reform. Added George Zodrow, professor of economics and Rice scholar at the institute, "The conference could not have come at a more opportune time, as it follows the recent release of the U.S. tax panel's report and provides critical insights that will inform the vigorous and contentious debates on tax policy that will surely take place in the upcoming congressional and presidential elections." Diamond and Zodrow, who organized the conference, direct the institute's Tax and Expenditure Policy Program, which engages in a wide variety of research activities related to national, state, and local tax and expenditure policies in the United States and in developing countries. Peter Mieszkowski, Cline Professor of Economics, and former Rice president Malcolm Gillis, Zengler Professor of Economics, are also key participants in the program, which is completing its second year as one of the major areas of policy focus of the Baker Institute.

Ten insightful, original research papers, covering a wide range of topics, were presented at the con-

ference. One set of papers examined the impacts of tax reform on business, especially on investment, and on individual labor supply and savings decisions. A second set examined effective tax rates under alternative reforms, considered the tax policy implications of globalization, and addressed the highly controversial issue of who ultimately bears the burden of the corporate income tax. A final set examined

*"Our nation is at a
truly critical juncture
as it must determine how
it will reformulate its
tax policy."*

– John Diamond

the prospects for, and economic effects of, a move to consumption-based taxation, as well as the implications of the new field of behavioral economics for tax design. The texts of the papers are posted on the institute's website, <http://bakereinstitute.org>.

The keynote address was given by Professor Alan Auerbach, director of the Burch Center for Tax Policy and Public Finance at the University of California, Berkeley, who assessed the prospects for tax reform in the 21st century. He con-

cluded that, "Recent research has become increasingly sophisticated and suggests that a consumption tax may be desirable ... but there is still enough uncertainty about the magnitudes of the gains from such a reform that the politically more feasible approach of incremental reforms to the existing income tax is certainly an attractive alternative."

The program also included a dinner address by James A. Baker, III, honorary chair of the Baker Institute, who drew on his experience as secretary of the U.S. Department of the Treasury during the passage of the landmark Tax Reform Act of 1986 to discuss the directions tax reform should take. Luncheon addresses were delivered by Professor Laurence Kotlikoff of Boston University and Robert Carroll, deputy assistant secretary for tax analysis of the Treasury Department. Professor James Poterba of Massachusetts Institute of Technology, a member of the president's tax reform panel, summarized the conference as "a collection of the very best minds in public finance, exploring in depth the critical issues that make tax reform so controversial and so fascinating, from the perspectives of theoretical and empirical economics and real-world policy analysis."

The conference continues a long tradition of tax policy research at the Baker Institute, which includes the publication in 2002 of the proceedings of an earlier Baker Institute conference, titled *United States Tax Reform in the 21st Century*, edited by Zodrow and Mieszkowski and published by Cambridge University Press.

HUGHES

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Hughes said, speaking March 29 at the Baker Institute as part of the Shell Distinguished Lecture Series.

“I’ve been hard at work to put in place a long-term foundation for what I view as waging peace,” she said, commenting on her new responsibilities, adding that she uses the phrase “waging peace” because “we must be very focused and clear about the commitment and years of effort that success will require.”

Hughes commended Baker Institute Director Edward P. Djerejian for the report produced in October 2003 by the congressionally mandated Advisory Group on Public Diplomacy for the Arab and Muslim World, which he chaired. “The report frankly had so many valuable recommendations that provided the intellectual framework for many of the public diplomacy improvements that I am now trying to implement at the State Department,” she said.

Hughes’ mission is defined, in part, by the national security strategy released in March by the White House. That strategy focuses on the violent political vision of transnational terrorists who exploit the religion of Islam: using terrorism and subversion to establish a totalitarian empire that denies all political and religious freedom.

“At this time of threat and turmoil in the world, America’s public diplomacy is absolutely vital to our national security,” Hughes said. She outlined three strategic imperatives for U.S. public diplomacy efforts:

First, to continue offering people throughout the world a positive vision of hope that is rooted in Americans’ belief in freedom, justice, opportunity, and respect for all. “People around the world must know that America stands proudly not only for our own rights, but for human rights and human freedom everywhere,” Hughes said.

Second, to isolate and marginalize the violent extremists and confront their ideology of tyranny and hate. “We must undermine their efforts to portray the West as in conflict with Islam by empowering mainstream voices and demonstrating respect for Muslim culture and traditions,” Hughes said. She has spent a lot of time reaching out to Muslim Americans because she believes they are an important bridge to Islamic communities worldwide.

And third, to foster a sense of common interests and common values between Americans and people of different countries and cultures throughout the world. Hughes pointed out that although the news media often refer to her job as reaching out to the Muslim world and focusing on the war on terror, two of the three strategic imperatives are not limited to those areas.

“Public diplomacy actually involves the entire world,” she said, noting that she had recently returned from a five-country trip to Latin America, which is considered an “important priority” by President George W. Bush. “Public diplomacy works to nurture and strengthen our transatlantic partnership with Europe ...

CLINTON GLOBAL INITIATIVE

Former President Bill Clinton has invited Ambassador Edward P. Djerejian to serve as an Advisory Board member of the Clinton Global Initiative’s working group on Mitigating Religious and Ethnic Conflict. The initiative’s aim is to be a nonpartisan catalyst for action on global issues.

strengthening our relationships with India and Pakistan, to reach out to people across an emerging China,” Hughes said. “We also try to provide reliable information and establish relationships with people even when we don’t have direct diplomatic relations with their governments, in countries such as Cuba and Iran.” Hughes said she planned to visit Africa and set an example for other government leaders of how to approach the world in the spirit of partnership and respect.

“One of the most important things we can do around the world to change people’s minds about us is to respect people’s opinions, to listen, to reach out and really welcome and want to hear from them, and that’s what I’m trying to do, and talk about the things that we really do have in common,” Hughes said.

The under secretary labeled exchange programs as “our single most successful public diplomacy

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FREEDOM

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ordered that such crimes be handled under federal jurisdiction. And Brazil has made attacks on journalists a federal crime. “All of these measures were unthinkable until a few years ago,” noted Daniels, who encourages countries to end the statute of limitations on crimes against journalists.

Countries in the hemisphere are increasingly creating the legal underpinnings that protect freedom of expression. Freedom of information laws are becoming more the norm, and numerous states have enhanced access to information, including Mexico, Peru, the Dominican Republic, Ecuador, Jamaica, Panama, and Trinidad and Tobago. Other encouraging developments include the decriminalization of libel laws, approved by Mexico this past spring, and by El Salvador in 2004. And May 3, World Press Freedom Day, Brazilian President Luiz Inácio Lula da Silva became the 45th head of state since 1994 to sign the Declaration of Chapultepec, which defends freedom of expression, freedom of the press, and the right to information.

Increased governmental tolerance has also been seen with the repeal of contempt laws. Since the IAHCRC created the Office of the Special Rapporteur for Freedom of Expression in 1997, nine OAS member states have repealed their contempt laws, according to Santiago Cantón, another expert panelist who is the executive secretary of the IAHCRC.

Yet, while some countries have implemented reforms that protect freedom of expression, in many ways the hemisphere has failed in this area. For instance, with regard to contempt laws, Venezuela has reformed the penal code, with Articles 147, 148, and 149 stiffening the penalties for those offending the Venezuelan president and other public officials, judges, and legislators, orally or in writing. More than 50 judicial proceedings have been initiated against journalists in the region for slander and libel in the last 15 months.

“While contempt laws are now rare, the last two years have been marked by a substantial rise in the use of other laws against journalists,” Cantón said. “Public officials are turning to criminal defamation laws or crimes against honor more and more to silence journalists.” The IAHCRC and IAPA agree that the decriminalization of libel is fundamental for a free press.

Cantón explained that the continued existence of criminal legis-

lation permitting prosecution for crimes against journalists who question public officials’ honor or reputation restricts the free and open debate of ideas. “Laws providing for criminal penalties for speech that is critical of public officials, public figures, or issues of public interest must be repealed,” he said. “Civil penalties can be used to prevent and regulate attacks on honor and reputation. Although the majority of the criminal prosecutions in this area do not result in prison terms, the goal of these prosecutions is to intimidate.”

This can be illustrated in, among other countries, Brazil, where many lower court judges have slapped large fines on news media, which can lead them to eliminate or tone down their criticism to survive. This also “has sparked a growing wave of self-censorship that is undermining the role of the press in a democratic society as a watchdog,” Daniels explained. Brazil’s congress is

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The 2006 Americas Project panel of experts discusses statistics regarding the fragile state of freedom of expression in the Americas.

NIGERIA

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Nigeria aims to expand crude oil production capacity to 4.5 million barrels a day (b/d) by 2010, up from 2.5 million b/d currently, and to become a major player on the international natural gas scene based on a new Master Plan for the development of a major natural gas industry in Nigeria. Nigeria expects to supply 30 percent of the total Atlantic Basin liquefied natural gas supply by 2010, allowing Nigeria to reap more than \$13 billion annually from its natural gas, which previously was not being tapped as a productive resource.

However, if this added revenue is not translated into job creation and economic development for the peoples of Nigeria's energy producing regions, political instability is likely to increase, promoting the kinds of major supply disruptions experienced by Nigeria over the past year. Sustained high oil prices are raising expectations in Nigeria for wealth to disseminate throughout the economy and to poorer regions of the country. Distributive inequality of revenues has plagued Nigerian society for decades, and over-reliance on oil revenues has left the country's economy vulnerable during periods of declining oil prices. The Nigerian government recognizes this challenge and is talking more about economic diversification programs, but it still has a long way to go in building a sustainable economic base for a wider percentage of the Nigerian population.

A key aspect of future develop-



Funsho Kupolokun, group managing director and chief executive officer of NNPC, provides a detailed overview of the current and expected rapid growth of Nigeria's natural gas sector.

ment is the contribution that the energy sector provides to overall economic growth in Nigeria. Kupolokun observed that despite the recent increase in oil revenues resulting from expanding production and rising prices, the Nigerian oil industry has made "a disproportionately low contribution to GDP (30%) and economic development," and "addressing this disconnect is therefore an imperative."

Kupolokun pointed out that the oil and gas industry has significant potential for creating economic opportunity in Nigeria through sustained investment inflows, growth in domestic capital and labor, and the development of institutional reforms and increased efficiency in industry. Driven by higher current and expected future oil prices, growth in the energy sector is apparent, as the industry's planned investment outlay for 2005-2008 will be \$67 billion, which is significantly greater on a per annum basis than the \$80 billion invested in 1990-2004, according to

Kupolokun.

Nigeria's national strategy aims to stimulate local labor and capital markets and create linkages in key services sectors such as banking and shipping. Removing barriers to entry is an important tenet of such a strategy, as witnessed by the deregulation of the downstream sector and the planned and ongoing privatization of refineries and petrochemical plants. However, the extent to which such plans promote the development of other sectors will be critical to Nigeria's success in promoting sustained economic growth.

Kupolokun described Nigeria's approach to developing its significant natural gas resources. The country's natural gas policy "is aimed at promoting a public-private sector partnership for the orderly and rapid commercialization of Nigeria's natural gas resources for the development and diversification of the domestic economy." Through new legislation

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INDIA

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India's need for imports. Despite such potential advantages of foreign investment in the domestic drilling industry, the majority of blocks have been awarded to India's state-owned Oil and Natural Gas Corporation (ONGC), which calls into question the pace at which foreign investment will be able to overcome the relatively low recovery rates witnessed in Indian oil fields.

Deora also described how India is renewing its interest in areas that have geologic potential for oil and gas but to date have been underexplored, particularly along the offshore east coast and in the state of Rajasthan. In addition, India's ONGC is working to improve existing oil production and recovery. Noting that technology for enhanced oil recovery is less well-known in the developing world, Deora cited the potential for greater technical cooperation. "To

ensure [a] steady supply of energy, it would be prudent to introduce developing economies to new technologies for enhancing their energy security," he said. However, it is unlikely that any western oil and gas company will be willing to divulge technologies that give them a competitive advantage without some compensation. It is more likely that those technologies will be deployed in India if western companies have some ownership stake in drilling and production activities. This point further highlights the importance of foreign interest in the recent bidding rounds for oil and gas production blocks.

Exploiting new domestic resources and enhancing existing reserves form a vital part of India's energy strategy. India has been investing heavily in recent years to expand its capabilities to use relatively clean-burning natural gas through developing domestic resources, pipeline infrastructure, and liquefied natural gas import capacity. In addition, research

and development efforts aim to increase energy supply in environmentally sustainable ways. Deora emphasized that sustainability is an important component of Indian energy policy, noting that energy insecurity most affects the weak and poor in society, and environmental degradation only exacerbates the plight of the poverty-stricken. The challenge of energy security is more complex than economic growth: like other countries, India needs "clean, convenient, and reliable energy," and "the time has come that the world collectively shares the responsibility of sustainable development and elevation in the quality of life of the masses," Deora said.

While all nations share in the challenge of securing future energy supply in an environmentally friendly manner, each nation will have its own obstacles to overcome in achieving the stated goal, noted Baker Institute fellow in energy studies Ken Medlock. "In a region where poverty is more the norm than the exception, elevation of living standards can often trump the use of more expensive technologies. The challenge for India will be to develop its own reserves of coal, oil, and natural gas in a manner that is consistent with stated goals. Certainly, energy cooperation and technology transfer with developed countries such as the United States is important toward achieving such ends, but India will have to incur some burden in implementing a strategy for a clean future while providing the energy supplies necessary for sustained



Murti Deora, India's minister of petroleum and natural gas, explains how Indian policymakers are implementing a wide-ranging energy strategy to contend with India's increasing dependence on fossil fuels.

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IRAQI ENERGY

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Silverman said, and he projected an increase by year-end to 1.65 million barrels a day as projects are completed under the \$1.72 billion Iraq Reconstruction and Relief Fund II program. U.S. reconstruction efforts in the oil sector focused on enhancing gas-oil separation plants, well workovers, and pipeline and other infrastructure repair, including four major projects: the Al-Fathah pipeline crossing, the Qarmat Ali water injection system, rehabilitation of the main export port at Al-Basrah, and rehabilitation of Iraq's gas-oil separation plants. To date, of these four major projects, only the repair of the export terminal at Al-Basrah has been successful in promoting a possible restoration of Iraqi export potential, other experts have noted.

Silverman said the future of Iraq's oil industry still faced many

challenges, including the need for international investment and training, greater emphasis on transparency and pricing reforms, and the challenge to create the proper balance between decentralization and fiscal solvency. Silverman noted that oil wealth can be a destructive force if it causes a "degeneration of the political system," with either "subnational groups encouraged to try to capture localized resources," or centralized government using oil wealth to consolidate authoritarian power. Silverman explained that Iraq's new constitution is ambiguous on the subject of oil resources, leading some regional government authorities to feel they can pursue separate oil deals despite the fact that no national petroleum law has yet been adopted. Iraq's new constitution does not preclude foreign investment, but rules governing the energy sector have not yet been defined.

"There are a lot of things beyond just security that have to

be settled before Iraq can truly begin rebuilding its oil sector in a major way," noted Amy Myers Jaffe, Wallace S. Wilson Fellow in Energy Studies and a member of the group of experts appointed to the Iraq Study Group (ISG). The Baker Institute is supporting the ISG, along with other independent, nonpartisan institutions, including the United States Institute for Peace, the Center for Strategic and International Studies, and the Center for the Study of the Presidency. "It will take better leadership and political will to reverse some of the negative forces playing themselves out in the oil sector today in Iraq," she added. "There is a small group that benefits more from the devolution of the oil sector than from its reconstruction. With so much at stake for the Iraqi people, it would be a tragedy if their interests came before that of the country as a whole."

TCP LECTURES

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opportunities, even as it creates new ethical dilemmas for medical professionals around the world. The TCP and the Health Economics Program at the Baker Institute invited Professor Arthur Kleinman, reknowned scholar of Chinese medical culture from Harvard University's Department of Anthropology and its medical school, to give a public lecture, "Crisis in Moral Experience: Life in Times of Danger and Uncertainty,"

April 19.

Kleinman offered what he argued is a groundbreaking approach to individual medical ethics, examining "who we are" through some of the most disturbing periods of contemporary history, including the Chinese Cultural Revolution. He presented a narrative from his case study of a Chinese physician in order to illustrate his conceptualization of ethics for professionals facing conflicts in the contexts of political mass movements and the privatization of medical services.

Kleinman spoke April 20 about Chinese medical culture and the problems of providing culturally sensitive training to physicians in the United States at a talk co-sponsored with the Institute for Religion and Health, Texas Medical Center. He also met with graduate students in Rice's history, religious studies, and anthropology departments to offer advice on their research projects. During an informal luncheon, he inspired undergraduates studying Chinese language and medicine to specifically

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HUGHES

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tool over the last 50 years.”

Funding for exchange programs in 2006 increased by \$70 million, and Bush has proposed another \$48 million increase for next year, she said. “We know they work,” she said. “People come to America, they see us for themselves, they make up their own minds. They almost always go home with a different and more positive view of our country.”

She emphasized the importance of engaging as a country more vigorously, explaining and advocating U.S. policies fast, accurately, and authoritatively, and she discussed some of her efforts to improve the way government works.

The State Department has created an evaluation unit to measure the success or failure of diplomacy efforts so that funds can be directed to the programs that accomplish the most.

U.S.—R.F.

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agreed that nuclear energy cannot expand in a proliferation-resistant manner if the problem of Iran’s nuclear program continues to fester.

Resolution of the impasse with Iran will be hugely important to the future of nuclear power. If a system can be developed to provide guaranteed fuel services to Iran, and the Iranians perceive it to be in their national interests, then nuclear power can expand worldwide in a way that does not dam-

Also new at the State Department is a rapid-response center that monitors media around the world to keep track of what is driving news—one of the recommendations from the advisory group that Djerejian chaired. “What the Arab media is covering is quite different from what the Washington news media is covering,” Hughes said. The new center creates a daily summary of news events around the world and key message points about the response of America’s policy. This information is sent to all cabinet secretaries, U.S. ambassadors, military leaders, and public information officers all over the world.

Hughes has been forging new partnerships with the private sector to make America’s ports of entry more welcoming. She acknowledged that national security requires caution about who is allowed into the country, but she said U.S. national security also is a matter of remaining a welcoming

age the nonproliferation regime. Iran is the most difficult test case, but will be the most beneficial to the future of nuclear power if it succeeds. Thus, Iran must be fully engaged in exploring how its interests might be served in the economic, political, and security fields. In effect, is there something that the international community might offer that is more interesting than enrichment?

Diplomacy should be exercised while there is still time. However, the five permanent members of the Security Council should not force an artificial pace, e.g., by rushing

country that invites people from across the world to visit. “We never get a second chance to make a first impression, so we’d better be making some better first impressions,” she said. Hughes praised the “Houston Friendly” program as a great example for airports in other cities that are not as inviting and welcoming as Houston.

She hopes to delegitimize terrorism as a tactic. “All people of conscience need to work together and do for terrorism what was done for slavery,” she said. “Slavery went from being a widely accepted international practice to being an international pariah. People came together and launched a grassroots campaign based on moral arguments about people’s fundamental right of equality.

“No matter how legitimate your grievance, engaging in an act of terror against innocence is never, never legitimate,” Hughes said.

action in the Council. Iran is a society in transition. The Iranians are committed to a policy of confrontation at this moment, but a lot can change in five to eight years. The international community should remain united and keep up patient diplomacy. It should continue to look for innovative approaches, such as convincing the Iranians that guaranteed and secure access to nuclear fuel services would be in their interest. The findings of the workshop, summarized in the policy report, are available at the Baker Institute website: <http://bak-er-institute.org>.

FREEDOM

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currently debating a bill to limit punitive damages on media found guilty of libel.

Preventing the assassination of journalists and decriminalizing libel laws are not strong enough measures to promote freedom of expression and freedom of the press. The media and civil society continue to be repressed and stifled in other, less overt ways. Governments have increasingly controlled the dissemination of information by using their advertising dollars in selective, discriminatory ways. Newspapers that give scant coverage to the government or that criticize public officials often find themselves shunned.

This can be crippling because, particularly in small cities and towns, newspapers and local television stations are often reliant on the government for financing, according to Pablo Bachelet, correspondent for the *Miami Herald* in Washington, D.C. Governments such as Venezuela have also used currency controls to starve local media of the foreign exchange they desperately need. "Political instability, institutional weakness, [and] soaring and frustrated popu-

lar expectations impact the media directly, often resulting in less freedom of the press," Bachelet said.

States continue to create a culture of intimidation, forcing the press to be cozy with the government. Unsurprisingly, fear of punishment can lead the media into a sort of collaboration with the government, as was seen to catastrophic effect when newspapers ranging from those in Brazil and Chile to those in Mexico failed to challenge the dictatorships of recent decades.

At the same time, proponents of freedom of the press decry the fact that the number of independent media sources has dropped in the hemisphere, even as advances have occurred in other regions such as Asia and Africa. This has fostered the pernicious influence of monopolies and oligopolies. The result of such concentration is a diminished possibility for media reports to be contested, and a drastic reduction in the ability of individuals to express themselves and to obtain diverse opinions.

In the Americas, a particular problem persists concerning the poor and marginalized, who lack the ability to fully access information, obtain judicial redress, and have their voices be heard. Cantón said he encourages the develop-

ment of communal media "because the traditional forms of mass media are not always accessible to provide information and claims for the most impoverished and vulnerable sectors of society." More informed societies serve to create more equitable and democratic societies, he added.

Just as governments in the Americas need to make more strides in promoting a range of freedoms, journalists must be responsible in exercising their craft. To that effect, IAPA is holding a hemisphere-wide conference on journalistic values and ethics in Costa Rica in November. This is only one step in an important drive to curb journalistic abuses and errors.

"Developing and maintaining a high-quality, responsible press is a long struggle that is not won overnight," Daniels noted. This does not imply, however, that the press should be somehow censored. "Freedom of the press means accepting the worse along with the better. And even the most responsible news organizations make mistakes."

TCP LECTURES

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pursue studies in Chinese language and Chinese medical culture.

These two sets of events were also co-sponsored by the Asian Studies Workshop of the

Humanities Research Center and the Department of History and Asian Studies Program at Rice University, with the assistance of Asian Studies faculty Alejandro Chaoul, Lilly Chen, and Richard J. Smith. A webcast of Kleinman's public talk is available at the Baker

Institute website: <http://bakerinstitute.org>.

NIGERIA

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and strategic planning, Nigeria seeks to implement a “simple and flexible fiscal regime for gas projects,” receive “an appropriate share of the economic rent” generated from natural gas, and increase its gas exports to meet global demand, he said. During a question and answer period following his remarks, Kupolokun explained that the end to gas flaring by 2008 remains the top priority for NNPC. Nigeria has already made significant reductions in gas flaring, with the aim to reduce negative environmental impacts (methane, the key component of natural gas is a more potent greenhouse gas than even CO₂) and to capture the economic value of associated natural gas rather than squander it as a waste stream. Local demand for electricity can also be met by shifting natural gas currently being flared to power stations as a fuel for power generation. Nigeria is also beginning to tap biofuels to meet local needs.

The rent-sharing agreements reached with international energy firms—negotiated to share the profits from oil and gas sales—will be a crucial step in ensuring the timely development of Nigeria’s resources. As prices increase, the perception of an appropriate division of rents can shift and entice a restatement of the agreement by the host government. It is critical that the Nigerian government provides a stable regime for investment to commence according to plan. In addition, as the perception

of risk due to civil unrest and other factors increases, a larger share of the rents may be required by international energy companies to entice capital inflows. This can be problematic in that it can disrupt the stated goal for using oil and gas revenues for broader economic development.

To mitigate unrest in the Niger Delta, the Nigerian government and its industry and civil society partners are implementing the “Sustainable Community Development” (SCD) strategy to provide for peace and stability in the region. The SCD approach emphasizes consultation, local community empowerment and capacity building, and partnerships between civil society organizations and the Niger Delta Development Commission (NDDC). To date, it is too early to tell whether or not the longer-term goal of peace and stability can be reached, but the success of the SCD strategy, absent an alternative plan, is extremely important to the attainment of Nigerian goals for energy sector and broader economic development.

In closing, Kupolokun noted that a stable and prosperous investment environment will place Nigeria among the global leaders in natural gas for the 21st century. Baker Institute fellow in energy studies Ken Medlock noted that given the endowment of oil and gas resources in Nigeria, it could become one of the most important U.S. suppliers of imported natural gas, but the outcome depends critically on the investment environment. “If the investment envi-

ronment remains stable, then a lot of capital would certainly flow into Nigeria for resource development,” Medlock said. “But, this is the catch. Civil strife in Nigeria has already had an impact on the current production activity, and therefore on revenue streams, of corporate producers in the region. Unless the political situation is resolved, it is also likely to lead to slower-than-optimal growth in export and production capacity due to above-average risks of investment. NNPC recognizes this bind and therefore is committed to trying to enhance its sustainability strategies.”

INDIA

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economic growth.”

Globally, Indian oil companies are pursuing equity oil opportunities in 14 countries with total production of 100,000 barrels per day of oil and oil equivalent gas. Some of these developments, however, run the risk of creating tensions with the United States and other western nations. For example, India's expressed interest in developing a pipeline to deliver natural gas supplies from Iran has met U.S. objection, and India's activities in Burma and other countries with problematic policies could put it in conflict with its own democratic traditions. Ultimately, due to the importance of cooperative ventures with the United States, geopolitics may play a substantial role in determining India's future supply deals.

Indeed, Deora hailed the U.S.-India agreement on civilian nuclear energy as an “historic turning point” in bilateral relations and “a partnership between the world's oldest and the world's largest

democracy.” He called for continued energy dialogue between India and the United States. Reiterating Prime Minister Manmohan Singh's statement that “energy is the lifeblood of our economy,” the minister ended his remarks by restating the prime minister's belief that “the needs of the people of India must become the central agenda for our international cooperation,” and, Deora concluded, “it is precisely this approach that has guided our growing partnership with the United States.”

In a question and answer period immediately following the minister's remarks, M.S. Srinivasan, petroleum secretary, who ranks third in the ministerial hierarchy, explained that the revised exploration licensing framework has successively attracted foreign companies to invest in India's “sedimentary business.” Srinivasan stressed that Indian national oil companies do not receive preferences in the bidding process. Nevertheless, the fact remains that Indian national oil companies have won the bids for the majority of the oil and gas

plays to date.

Answering a final question about bringing imported gas from Bangladesh, via pipeline, Deora emphasized that while India would continue to seek greater development of its domestic fossil fuel base, “every possibility must be considered” to enhance energy corridors between India and neighboring energy-rich states.

“We must explore every possibility to get more gas and more oil,” Deora said, describing three pipeline proposals under consideration, while stressing that they are still in the initial stages. “We have a program whereby we will have a pipeline from Iran that is from Iran, Pakistan, and India,” he said. “The second alternative is Turkmenistan, Afghanistan, Pakistan, and India.” Finally, “The third proposal was to bring gas from Myanmar through Bangladesh,” Deora said, adding, “But it may happen that we get gas from Bangladesh or the Myanmar pipeline through Bangladesh ... [however] “it is too early, too premature” to say just now.

TERRORISM

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Successful terrorist organizations must accomplish certain tasks: planning; finance; command, control and communications; public relations for recruitment and propaganda; training; logistics; and operations. The most likely time to detect an individual cell is during the surveillance period of operations or the “dry run.” Another tactic to detect cells is to

follow communications from senior leadership down to the local cell, but with an increasing occurrence of spontaneous cells, there is no senior leadership.

A significant trend in terrorist threats centers on the Internet. With the Internet, diverse individuals can find each other, obtain training materials, and orchestrate attacks without a formal association with any group or clear command from a larger organization. While less professional, these cells are

more difficult to detect.

The best preventive measure to protect a community is to educate the populous, so that the citizenry can detect and report suspicious activity. This is a primary focus of the institute's Homeland Security and Terrorism Program.

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