



BAKER INSTITUTE REPORT

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

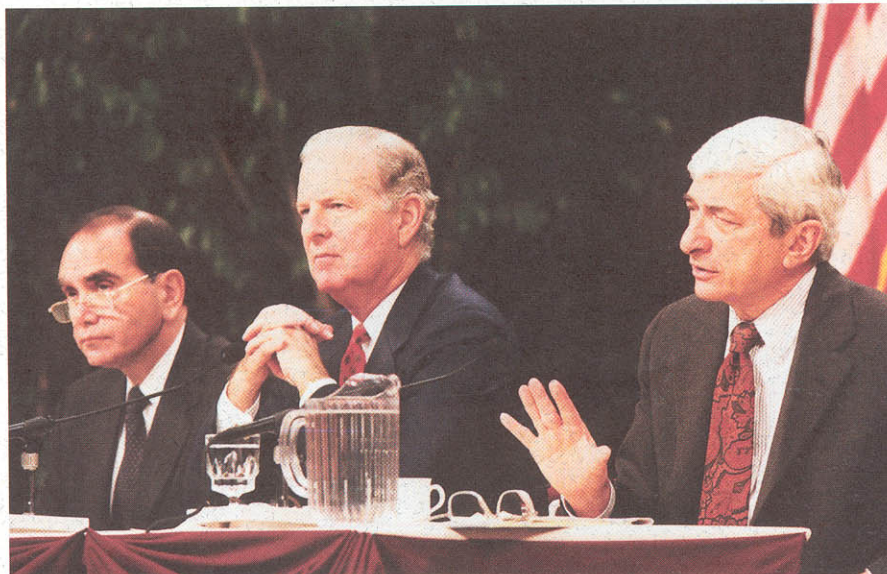
BAKER INSTITUTE HOLDS INAUGURAL ANNUAL CONFERENCE

On November 13-14, 1995, the James A. Baker III Institute for Public Policy held its inaugural annual conference on the theme of "Foreign Policy Challenges at the End of the Century." When we first conceived the idea of an annual conference, we had two primary goals in mind. The first was to herald the arrival of the institute as an international center for the study of public policy. The second and more important goal was to advance our national debate on foreign policy in the post-cold war era. The inaugural conference achieved both. The conference can be described, simply, as "great people, great results."

Held on the campus of Rice University, the conference featured three panels, one on economic reform in Russia and China, one on politico-military affairs and the future of warfare, and a third on the role of cultural, ethnic, and religious factors in world affairs. Panel participants represented an impressive array of distinguished American and foreign policymakers, scholars, and journalists. Foreign dignitaries included former Japanese prime minister Noboru Takeshita and a number of former foreign ministers, among them Hans-Dietrich Genscher of Germany, Roland Dumas of France, Taro Nakayama of Japan, and Alexander A. Bessmertnykh of Russia. Zhu Qichen, a member of the standing committee of the Chinese National People's Congress and vice chairman of the Congress's Foreign Affairs Committee, represented his country at the conference. Discussion was lively and wide ranging, highlighting areas of both agreement and disagreement on the course of international affairs in the wake of the cold war. This *Baker Institute Report* contains extensive summaries on the panels' deliberations.

Marvin Kalb, the Edward R. Murrow Professor of Press and Public Policy at Harvard University's John F. Kennedy School of Government, moderated the proceedings, which drew large live audiences to the Rice campus and attracted considerable interest from the national and international media.

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James A. Baker, III, director Edward P. Djerejian, and moderator Marvin Kalb chaired the conference's wrap-up session.

BAKER KEYNOTE PROFILES CRITICAL FOREIGN POLICY CHALLENGES

"Conflict and Cooperation in the Post-Cold War Era"

George Bush once asked, famously, "Where would we be without friends?" Looking around the auditorium this morning, I am struck by how much I depended upon friends in my own life. This begins with George Bush himself, whose presence here today reminds me yet again how much I owe him for his unwavering support over the course of three decades. I was privileged to have served a man like President George Bush, whose strong leadership steered us during a truly remarkable period of change in the world.

There is another friend I would like to mention this morning: Yitzhak Rabin. His tragic death was a great loss personally for me, a great loss for Israel, and a great loss for the cause of peace. Hopefully, the work of this institute over the years will contribute to solutions for the kind of problems that caused his tragic death.

Looking around this audience today I see other friends as well: friends from my home here in Houston; friends from Washington, where I worked for many years during the Ford, Reagan, and Bush administrations; and friends from around the world who were my colleagues as we struggled together, sometimes successfully, sometimes not, to put common purpose in the service of shared interests.

It is to these friends from abroad that I would like to offer a special welcome today: to the individuals who have found time in their busy schedules to travel from Europe and Asia in order to join us as we discuss the challenges of foreign policy at the end of the twentieth century. Your presence at this conference does honor to us all, and I would like to extend to you my personal appreciation and the thanks of everyone here today.

By my count, the participants in the confer-

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Speakers included George Bush, forty-first president of the United States; James A. Baker, III, sixty-first secretary of state; and Malcolm Gillis, president of Rice University. All stressed the continued importance of foreign affairs during an era of strong isolationist impulses in the United States and the role of the Baker Institute in contributing to an in-

formed, incisive, and nonpartisan dialogue on the foreign policy issues confronting us at the end of the twentieth century.

The conference marked the occasion of the first annual Enron Prize for Distinguished Public Service, awarded to General Colin L. Powell, former chairman of the Joint Chiefs of Staff and a participant in the conference's panel on politico-military affairs.

The Baker Institute is deeply grateful for all who helped make the conference a suc-

cess. This is true, above all, to our participants and speakers who found time in their busy schedules to add their experience and expertise to our proceedings. We would also like to thank the Coca-Cola Foundation, whose generous financial support underwrote the conference, the entire community of Rice University, and our many private supporters in Houston and around the country.

Edward P. Djerejian
Director of the Baker Institute

PANEL ONE: ECONOMIC REFORM IN RUSSIA AND CHINA



Former Japanese prime minister Noboru Takeshita discusses reform in Russia and China.

The first conference panel addressed economic reform in Russia and China. Moderator Marvin Kalb began the session by noting that for the past several years two of the world's largest economies have undertaken significant economic reforms designed to introduce market systems into what were communist systems. The success or failure of these reforms will have a dramatic impact on the global economic and political system. Throughout the discussion, the need for leadership by the United States was emphasized. The continued economic reform of both Russia and China is in the vital interest of the United States, and our efforts to encourage and sustain this reform should be part of an overall framework or strategic approach to dealing with these countries, rather than conducted on an ad hoc basis.

Kalb invited the first three speakers on the panel, Noboru Takeshita, former prime minister of Japan, Alexander Bessmertnykh, former prime minister of the Soviet Union,

and Zhu Qichen, former ambassador of the People's Republic of China to the United States and currently vice chairman of the National People's Congress Foreign Affairs Committee, to begin the session by making opening remarks.

Prime Minister Takeshita welcomed the fact that China and Russia had joined the free economies but suggested that, rather than concentrating on rapid growth, they should concentrate on steady, coherent growth and development.

This will bring greater payoffs in the long term. He also noted that now that Japan has become an economic power, it has an obligation to make a contribution to the international community. This should happen despite the fact that there is a growing apathy in Japan. There are several ways that Japan can make this contribution. One way is by increasing Japan's contribution to international agencies. Another is by accepting a greater number of foreign students. Japan has also participated in some peacekeeping operations. Finally, Japan should increase its investment in basic research in biotechnology and solar energy. This, too, can make a contribution to the international economy.

Foreign Minister Bessmertnykh emphasized that economic reform in Russia was an absolute necessity; it is happening at the right time but maybe not the right way. Traditional industrial society in the Soviet Union was doomed. The effort to stabilize prices had serious effects, wiping out the savings of many, but it was necessary. From

1990 to 1995, almost 50 percent of industrial production was lost (during the Great Depression, the United States lost about 31 percent of its industrial capacity). But Bessmertnykh believes that, after a period of decline, industrial production may even rise a bit in 1996. Inflation has also slowed dramatically, and the budget deficit is going down. The problem with Russian economic reform is that there is no overall strategy, just some general ideas about going to a market economy. He stated that the world should not allow Moscow to adopt an isolationist path; there should be a global strategy of helping Russia, including an effort to aid small business to spur middle class growth.

Ambassador Zhu noted that economic reform in China, which began in 1979, entered a new phase in 1992. Originally, the public sector played a dominant role, but now a number of state-owned enterprises are going private. Management of the economy through direct administrative control is giving way to indirect regulatory control. The goal is to build a "socialist market economy" in which economic activity is regulated by the market. Chinese growth has been rapid since the beginning of economic reform. The intent is to double the GNP of 1980 by the year 2000, despite the population increase. It will take several generations for China to reach the level of average developed countries. After China does develop, it will not pose a threat to other countries and will be an integral part of the world community.

Kalb then asked the other panelists to give their own perspectives on the theme of the panel. Dr. Richard Smith, professor of history at Rice University, stressed that China had made notable progress, including the creation of greater freedom for the Chinese than at any time since 1949 (and perhaps earlier); there is greater physical and social mobility than ever before. There is a greater range of options and a great number of foreign influences. But the changes brought about by economic reform had created a series of serious problems: regionalism, loss of state and party control, income disparities, the assertion of regional pride, corruption,



Former Soviet foreign minister Alexander Bessmertnykh and Zhu Qichen, vice chairman of the National People's Congress Foreign Affairs Committee, participated in the panel on "Economic Reform in Russia and China."

and a crisis of culture.

Sir Charles Powell, national security adviser to British prime ministers Thatcher and Major, stated that to determine if Russian reform was a success, we need to make clear the standard of comparison. When contrasted to the developed economies of Central Europe, the progress has not been that good. But compared to previous Russian performance, the results are not bad at all. Russian reform has been hurt by imposing half measures and by the failure of the West to deliver the substantial foreign aid that was promised. As for reform in China, the absorption of Hong Kong will have a major impact on both the new private sector of the economy and the old communist-dominated sector. Powell believes that economic reform will lead to political changes and that the right policy for the West is engagement, not containment.

Gerald Parsky, chairman of Aurora Capital Partners, believed that economic reforms are inevitable in both Russia and China. But unless political reforms continue in Russia and catch up in China, the road will be rocky and major difficulties will occur. In Russia, reform has led to more and more economic decisions being made by the private sector. The United States should provide strong support for Russia. As for China, it is difficult to see how it can achieve an economic market system within a socialist political system. We should be cautious about distorting U.S. economic policy to bring about political change in China; historically, this has been counterproductive.

Michael Armacost, president of The Brookings Institution and former undersecretary of state for political affairs, reflected on his experiences dealing with China in the spring of 1994 while on a confidential mission to Beijing to try to facilitate resolution of the most favored nation (MFN) status issue. He said there were several lessons to be learned from this effort, although these lessons are primarily negative. First, highly public efforts to make the Chinese change are not likely to succeed. Second, a highly specific

agenda conveys indifference about any favorable political trends that are occurring. Third, a short deadline (in this case one imposed by Congress) makes it difficult to achieve progress on complex issues. Fourth, we are more likely to nurture the marginal influence we have if we have a larger relationship with China. Finally, we are more likely to be productive if we use multilateral mechanisms.

Peter Rosenblatt, president of the Fund for Democracy and Development, believed that Russian prospects for the future depend a lot on the 1996-97 elections in Russia. Three basic problems are holding up the progress of reform. The first is a lack of law and reliable law enforcement, the second is the presence of confiscatory taxes, the third is the lack of credit. The Fund for Democracy and Development and the New Russia Small Business Investment Fund encourage business development in Russia and the newly independent states of the former Soviet Union. He commented that while the problem of crime in Russia has received a lot of attention, the growth of small business has gone largely unnoticed. His group has survived in a hostile environment because it has a largely Russian staff that understands and can deal with local conditions. He believes that there is a good prospect of economic growth in Russia, but much depends on the outcome of the Russian elections.

Robert Zoellick, vice president of Fannie Mae and former undersecretary of state for economic affairs, expressed the view that economic reform requires a political base. He is concerned because free markets and

capitalism are getting bad names. They are becoming associated with crime and corruption. The key to progress will be whether Russia can implement a fair rule of law. In China, economic reforms have been extraordinary. But there are problems: high expectations, corruption, and the possibility of inflation. Two schools are developing there: a new authoritarianism and a group striving for the rule of law. We should do nothing to strengthen the former group. We must get China engaged by making them play a role in the world. This is difficult because there are lots of elements of the U.S. government that make conflicting demands on China.

Dr. Rudi Dornbusch, Ford Professor of Economics and International Management at MIT, was less optimistic than many of the other panelists. He believes that there are extraordinary problems in Russia that have been placed on hold. The situation is very close to the one that existed in the Weimar Republic. Stabilization is the biggest problem. Russia is staying within the money supply rules of the International Monetary Fund (IMF), but this may not continue after the elections. Inequality is widening and deepening. Reform has been stuck for the last year, and agriculture has not even been discussed. Finally, crime and inequality are perceived as the characteristics of the market economy. To help, the West should forgive Russian debt and unconditionally agree to open free trade. China, on the other hand, is doing quite well. However, we should understand that China will not follow our script.

The final portion of the panel featured an exchange between the panelists that covered the central points of the panelists' presentations. Three main points were discussed: whether economic reforms were irreversible; whether economic reform in China would inevitably lead to political reform; and the question of the proper role of the West in encouraging reform.



Large audiences, drawn from around the country, attended each of the conference sessions held on the Rice University campus.

PANEL TWO: POLITICO-MILITARY FACTORS AND THE FUTURE OF WARFARE

The second panel on politico-military factors and the future of warfare dealt with several themes. One theme was the whole group of new politico-military challenges for which our traditional thinking on national security may be completely inadequate. The critical question we face in thinking about these matters is to what extent we can rely on the past for guidelines to the present and future and to what extent we must reconceptualize our thinking on politico-military issues. Another theme was the evolution of military arrangements in Europe. This discussion included thoughts about the security threat to Europe in the post-cold war era and the role of the United States in European security. Consideration must be given to how the current security arrangements—specifically, the North Atlantic Treaty Organization (NATO)—could be modified to meet new challenges.

Moderator Marvin Kalb began the panel by noting that, despite the potential for a reduction in conflict after the fall of communism, we continue to see major conflicts erupting throughout the world. There has been both conventional warfare, and, more commonly, intrastate conflict. The daunting task of the panel was to try to bring some order to our thinking on these matters. Kalb invited Hans-Dietrich Genscher, former minister of foreign affairs and deputy chancellor of Germany, Roland Dumas, former minister of foreign affairs of France, and General Colin Powell, former chairman of the Joint Chiefs of Staff and former national security adviser, to make opening remarks.

Genscher stressed the need for a Euro-Atlantic framework to further the peaceful transition in the area from Vancouver to

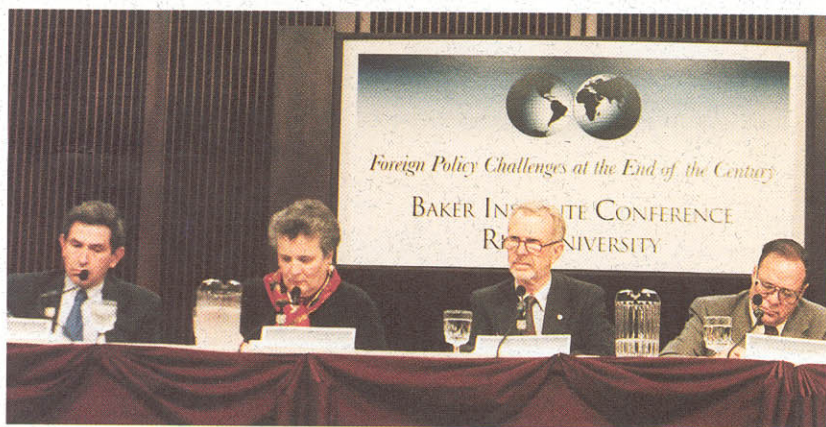
Vladivostok. Critical to this framework is the continuation of NATO as a strong and active institution, and American engagement in Europe is vital to achieving this end. The need for cooperation in Europe also underlines the importance of the European Union and the unique relationship between Germany and France. As we look down the road, we will see expansion of the European Union once the potential members have fulfilled a set of preconditions. A just and stable order in the whole of Europe can only be achieved with, but never against, Russia. The U.S. and NATO should continue to cooperate with Russia, as has been done in the peace implementation process in Bosnia. Russia should also become a full-fledged member of the future G-8 group. It is also necessary to have closer cooperation with China in dealing with global challenges. Finally, the better the transatlantic partnership works and the better the United States assumes its international responsibilities, the better for global stability.

Dumas stated that we could all agree that the events of 1989-90 completely changed the post-cold war world, but the world has not yet found a new military-strategic order. We have a precarious system full of contradictions. Some countries that were once communist are now free, while others have various levels of internal conflict. The old balance of terror has been replaced with the prospect of the proliferation of weapons of mass destruction in the hands of uncontrolled and irresponsible people. Foreign Minister Dumas suggested three directions that could be the main elements in a new stability. The first is NATO. The problem faced by NATO is not its transformation but

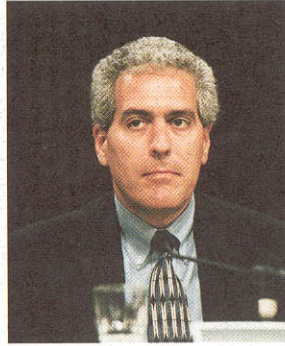
its extension. This must be done with the utmost caution; there is a danger that Russia will experience a high level of insecurity because of the combination of the extension of NATO with absence of the protective curtain that existed with the Warsaw Pact. The second element is the European Union. This should be strengthened and made the real pillar of the alliance. Membership in the European Union could be an acceptable substitute for membership in NATO, giving protection to the former Warsaw Pact countries in a way that is less of a threat to Russia. Finally, there is the United Nations (UN), which needs to be reformed. Germany and Japan should be members of the Security Council, and the UN must be given the financial means to do its job. Most importantly, its role in conflict prevention and the repression of crimes against humanity must be better defined. Part of this process should be making the War Crimes Tribunal a permanent agency of the UN.

Colin Powell addressed the global transition from a military perspective. Regrettably, warfare will have a future, but the kind of warfare that we had thought about and planned for over the past fifty years is gone. The military challenge for the United States is to make sure it has the right capabilities for this new world. The central defining form of warfare—a massive, high-intensity war in Europe—is gone. The most threatening form of warfare we now face is regional conflict, most obviously in the Persian Gulf. There is also the potential for conflict in Asia on the Korean peninsula. Since 1989 our forces have decreased by almost 30 percent; our challenge has been to accomplish this downsizing and pay a peace dividend back to the American people without breaking our armed forces and while still being prepared to face future challenges. The wars we face in the future will not be like World War II or even Desert Storm. They may be more like the current situation in Bosnia. Increasingly, it will be more difficult to write a policy statement that can link what we are doing to a clear, vital interest. Without such a statement the support of the American people over time may be put in question, particularly when things start to get a little rocky. The future is unknown; we'll end up fighting in some place we never thought we would be fighting. The challenge, regardless of the future of warfare, is to keep available the quality of forces that we have today and to keep the full support of the American people behind that force.

Paul Wolfowitz, dean of the Nitze School of Advanced International Studies at Johns Hopkins University and former



Dean Wolfowitz, Dr. Kelleher, Professor Russett, and Professor Oberdorfer participated in the panel on "Politico-Military Factors and the Future of Warfare."



Former German foreign minister Genscher, Ralph Begleiter, and Charles Hermann participated in the panel on "Politico-Military Factors and the Future of Warfare."

undersecretary of defense, characterized the current situation as one in which uncertainty is up, danger is down, technological change is up, military budgets are down, and the future of our alliances is uncertain. Of these, it is the uncertainty that is the biggest factor; policies that assume we know what the future will bring are dangerous because we don't know. While we no longer face the overwhelming danger of a global nuclear war, we do face a great many smaller dangers. Our challenge is to keep these dangers small.

Dr. Martin van Creveld, professor of history at Hebrew University in Jerusalem, Israel, argued that we are facing entirely new forms of war. We have moved from an era where wars were fought by states and armies to one in which they are fought within the boundaries of a single state by militias, terrorists, and other groups. These new kinds of wars are very significant politically, and we do not know how to deal with them. All of our strategic theory (stemming from Clausewitz) is geared toward the old form of war; we don't even know how to think about these new forms of warfare, and this hinders our ability to formulate coherent and relevant policies to meet these present and future challenges.

Catherine McArdle Kelleher, Secretary of Defense William Perry's personal representative in Europe, returned the discussion to NATO. She believes that NATO's recent efforts in Bosnia have reaffirmed its cornerstone principles: (1) we are all stronger when we work together and (2) American leadership is crucial to NATO undertaking any task. Beyond Bosnia there are two positive changes for NATO. The first is the Partnership for Peace, which can be used to facilitate the evolution of common norms and the reaffirmation of common values. The second is the evolving relationship between NATO and Russia. There are limits to this positive report; democracies are slow to act either alone or together, and there is a great temptation for the United States to act unilaterally. But the great challenge is to cope with any tendencies toward isolationism in the United States.

Ralph Begleiter, CNN's world affairs correspondent, discussed the information revolution. He noted that this revolution is ignoring political boundaries; it is ignoring all the rules of the cold war. He gave several examples of how modern communications have given so many different people a direct channel to CNN and, therefore, to the outside world. This completely subverts the ability of a government to control or withhold information and actually impacts in a direct way on decision-making, especially in situations such as Somalia and Bosnia.

Dr. Bruce Russett, professor of international relations and political science at Yale University, discussed wars we will not have to fight to illustrate what we know about the causes of war. He asserted that as long as three conditions were preserved, there was no prospect of war between the United States and Japan. The first condition is that both countries remain democratic, because democracies virtually never go to war against one another and democracies are ten times less likely to use military force against each other at lower levels. The second condition is that both countries remain economically prosperous and economically interdependent. Economically interdependent countries have too much at stake in each other's well being and economy to fight each other. The third condition is that both maintain their commitment to, and make use of, the network of international organizations and international law to help resolve any differences. Democracies and economically interdependent countries are more likely to use peaceful means to resolve their disputes. These conditions create a zone of peace among democratic countries, one that is wider than NATO but less than global. The challenge is to extend this zone.

Dr. Charles Hermann, director of the George Bush School of Government and Public Policy at Texas A&M, noted that, like several other panelists, he believes that one of our biggest challenges is to not be trapped by past thinking. Two of the most important pillars of our success in the cold war were NATO and our commitment to strategic deterrence. In future conflicts, it

will be very difficult to apply deterrence to preventing the kinds of conflict we will face. If the United States fails to prevent conflict, then it will be faced with a very difficult set of options. Do we turn our backs on the problem? Do we go it alone? Do we hope that we will have leaders that will be talented enough to create an ad hoc coalition, as we did against Iraq? There is another alternative: we can use our leadership to create new institutions and structures to create stability in other parts of the world outside of NATO. It is troubling that as we move to the close of the century, with the exception of Europe, our international economic institutions are more robust than our security institutions.

Don Oberdorfer, resident scholar at Johns Hopkins's Nitze School of Advanced International Studies, stated that the present and the future flow out of the past. The conflicts we face now flow out of the circumstances of the cold war. The biggest problems stem from the losers in the cold war. The most fundamental thing we can do to deal with these conflicts is to engage in preventative diplomacy, i.e., active diplomacy now to make sure that these problems do not spread and become worldwide. Oberdorfer worries about our alliances and how we maintain them. Finally, he is also concerned about the future direction of the United States and whether it will turn inward. This would be a grave mistake, but there are some signs that this might happen.

After statements by the participants, Kalb directed questions to the panelists. On whether NATO needs to be expanded to include Eastern Europe, the consensus of the panelists was that NATO should be expanded, but Russian sensitivities on this issue had to be addressed in an effective manner. Discussion also returned to new forms of warfare. Some want to maintain the distinction between international and civil conflict, and some felt that it was necessary to confront the problem of genocide. The United States will probably have to deal with situations on an ad hoc basis rather than resorting to a grand strategy. If the United States is to commit its military forces in conflict situations, the political leadership must be able to explain credibly to the American people why that use of force is justified.

PANEL THREE: THE ROLE OF CULTURE, ETHNICITY, AND RELIGION IN WORLD AFFAIRS

The panel was characterized by a lively debate and sharp disagreements between participants over current situations, such as Bosnia, as well as larger issues, such as religious extremist movements throughout the world. Some panelists believe there is a great diversity among these movements and it is critical that we learn about them and treat each in the manner that is most appropriate; we should not automatically assume that they constitute a threat to the West. Other panelists felt that some particular religious and ethnic movements have clearly demonstrated that they are a threat to the West. When faced with these groups, we must understand that no compromise is possible and that they should be treated as enemies.

Moderator Marvin Kalb noted that many countries made major foreign policy and commercial decisions without reference to the impact of culture, ethnicity, and religion. This was a mistake during the cold war. It is even more of a mistake today. He asked the panelists to deal with both the general nature of the influence of these factors on world affairs as well as specific examples, such as Bosnia, the Middle East, and Asia. Kalb invited former foreign minister Taro Nakayama, former minister of foreign affairs Roland Dumas, and Mrs. Dominique de Menil of the Rothko Chapel to make opening remarks.

Foreign Minister Nakayama's remarks focused on the role of religion in various cultures. He began by noting that one thing that Christianity, Islam, and Buddhism have in common is the way they were born and spread. All three not only brought spiritual salvation to their followers but also became revolutionary forces for the realization of ideals. However, there are many differences between these religions that can affect a variety of areas of public policy. As a medical doctor, Nakayama was personally struck by the role of religion and culture on policies toward transplants. In the Christian West, organ transplants from brain-dead donors are routinely performed. This is not the case in Asia. In Christian society the souls of the dead are believed to be resurrected, and people are willing to donate their organs after death to help others. In Japan human souls are considered to reside in the heart, so transplants are far less common. This is clearly a case in which a difference in religion and culture has an impact in the practice of medicine. In Western society there is a value system (based on respecting the rights of individuals) that has developed over several hundred years and is widely ac-



Madame de Menil addressed the importance of religion in world affairs during the third panel.

cepted by society as a whole. In Asia, with a multiplicity of religions, it seems rather difficult to build a value system common to all; the result is a value system that promotes harmonization among people. Finally, the growth of information technology is producing a common base of knowledge for all people; this will certainly affect the values and ethical standards within countries. Increasingly, a major challenge we face is how to integrate these different religious and ethical beliefs in a world of constant scientific and technological advancement. Meeting this challenge is one of the major tasks for the twenty-first century.

Minister Dumas stressed that culture is a real factor in the progress of humanity, especially in today's world of rapid technological developments. Culture and religion provide a way to keep hold of our roots in a rapidly changing world. It is also critical that there be cultural exchanges to promote mutual understanding. The role of the state in culture can be very different, even within the countries of the West. In the United States, the government plays only a small role in investing in culture. But in France, the role is larger and more significant. He also commented that religion could exert either a positive or a negative influence on society. At its best, religion can serve as moral support for society, providing a sort of moral

containment within which we live. At its worst, religion can provide the means for a regime to go to extremes, both domestically and internationally.

Mrs. de Menil agreed with Minister Dumas that religion could serve as either a positive or a negative force. It is critical, she said, to engage the youth of today and draw on their enthusiasm and energy to help solve our problems. Unfortunately, many of today's youth do not believe that improvements are possible. They have withdrawn within their own cultural groups. But we should remember the voices of those wise, warm, and charismatic religious leaders who have spoken out for change and improvement. Pope Leo XIII did this toward the end of the nineteenth century, when he proclaimed an encyclical that noted the miserable unjust conditions of the workers; this shocked the Christian world. Closer to our time, Pope John XXIII also created shock waves with Vatican II. His last message was to construct an order founded on truth: built according to justice, integrated by charity, and put into practice with freedom.

Dr. John L. Esposito, professor of religion and international affairs at Georgetown University, noted that in the post-cold war period, interstate conflict may not be as prominent, but there are increasing *inbrastate* conflicts of religion, ethnicity, and nationalism. Part of what is going on must be seen within the context of a global religious resurgence. Often, this resurgence is linked to a much greater political and social activism. But if we have underestimated the role of religion in international affairs in the past, we must avoid overestimating it today. We should not jump to the conclusion that there is or will be a clash of civilizations between the West and China or the West and Islam. It is critical that we distinguish between violent extremists and moderate religious activists. The violent extremists are a dangerous minority that need to be contained. But we need to realize that religious nationalism has the support of moderates as well as extremists; we cannot simply paint the religious nationalist view of the world as the enemy. We must avoid a new form of neo-imperialism. The challenge for the West is to find new paths somewhere between neo-isolationism and being the world's policeman; to work with established governments but be open to populist movements and alternative elites; to work with authoritarian regimes when necessary but to promote the values and conditions that will encourage the long-term development of strong civil societies.

Dr. James Piscatori, professor of interna-

tional politics at the University of Wales, United Kingdom, stressed five main points and then dealt with the policy implications for the United States and the West. The first point was that modernization has often left people with a sense of loss rather than achievement; often it has stimulated discontent, and into this discontent have come religion and ethnicity to define identities for many people. Second, there is dissatisfaction not only with the socioeconomic and political conditions in society but also with established religious hierarchies and institutional religious bodies; the result has been a fragmentation of authority in most religious traditions. Third, the politicization of religion does not pose a serious threat to global order in terms of internationally coordinated action against the West. The differences among Islamic states and movements are often profound. Fourth, even though this may be the case, transnational religious and ethnic connections do exist across the borders of the world. This can have both negative and positive effects. It can be negative in the sense of supplying funds and other assistance to movements in the Middle East from bases in the West, but it can be positive: for example, Muslims are now living permanently in democratic societies, and they will have to come to terms with democratic participatory ideas. The fifth point is that the impact of religion can have spillovers into world politics. This, too, has both a positive and a negative side. Much of what is going on is concerned with building community and social welfare activities. But there are negatives; the condemnation of



Former French foreign minister Dumas discussed culture, religion, and the role of the state during the third panel.



Ms. Judith Miller, Professor Benjamin Lee, Ms. Georgie Anne Geyer, and Professor Samuel Heilman participated in the panel on "the Role of Culture, Ethnicity, and Religion in World Affairs."

both political and religious establishments fragments authority and may lead to its own logic of radicalism. What are the policy implications of these points? First, we must distinguish between movements and not view all of them as threats to the West. Second, we need to pay more attention to the manifestations of world religions in our own societies. Finally, we need to consider how to redress the developmental modernization process and in this way try to break the larger, more radical edges of fundamentalism.

Ms. Judith Miller, a senior writer for *The New York Times*, stated that the post-cold war era should be called the "era of tribal and religious passion," a reference to militant Islamic passion and how it has transformed political life in the Middle East. There is no such thing as a "moderate Islamic movement." An Islamic state is one in which people who do not share that belief are not equal citizens. A lot of these movements are antidemocratic; they are simply authoritarian political movements wrapped in theological terminology that appeals to the people. Iran and Sudan are both failures and disasters; they are by no means democracies. We should try to distinguish between moderate and radical groups, but we should have no illusions about their ultimate goals.

Dr. Scott Appleby, professor of history at the University of Notre Dame, liked much of what Ms. Miller said but disagreed with her assertion that most of these movements were political or social, with a religious coating. We have been very slow to incorporate experts on religion into our foreign policy establishment. This is part of a larger problem; it is difficult to incorporate religion into our understanding of what is going on around the world. To illustrate part of the problem, he asked the audience two questions: "How many of you prayed today?" and "How

many of you think it's none of my business?" About 40 percent of the audience raised their hands to the first question, but a much larger percentage raised their hands to the second. This illustrates the public-private religious distinction that is entrenched in Western institutions and assumptions. This distinction is not nearly as firm in other areas of the world. They have a different way of knowing and a different source of knowledge and policy. Although we may see it as anathema, it is the one thing that is working and is meaningful to many of the people of the world. Second, when dealing with extremism or militant religions, although this is just one part of the religious profile, their world view allows for no compromise with us. Finally, religion, despite what the extremists make of it, is not unifocal or monolithic.

Dr. Benjamin Lee, professor of anthropology at Rice University, spoke on how the internationalism of culture and communication is transforming the potential relations between nationalism and democracy in the greater China region of China, Taiwan, Hong Kong, Singapore, and the overseas Chinese diaspora. The rapid pace of commercialism in post-Tiananmen China is producing a very different structure of social and cultural criticism than existed in 1989. Chinese media, both print and electronic, are consciously emulating the media of the West. We are also seeing the formation (due to graduate study in the West) of a transnational Chinese intelligentsia. At the same time, the emphasis on Chinese values of everyday life is creating an image of contemporary "Chinese-ness" that crosses national boundaries. It is ironic that this new wave of people are simultaneously creating the institutional conditions necessary for developing uniquely Chinese values and adopting processes that will transform China.

Dr. Martha Brill Olcott, professor of political science at Colgate University, reiterated that we should not confuse different types of political and religious movements with one an-

other. The focus of her remarks was on the new states of Central Asia. These states are creating the first postcolonial states in the region. They are still headed by the communist-era elite. They are trying simultaneously to arbitrate the return of religion to public life while asserting control over the energy and material resources they have. State building in Soviet successor states is a very complex process. There are layers of political and ethnic values along with national and religious consciousness. We must be careful in dealing with these states and avoid overinterpreting events; the demand to switch the official closing date from Sunday to Friday is not necessarily a revolutionary act. To label a group as nationalist or fundamentalist is to discredit it before potential Western partners. If the U.S.'s interest is to maximize its long-term advantage in the region, it should be content in the short run with serving as a subtle political influence. The critical moment for all these states will be when a new generation of leaders comes to power. That is the point at which we have to be prepared to maximize our position in these countries.

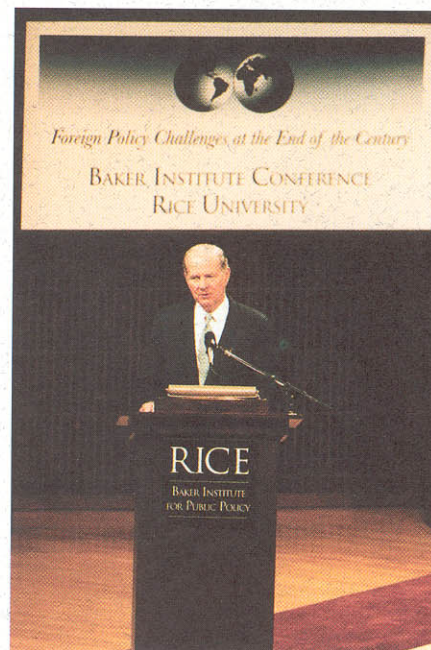
Ms. Georgie Anne Geyer, a nationally syndicated columnist, began by asking why culture and, thus, ethnicity and religion, have suddenly become such major new players in foreign policy. One reason is the decolonization that took place after World War II. Development became a possibility for all peoples for the first time in history, and with this came the question of amenable cultural values. As the cold war ended, the centers of ideological inspiration were falling and people fell back on what they knew—religion, ethnicity, clans. Sects and militias became the new armies. In some cases, developing nations went too fast. She devoted the remainder of her remarks to Bosnia. She agreed with Ms. Miller that many of what we think of as ethnic problems are not. Bosnia was not an ethnic problem; it was not spontaneous, it was not unavoidable, and it was not inevitable. It was planned, plotted, and orchestrated by the men in Belgrade—Milosevic and his followers. They fought a war as vicious as any of the worst dictators in history. Once the fighting began, the UN felt that if it used force, it would be considered a failure. She said that the UN never intended to use NATO to deal with the Serbs but hoped that its presence would bluff the Serbs. This same pattern of cloaking a power grab in religious or ethnic terms can be seen elsewhere, for example, in Rwanda. It is actually very easy to understand these situations; it is not a problem of strategy, it is a problem of principle. And today, we do not have a foreign policy based on principle.

Dr. Samuel Heilman, professor in Jewish studies at the City University of New York, refocused the discussion on religion. At the end of this century we have found that reli-

gion has a profound staying power, and, for many, it is a genuine counterculture to secularity and democratic principles. Religion often finds itself in a contest for the hearts and the minds of people. It often equates compromise and negotiation with heresy. As well, religion often requires interpretation, not by the individual but by religious leaders. Also, in some states these same religious leaders are making decisions in the temporal domain. For many who share the religious point of view, there is a very distinct enemy, and that enemy is equated with the West and Western civilization. These leaders and their followers will fight back under two conditions: first, if they feel beleaguered, and second, if they feel the opposition is weak. As far as policy for the West is concerned, we must first recognize that the religious point of view is a legitimate one. It is not going to disappear, but we also need to give the appearance of being strong. If we do this, these religious forces will remain quiescent.

After Professor Heilman's remarks, the panelists engaged in a general discussion of the issues that had been raised. Much of this discussion centered on two themes: whether religious fundamentalism or "extremism" could coexist with pluralism and democracy and whether religious extremism could coexist with development. Several panelists felt that it was possible to have pluralism with religious extremism and that it was also possible to reach accommodations with these groups. One panelist pointed out that in an earlier era people felt that Judaism and Christianity were incompatible with modernity; there was, in fact, a history of struggle, even bloodshed. But, ultimately, an accommodation was reached. Other panelists felt that religious extremism and ethnic problems had produced some leaders who were beyond the pale. Such leaders (and their groups) should not be treated as equals (as is implied in a negotiation situation). Furthermore, there were some groups that had as their goal the development of very intolerant states as well as serious conflict with the West. There was also disagreement about the relationship between a religious government and economic and social development. Some felt that the desire for development would inevitably exercise a restraining effect on these groups and governments, while others felt that the most likely outcome was a sacrifice of development prospects in order to maintain religious fundamentalism or extremism. There was, however, general agreement that the challenge facing the West was to combine political pragmatism with moral courage and to develop this approach as effectively as possible at a time of shrinking resources.

BAKER KEYNOTE
continued from page 1



James A. Baker, III, addressed the conference.

ence panels include one former prime minister, four former foreign ministers, one former secretary of defense, as well as other senior government officials (and also a retired general turned author whom you may have heard about in the news lately and who will join us this afternoon).

I wouldn't dare to list these individuals by name, much less recount their many offices and achievements. (I may have been secretary of state for three-and-a-half years, but my mastery of protocol isn't up to that task.) We are also honored to have with us some of the very best and brightest minds that the world of academia has to offer, scholars who will bring unique insight to our proceedings. We are also privileged to have journalists with tested track records of aggressive reporting, shrewd analysis, and high professional ethics as well as many executives with established reputations in the field of business and commerce. In sum, we have gathered here today a group of individuals whose experience, knowledge, and judgment are truly extraordinary.

Despite varied backgrounds, I believe all of us are here for a very simple reason. We all share a profound belief in the importance of international affairs and a passionate commitment to the cause of international cooperation, peace, and security.

Today, neither that belief nor that commitment can be taken for granted. Here in the United States the voices of isolationism are stronger than they have been since the entry

of the United States into World War II. They can be heard, I am sorry to say, across the political spectrum and in both political parties. A similar trend inward may be seen elsewhere among the major powers. And yet this retreat from international engagement is occurring at precisely the same time as the world moves, often violently, through a period that is so new that it has yet to acquire its own name. We live in a time that we still call "The Post-Cold War Era" for lack of a better term. And it is one fraught with both opportunity and risk for the international community.

Our panels will be addressing those opportunities and risks in three key areas: economic reform in Russia and China, politico-military factors and the future of warfare, and the complex but crucial role of cultural, ethnic, and religious factors in international affairs.

The choice is not coincidental. For these three areas are undergoing transformations of historical proportions. One such transformation is the emergence of a truly global economy based on free market principles. The second is the geopolitical shift associated with the end of the cold war. And the third is the rise of culture, broadly defined, as an important but often misunderstood international force.

I would like to discuss these three transformations briefly before we begin the first panel. I do so not to prejudge in any way the deliberations of the next day-and-a-half but to provide what I hope will be a useful context for wide-ranging and frank discussion.

The Global Economy

Let me turn first to the global economy.

The overall trend toward economic liberalization is clear. Around the world, countries are moving to deregulate their economies and reduce the size of government.

Today, free enterprise is nearly universally recognized as the best means to increase real growth and raise the standards of living. More open international trade and investment, embodied by the conclusion of the Uruguay Round of GATT, is only a part of this broader shift toward free markets.

Indeed, the domestic and international components of liberalization are mutually reinforcing. As international trade and investment expand, pressure intensifies on countries to enhance their competitiveness through domestic reform.

As those reforms take hold, individual states seek greater international liberalization to open new markets to their now-more-efficient economic sectors.

Yet the international trend toward free markets has produced strains. Consider, for instance, the case of economic reform in

Russia and China, the subject of one of our panels. In Russia real progress has been achieved in the economy as a whole, much of it attributable to business start-ups. But economic liberalization has exacted high short-term costs in terms of unemployment, inflation, and standards of living. It has also been associated with an alarming rise in common and organized crime. These developments, in turn, have triggered a strongly negative popular reaction and prompted the emergence of powerful forces demanding that the pace of reform be slowed if not reversed.

In China, the picture is somewhat different. Here, too, economic reform has entailed certain social costs, but its general effect has been far less disruptive. Indeed, dramatic progress has been achieved. Nonetheless, serious questions remain, first about the sustainability of economic reform without parallel action on the political front and, second, about China's commitment to opening her own markets to foreign goods and services.

The strains associated with the emergence of a global free market are by no means confined to Russia, China, or the many other countries, in the Soviet bloc and elsewhere, that are liberalizing their economies.

Despite the passage of GATT, protectionism remains strong in the United States, Western Europe, and Japan. In Western Europe and the United States, powerful interests and political inertia are impeding efforts to further deregulate the economy and reduce the scope of government. And in Japan, a tradition of export-led growth is similarly impeding reforms that would offer more choice and lower prices to Japanese consumers.

The benefits of free markets in terms of heightened growth and rising standards of living are clear. But there is also a growing realization that globalization carries with it a great deal of uncertainty. The short- and even medium-term consequences of heightened competition can be painful for both individuals and communities.

The uncertainty of the global economy has also affected governments, which have seen their freedom of action seriously constrained when it comes to fiscal and monetary policy. Today, daily foreign exchange turnover in international markets is approaching \$1.3 trillion, or twice as much as the accumulated reserves of the world's major central banks. Capitals around the world are discovering the rigors of market discipline, and not just in places like Moscow and Beijing.

I stress the experience of the West for two reasons. First, because it is important to recall that the uncertainties engendered by the global free market are not limited to so-called emerging economies, though their ef-

fects there may be more severe. And second, it is crucial to remember that the long-term prospects of economic reform in places like Russia and China hinge upon the maintenance and, indeed, expansion of the international regime of open trade and investment.

The International Political Arena

Let me now turn to the geopolitical arena.

At one level, the end of the cold war has obviously increased the potential for international cooperation. Despite differences, Washington-Moscow relations are far more productive than would have been imaginable a decade ago.

And the current dialogue between Western and Eastern Europe on closer economic integration would have been similarly impossible. But the end of the cold war has also had other, more ambiguous consequences. Some of these flow directly from dissolution of the Soviet Empire itself. Over the last five years, we have witnessed an explosion in the sheer number of independent international actors. These new states have interests. Those interests do not always coincide. And conflict—from outright war to simmering tension—has been the result in the Balkans, the Caucasus, and Central Asia.

With the end of the cold war, Russia itself seems drawn in these two directions: the first toward closer political association and economic integration with the West, the second toward a resumption of a more traditional role, reaching back to the Tsarist past, involving its neighbors in what is called "the near abroad." Under President Boris Yeltsin, that former position has been dominant, but, as the rise of ultranationalist forces in Russia demonstrates, it is by no means unassailable.

The end of the cold war has also had profound effects elsewhere around the world. It has clearly accelerated the rise of China as a true great power. Moreover, the end of East-West competition has significantly altered the regional balance of power in places like the Indian subcontinent and the Middle East. Again, however, the consequences have been ambiguous. For instance, Saddam's bid for dominance in the Gulf was prompted, at least in part, by a desire to fill the vacuum created by the waning Soviet influence in the region. Similar bids for regional hegemony—in the Middle East and elsewhere—may well be the source of conflict in the future.

Finally, the end of the cold war has had important ramifications for the West itself. Absent concern about Soviet aggression, the

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traditional alliance among the United States, Western Europe, and Japan is showing patent signs of strain. Despite the recent welcome progress in Bosnian peace talks, the record on U.S.-Western European cooperation on the Balkans has been, by and large, a dismal one. And U.S.-Japanese relations, plagued by rancorous trade disputes, are more troubled than they have been in decades.

Let me make one point very clear: we should harbor no nostalgia for the cold war era. Dangers remain. And the need for American leadership is as compelling as ever. But the world is an infinitely safer and freer place than it has been in any of our lifetimes. Still, the consequences of the end of the cold war are fraught with irony.

The end of East-West competition has simultaneously strengthened the possibility for international cooperation while weakening the imperative of collective action, particularly in the West. It has reduced the likelihood of war between major powers while increasing the possibility of lesser conflicts.

To a great extent, the very mixed record of the United Nations since the end of the cold war embodies these strains. The effectiveness of the U.N., we should remember, depends on a strong consensus of opinion among its major member states. And no such consensus exists today when it comes to a broad array of issues associated with international security, most notably how the international community should deal with second-order conflicts or the collapse of individual states into civil war and chaos.

The Realm of Culture

This brings me to our third and last subject: culture—that broad, complex, and contentious area that includes religion, ethnicity, and language.

From ultranationalists in the former Soviet Bloc to radical Islamic fundamentalists in the Mideast, movements based on communal identity are becoming increasingly more important, both as domestic actors and international forces.

Let me put forward three admittedly incomplete explanations for this phenomenon. First, the collapse of communist regimes throughout the former Soviet Bloc has unleashed latent nationalist sentiments that had been suppressed, however fitfully, by decades of totalitarian rule. Second, the dislocations associated with modernization have alarmed millions of individuals, many of them poor, who are concerned that their traditional ways of life will be destroyed. And third, the emergence of democratic government as a near-universal ideal has of-

fered extremists a convenient tool by which to generate popular support and seize political power.

The idea that democracy actually feeds movements based on religious, ethnic, or linguistic particularism is perhaps the supreme irony of the current era. In the former Soviet Bloc and the Middle East, ultranationalists and Islamic extremists have assumed, with some success, the rhetorical mantle of democrats. Individuals and groups are attempting to use the democratic process to arrive at power, only to then monopolize it.

We should not be fooled. Democracy is not just a particular form of government but a generally accepted set of norms—or cultural values, if you will. Chief among those is a belief in universalism—the idea that there are certain rights that every individual possesses, irrespective of his religion, ethnicity, or language. This has an important corollary, tolerance—the idea that differences, often about things as fundamental as the existence of God or the meaning of life, must be accepted as the normal state of human affairs. Democracy is not just a set of rules and regulations associated with elections; it is also a way of life. And this way of life, I might add, is not uniquely European or American, as witness the strong fifty-year history of democratic practice in Japan.

Viewed in this light, extreme nationalism and radical Islamic fundamentalism, however superficially democratic their claims, are revealed to be profoundly antidemocratic forces.

Both deny universalism by limiting the full rights of citizenship to members of specific religious or ethnic groups. Both are profoundly intolerant of those who do not belong to the dominant group or who ascribe to unorthodox religious opinion.

The conflict between universalism and communalism is also being played out among the established democracies themselves. Anti-immigrant sentiment is on the rise throughout the West. Even here in the United States, we have seen the rise of demagogues preaching their own form of communalism, often based on the divisive issue of race.

I believe it vitally important, as we approach the sensitive issue of culture, always to recall the distinction between formal and substantive democracy. By doing so, we will be better able to discern what I believe to be the real cultural conflict we confront in the world today. This is not, as some would have it, between the West and Islam or the West and Confucianism but between what could be called an emerging global democratic culture and the various movements which, whatever their rhetoric, stand in profound opposition to it.

Conclusion

So how can we best make our way through the world of change that I have very briefly and very tentatively described? I believe that this is the fundamental question confronting our participants today and tomorrow.

My own biases are clear. I am proud to consider myself part of an American tradition that reaches back, in its modern form, to the 1940s and the rise of a broad bipartisan consensus in favor of American engagement in world affairs. My views remain unabashedly internationalist. The reasons should be obvious from my remarks. For in each of the areas I have discussed—economics, geopolitics, and culture—the United States has a vital and, indeed, irreplaceable role to play.

Politically, the United States must remain engaged on the world scene. Quite simply, there is no alternative to American leadership. Maintaining that leadership means renewing our traditional alliances with Western Europe and Japan and reaching out, in places like Russia and China, to seek expanded areas of international cooperation. But it also means explaining to the American people their vital stakes in an active foreign policy. Economically, the United States must continue to open our markets to international competition. Culturally, the United States needs both to support democratic values abroad and to rededicate ourselves to the ideals of common citizenship that transcend race, religion, or ethnicity.

If my internationalist bias is clear, so is my preference for principled pragmatism. And it is on this subject that I would like to leave you this morning.

By principled pragmatism I do not mean shortsighted opportunism or moral expediency but rather an approach that uses practical means to attain achievable ends. Foreign policy is a subspecies of politics and, like politics, is very much the art of the possible. But successfully achieving the possible depends on an awareness of history, a knowledge of current events, and a grasp of theories that can both help us to understand that history and analyze those events.

In other words, principled pragmatism, properly conceived, is a way to bridge the world of ideas and action. To that extent, this conference—by bringing together the best minds from the fields of theory and practice—is itself an exercise in principled pragmatism. It is an effort, in a real world of imperfect knowledge and limited options, to further materially the cause of a more secure, more prosperous and freer world for ourselves and our descendants. I believe that this is a worthy cause. I am convinced that it is an absolutely critical one. And I am delighted that you have joined us here today as we work to advance it.



Foreign Policy Challenges at the End of the Century

JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY
RICE UNIVERSITY
INAUGURAL ANNUAL CONFERENCE
NOVEMBER 13-14, 1995

Conference Participants

Moderator: Marvin Kalb

Panel I:

Economic Reform in Russia and China

The Hon. Michael H. Armacost
His Excellency Alexander A. Bessmertnykh
Dr. Rudi Dornbusch
The Honorable Gerald L. Parsky
Sir Charles Powell, K.C.M.G.
His Excellency Zhu Qichen
The Honorable Peter Rosenblatt
Dr. Richard J. Smith
His Excellency Noboru Takeshita
The Honorable Robert Zoellick

*Panel II: Politico-Military Factors
and the Future of Warfare*

Mr. Ralph Begleiter
His Excellency Roland Dumas
His Excellency Hans-Dietrich Genscher
Dr. Charles Hermann
Dr. Catherine McArdle Kelleher
Mr. Don Oberdorfer
Gen. Colin Powell (Retired)
Dr. Bruce Russett
Dr. Martin van Creveld
The Honorable Paul D. Wolfowitz

*Panel III: The Role of Culture, Ethnicity
and Religion in World Affairs*

Dr. R. Scott Appleby
Mrs. Dominique de Menil
His Excellency Roland Dumas
Dr. John L. Esposito
Ms. Georgie Anne Geyer
Dr. Samuel C. Heilman
Dr. Benjamin Lee
Ms. Judith Miller
His Excellency Taro Nakayama
Dr. Martha Brill Olcott
Dr. James Piscatori



President Bush delivered the opening remarks to the conference. Seated on the stage, from left to right, are Edward Djerejian, director of the Baker Institute, Malcolm Gillis, president of Rice, Marvin Kalb, conference moderator, and James A. Baker, III.

PRESIDENT BUSH ADDRESSES CONFERENCE

I bring you greetings. I'm a greeting-bringer these days in my life. One from Barbara Bush, who is a famous author to whom I'm married. She, like all Bushes, loves the Bakers and is sorry she's not here.

I bring you greetings from our kid, who is governor of the state of Texas, also. So I'm delighted to be here. I want to salute all assembled, all the outstanding participants, Marvin Kalb, one of America's great and most distinguished journalists, and I'm pleased to be here for a number of reasons, both professional and personal.

First and foremost, it's a sense of pride, really, in a close friend of some thirty-five years for what he's done with his life and what he continues to do with his life. Time and again, when duty called, Jim Baker has answered. He served in the armed forces, and later he gave of himself in many capacities in public service, and he did so always with the highest sense of integrity and honor. And so it is with a personal sense of pride that I've watched my friend's many accomplishments in this Baker Institute under Jim, and Ed Djerejian, one of our most respected and effective diplomats, will prove to be a great treasure for Rice, a great treasure for our state, and, indeed, a national asset.

For the last seventeen years, Jim's life and mine have been inextricably intertwined, and when I think about my time as president of the United States, I'm, of course, grateful for the honor, the privilege of hav-

ing served in the Oval Office, but I'm also grateful for the people, for the superb team that was at my side. We were confronted with an unprecedented series of far-reaching and historical changes in the world during those four years, and when we left office in 1993, freedom had triumphed in the cold war and in ideology which held the free will of man in contempt; imperial communism was no more; superpower conflicts were over; the threat of nuclear war that scared the generations precedent had been greatly reduced; Europe was made whole again; a divided Germany was divided no more; age-old enemies in the Middle East were talking about peace; and Iraq's brutal aggression ended a superb historic coalition. The work of many here today came together to get the job done, and just about everywhere you looked, democracy and freedom were on the move.

All of Jim's guests at this conference played a very important role in some or all of these dramatic changes, and we faced a new world every day, it seemed, and for me, keeping pace with this dramatic change would have been absolutely impossible had it not been for the leadership and the tireless work of our secretary of state, Jim Baker, and, of course, Dick Cheney, our secretary of defense.

Incidentally, I saw him yesterday. He's heartbroken not to be here. His dad is very, very ill, and he had to fly from a little break-

continued on page 12

And I worry, too, that some of these voices are shouting that we ought to get out of the United Nations. The UN at the time of Desert Storm fulfilled its promise, demonstrated its importance, and it has performed well on certain matters while falling abysmally short on others. And, yes, it has many shortcomings, but it is sheer ignorance and selfishness to talk of the United States getting out of the United Nations.

So, Jimmy, congratulations. Thank you. And to all involved in this project, it's just the beginning, but keep up your interest, keep up your hard work, and may God bless the work of this institute. Thank you very, very much.



Als IS-Präsidenten, Außenminister und Vizepräsidenten der UNO werden sie zu aussenpolitisch gehen nicht nur durch die Rolle Polizeis in der Welt, sondern auch in sich sichern sich die Verewigung ihres Amtes bereits zu Lebzeiten durch die Gründung einer Forschungsstätte. Beispielsweise ist das "Barry-Goldwater-Institut für politische Wissenschaften" in New York, das "Lyndon B. Johnson Center für öffentliche Angelegenheiten an der Texas-Universität", die "George-Bush-Bibliothek" sowie die "Ronald-Reagan-Bibliothek" in Washington, D.C. "mer" Schilli, Housat

...e spéciale des USA

es grands défis de la politique internationale d'un siècle à l'autre

une petite promenade de santé comme l'occupation relativement pacifique d'Haiti. L'ancien secrétaire d'Etat n'a pu empêcher

Powell maps

By JENNIFER LENHART
Houston Chronicle

Gen. Colin Powell stepped smoothly into his new role as a self-described private citizen Monday with a smooth

Conference is launched by Baker

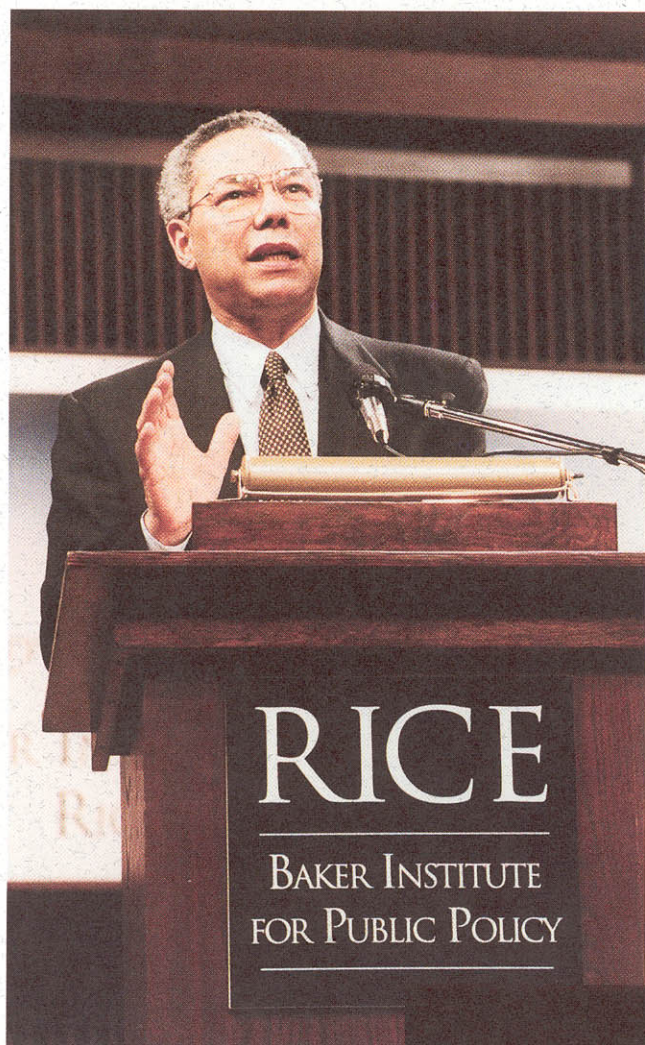
Gen. Colin Powell, ex-governor of New York, is to be named as the first director of the new National Endowment for Democracy, a new federal agency to promote democracy in other countries.

...aux hommes ont part de la situation, Baker commença par dire que les États-Unis ne se désolent pas de la situation en Irak, mais qu'ils s'inquiètent de la situation en Irak.

CONFERENCE ATTRACTS NATIONAL, INTERNATIONAL MEDIA

The Baker Institute's inaugural annual conference attracted extensive press and media coverage from around the United States and abroad. Over one hundred journalists from as far away as China, Japan, and Germany attended the conference's deliberations, including representatives of German Public Radio, *Die Zeit*, the Chinese TV Network, the Danish Broadcasting Corporation, CNN, National Public Radio, the Associated Press, and all local Houston television network affiliates. C-SPAN, the national public affairs broadcasting network, covered the conference extensively, featuring broadcasts of the panel on "Politico-Military Factors and the Future of Warfare" and the panel on "Economic Reform in Russia and China."

COLIN POWELL RECEIVES FIRST ENRON PRIZE FOR DISTINGUISHED PUBLIC SERVICE



Above, General Colin Powell addressed the conference after receiving the Baker Institute's first Enron Prize for Distinguished Public Service. Right, James A. Baker, III, joins the crowd in applauding General Powell as he is presented with the Enron Prize.

General Colin L. Powell, former chairman of the Joint Chiefs of Staff, received the first Enron Prize for Distinguished Public Service during a ceremony at the inaugural conference. The award was presented jointly by James A. Baker, III, and Kenneth Lay, chairman and chief executive officer of Enron, a leading energy firm based in Houston.

In conferring the award, Baker and Lay cited Powell's many contributions to the nation, from infantry officer in Vietnam to chairman of the Joint Chiefs of Staff during the Gulf War. Baker compared Powell to earlier soldier statesmen like George Marshall and Dwight Eisenhower, saying that the general represented "an ideal towards which all Americans, young and old, should strive." Lay seconded Baker's comments about Powell's character, adding that the general's "footprints have left unique and lasting impressions across international thresholds in the form of courage, vision, and dedication."

Powell, who also attended the conference as a participant in the panel on "Politico-Military Factors and the Future of Warfare," stressed his continuing commitment to public service. "I have elected at this time to continue my service to the nation in my private life," Powell said in his remarks, "but I want to speak out on the issues of the day. And so I am pleased to begin this new phase of my life right here at the inaugural conference of the Baker Institute. It's a good place to start."

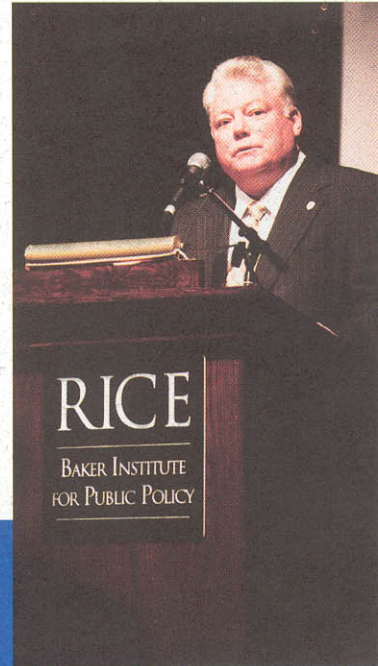
The inscription on the Enron Prize reads: "In recognition of his outstanding contributions to the foreign policy and national security of the United States of America The James A. Baker III Institute for Public Policy awards the Enron Prize for Distinguished Public Service to General Colin L. Powell (retired) at Rice University, November 1995."



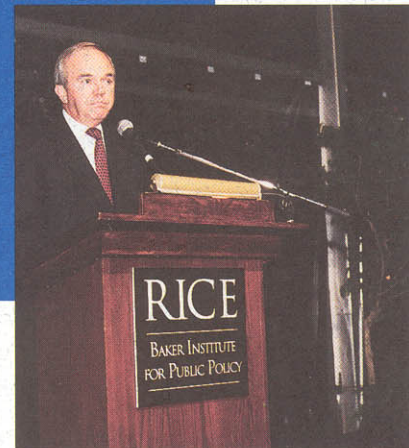
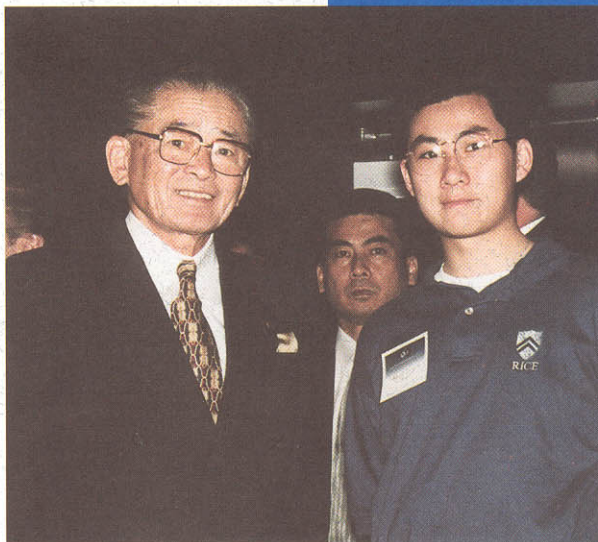


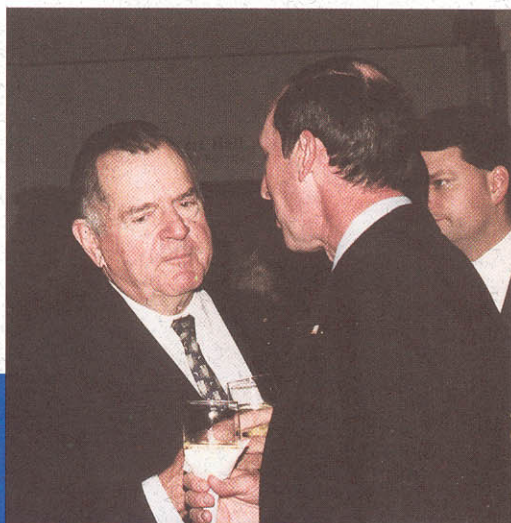
Foreign Policy Challenges at the End of the Century

JAMES A. BAKER III INSTITUTE FOR PUBLIC POLICY • RICE UNIVERSITY
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Top left, Taro Nakayama, former foreign minister of Japan, presented a ceremonial scroll to James A. Baker, III. Top right, Rice University president Malcolm Gillis introduced the speakers at the opening session of the conference. Bottom left, former prime minister Takeshita with Rice student ambassador Mark Teoh. Bottom right, Ralph Cooper, president and CEO of Coca Cola Foods, acknowledged the thanks of the Baker Institute for generously sponsoring the inaugural conference.





Top, Charles Duncan, chairman of the Board of Governors of Rice University, discusses the Baker Institute with Marc Shapiro of Texas Commerce Bank. Bottom, A capacity crowd listens to the speakers on the "Politico-Military Factors and the Future of Warfare."

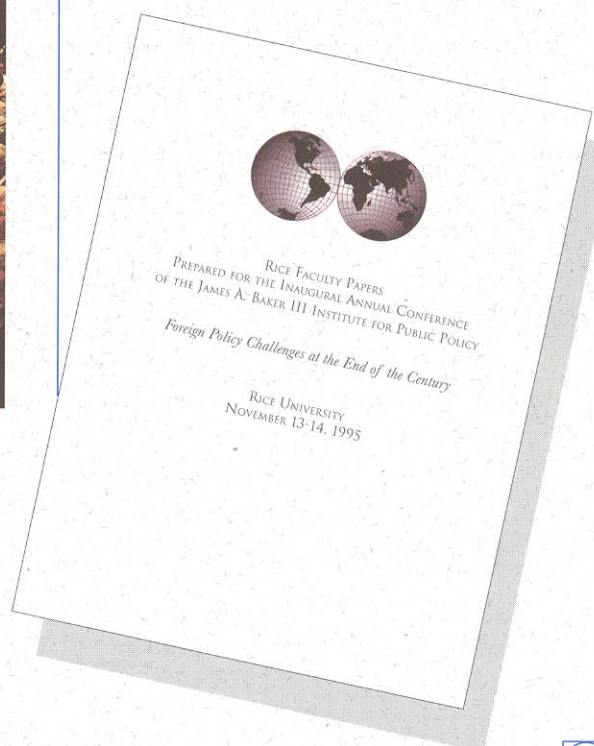


CONFERENCE FEATURES WORK BY RICE FACULTY

The inaugural conference benefitted from extensive contributions by Rice University faculty. Dr. Richard Smith, professor of history and director of Asian Studies at Rice, took part in the panel on "Economic Reform in Russia and China." Dr. Benjamin Lee, professor of anthropology at Rice and director of the Center for Transcultural Studies in Chicago, Illinois, participated in the panel on "The Role of Culture, Ethnicity, and Religion in World Affairs."

In addition to Smith and Lee, a number of other Rice faculty prepared scholarly papers on a broad range of subjects associated with the conference's themes. These included Dagobert Brito, Peter Mieszkowski, and Ronald Soligo of the economics department; Richard J. Stoll, T. Clifton Morgan, and Fred R. von der Mehden of the political science department; George Marcus of the anthropology department; William Martin of the sociology department; Gale Stokes of the history department; G. Anthony Gorry, vice president for Information Technology and of the computer science department; William E. Gordon, professor emeritus of space physics and astronomy; and Niels C. Nielson, Jr., professor emeritus of religious studies.

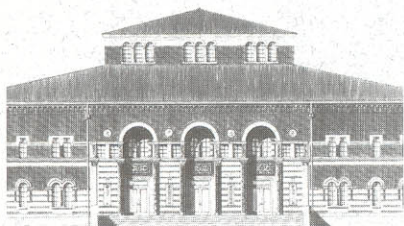
Copies of these papers are available from the Baker Institute.



CONSTRUCTION OF NEW BAKER INSTITUTE BUILDING GOES FORWARD

Construction of the new facility that will house the Baker Institute, the Office of the Dean of the School of Social Sciences, and the Departments of Economics and Political Science is now under way. Morganti Texas is the general contractor. Mobilization at the construction site began on December 4, 1995. The project is currently scheduled to be substantially complete in mid-February 1997, with occupancy scheduled for the following month.

Off-site storm sewer work, the beginning of water-line installation, and construction of the building's foundation system are ongoing. Morganti has stripped the building and plaza site areas, fenced the project perimeter, and established all-weather roads within the site to their office trailers and staging areas. Foundation work is under way as the pouring of drilled concrete piers nears completion. Total time for construction of the facility is scheduled for 425 calendar days.



For More Information

If you would like more information about the Baker Institute or if you would like to be added to our mailing list, please call 713-527-4683 or fax 713-285-5993; E-mail address is: bipp@ruf.rice.edu.



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During the conference, the Center for International Political Economy (CIPE) awarded a major grant to the Baker Institute for an energy study. Left to right: Kathryn Costello, vice president for University Advancement at Rice, Edward Djerejian, General Mike Carns (retired), executive director of CIPE, James A. Baker, III, Jack Copeland, chairman and CEO of CIPE, and Yoshi Takahashi, treasurer of CIPE.

BAKER INSTITUTE RECEIVES MAJOR GRANT FOR ENERGY STUDIES

During the inaugural conference, the Baker Institute received a major grant to conduct an energy study from the Center for International Political Economy (CIPE). These studies will cover the geopolitical, economic, cultural, religious, and ethnic factors in the world's energy-producing regions, particularly the Middle East and Central Asia, and their impact on the price, security, and supply of energy.

Rice president Malcolm Gillis commented that "this research award is yet another measure of the high regard for Rice and the Baker Institute in academic and policy circles."

The Baker Institute was chosen along with two other institutions to conduct a series of initial international studies by CIPE, a nonprofit organization formed with the intent to be a recognized leader in the sponsorship of original research, learned deliberations, and quality publication of papers related to key international issues.

"Members of the faculty of Rice University will do the lion's share of the work of this study. Receipt of this grant will launch our research agenda on energy, the Middle East, and Central Asia," said Edward Djerejian, director of the Baker Institute.



JAMES A. BAKER III
INSTITUTE FOR PUBLIC POLICY-MS40
RICE UNIVERSITY
6100 MAIN STREET
HOUSTON, TEXAS 77005-1892

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