

A photograph of the Brookings Institution building in Washington, DC, during autumn. The building is a large, white, classical-style structure with columns and arched windows. In the foreground, there is a large tree with yellowing leaves on the left, a well-manicured green hedge in the middle, and a lawn covered in fallen yellow leaves. The sky is clear and blue.

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BROOKINGS

Annual Report 2008

Opportunity 08

Ideas for the Next President

May 12, 2008—Washington, D.C.—Energy > Challenges for the Next President Opportunity 08 hosts Sen. Lamar Alexander for a discussion of energy issues facing the next president.



RALPH ALSWANG

December 5, 2007—Washington, D.C.—The Youth Vote Opportunity 08 joins with Harvard University's Institute of Politics to release findings of the Fall 2007 Youth Survey on Politics and Public Service.

November 16, 2007—Las Vegas—National Security at Home and Abroad The morning after the Democratic presidential candidates' debate at the University of Nevada, an Opportunity 08 forum features national foreign policy experts and analysts.

October 17, 2007—Iowa City—Forum on Energy and National Security Opportunity 08 joins the University of Iowa for a forum featuring leading policy experts on biofuels and energy policy, the environment, and national security. v



LINDA EDGE-DUNLAP

December 3, 2007—Washington, D.C.—Better Direction on Main Street Brookings experts and a bipartisan panel of representatives from major campaigns discuss and define the policy issues that cut the widest swath across the majority of voters.

September 26, 2007—Manchester, N.H.—> The Budget Deficit and the Soaring Costs of Health Care Opportunity 08 joins Saint Anselm College for an Opportunity 08 forum on key domestic issues facing presidential candidates in the New Hampshire primary.



ARTHUR DURITY

February 28, 2007—Opportunity 08: Independent Ideas for Our Next President Brookings partners with ABC News to launch Opportunity 08, a project to help presidential candidates and the public focus on critical issues facing the nation.

May 22, 2008—Cleveland—Reforming Health Care: Improving Quality, Controlling Costs, Expanding Coverage Brookings and the Cleveland Clinic host an Opportunity 08 forum on reforming health care.



RALPH ALSWANG

June 7, 2007—Washington, D.C.—The Future of Political Communications—Connecting with Young Voters With the Internet rapidly transforming the political communications landscape, Opportunity 08 experts address how to engage with younger voters in the upcoming election season.



COURTESY OF THE UNIVERSITY OF MIAMI

April 7, 2008—Miami—The Future of the Military With the field of presidential contenders narrowed to three, Opportunity 08 looks at the future of the U.S. military.

September 18, 2007—Washington, D.C.—Barack Obama The Tax Policy Center and Opportunity 08 host Illinois Sen. Barack Obama for a speech on the economy, opportunity, and tax policy.

April 28, 2008—Washington, D.C.—Transportation and the Economy Opportunity 08 hosts Transportation Secretary Mary Peters for a discussion of America's transportation infrastructure.

January 11, 2008—South Carolina—Competitiveness: From Charleston to China Just a week before the state's Republican presidential primary, Brookings hosts an Opportunity 08 forum with national economic policy experts and leading political analysts.

June 26, 2008—Washington, D.C.—U.S. Foreign Policy and the 2008 Presidential Campaign Sen. Chuck Hagel discusses U.S. foreign policy in the context of the 2008 presidential campaign.

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Printing: Jarboe Printing
Cover Photograph: Randy Santos

Copyright ©2008 The Brookings Institution
1775 Massachusetts Avenue, NW
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www.brookings.edu
Library of Congress Card Number: 84-641502



Barack Obama unveils his proposals for a more equitable tax system at an Opportunity 08-Tax Policy Center event in September 2007.

THE BROOKINGS INSTITUTION

MISSION STATEMENT

Brookings's mission is to conduct high-quality, independent research and, based on that research, to advance innovative, practical recommendations to advance three broad goals:

- Strengthen American democracy.
- Advance the economic and social welfare, security, and opportunity of all Americans.
- Secure a more open, safe, prosperous, and cooperative international system.

Policy Center
Institute and Brookings Institution

OPPORTUNITY 08

Independent Ideas For Our Next President

RALPH ALSWANG



I've always believed that in times of general adversity, strong institutions get stronger. Now is such a time, and Brookings is such an institution.

In the same way that Brookings scholars helped America respond to the Great Depression and helped the world recover from World War II, we are working hard to generate innovative and pragmatic ideas that set the agenda, shape the debate, and design effective policy responses for today's challenges.

We didn't wait until what Strobe has called "the black September of the era of globalization" to focus on the burgeoning financial crisis. Back in December 2007, Brookings helped to put the looming recession at the center of the national agenda, taking full account of its international dimension. Trustee Larry Summers gave an influential speech at Brookings calling for a stimulus package made up of tax rebates for working-class Americans. Senior Fellows Doug Elmendorf, Jason Furman, Martin Baily, and Alice Rivlin weighed in as well, offering advice in a series of reports and appearances before Congress.

Working quickly to gather ideas and form a consensus, Brookings convened a session of leading economists to debate the plan and explained clearly its benefits and costs. The

\$150 billion stimulus package was passed by Congress in February—less than two months after it was proposed at Brookings.

While the legislation helped foster almost 3 percent annual growth in the second quarter, it was clear to our experts that deeper problems lurked. Then—and now—experts across Brookings pooled their expertise to analyze the options facing the United States and the international community, advising senior officials, congressional leaders, and President-elect Obama's transition team on how to approach the problem from both a short-term and long-term perspective.

At the same time, Brookings engaged in a high order of multitasking on the issues that came to dominate the 2008 presidential contest. On energy security, education, health care, migration, and competitiveness, we marshaled our breadth and depth to ask the big questions and to find the right answers.

All of this illustrates the strides we've made in fulfilling the Brookings strategic plan that the Board of Trustees adopted in 2007. Helping the nation and the world meet the challenges of today and tomorrow requires managing ourselves in a way that is ambitious, disciplined, and forward-looking. Even in an uncertain economic environment, we have the combination of discipline, commitment, and momentum necessary to keep us on track.

Which gets me back to where I started: Precisely because there are so many questions and uncertainties, what Brookings has to offer is more essential now than ever. And this Institution would not be able to perform that service without the participation and support of our friends and trustees. So thanks ... and on to the new administration!

John L. Thornton, Brookings Chairman

Every year finds its own way of giving Brookings an opportunity to translate its motto—quality, independence, and impact—into events, projects, and publications. The past year was in a class by itself, with a historic election, the nation embroiled in two wars, the planet—as Barack Obama said in his first statement as President-elect—“in peril” because of climate change, and a global financial crisis that started on Wall Street.

Our signature project this year was Opportunity 08, which focused contenders and voters on the major issues that Obama has cited. Beyond the Beltway, we organized programs in Iowa and New Hampshire and held Board of Trustees meetings—timed to candidate debates during the primaries—in Las Vegas and Charleston. Trustees—notably Ken Duberstein, Tom Donilon, and Brian Green-spun—contributed their insights and leadership to Opportunity 08 forums.

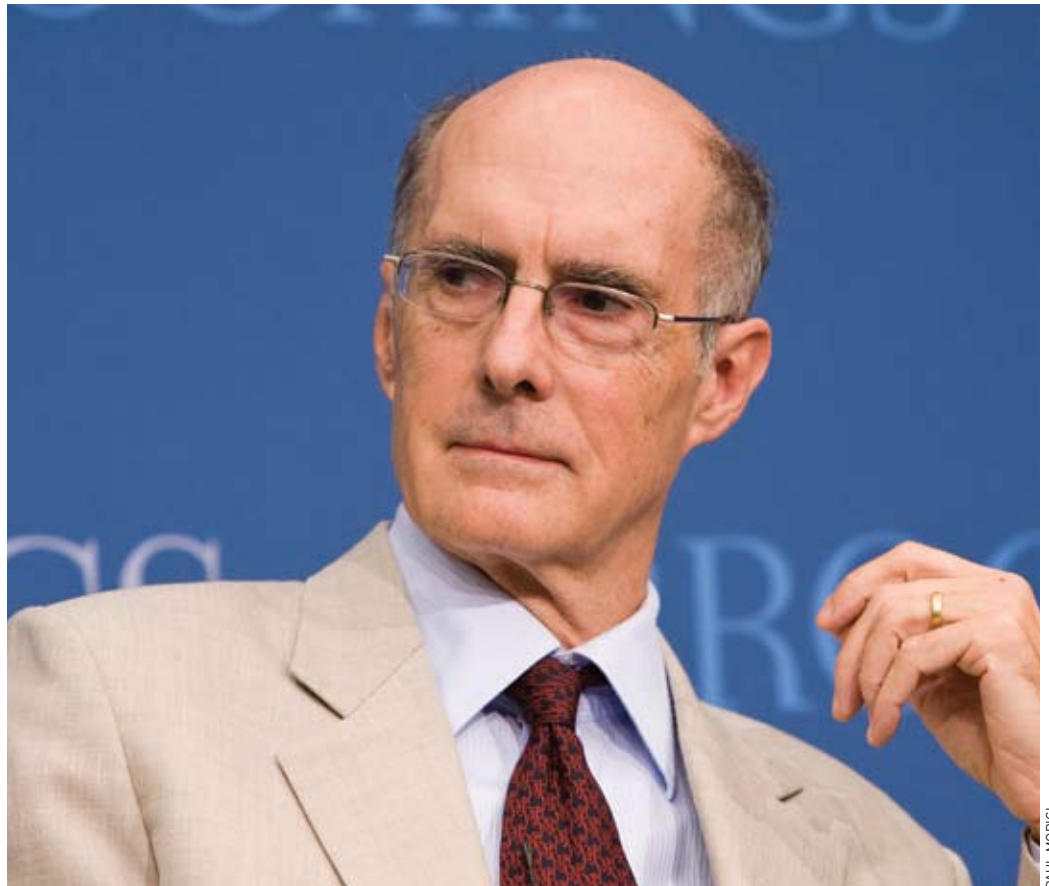
As backdrop to the political campaign, the economy rapidly cascaded from troubled waters to the global maelstrom of the fall. Our Economic Studies experts contributed substantially to the design of the February 2008 stimulus package and provided recommendations to the administration and Congress, with Global Economy and Development experts, as the housing and credit crises deepened.

A well-timed new arrival to the Brookings leadership team is Darrell West, a highly regarded political scientist and policy center director from Brown University who now heads up Governance Studies. “GS,” as we call it, got another big boost as our trustee, Ezra K. Zilkha, endowed a chair that is now held by Senior Fellow William Galston.

“Governance”—a word that has been key to the Brookings vocabulary from our founding 92 years ago—is increasingly taking on a global dimension. Addressing the challenge of how to manage this unruly but interdependent world of ours involves all five research programs. For example, Metropolitan Policy, Foreign Policy, and Governance Studies joined Economic Studies and Global Economy and Development in tackling the question of how to reform international institutions to prevent something like the Great Meltdown of 2008.

For this reason—and many others—we’re grateful that our International Advisory Council, now in its third year, has become an integral part of the Brookings family along with our Board and our many other friends and supporters.

As you will see, the pages that follow highlight much more than impressive accomplishments, large numbers, and new names. The annual report for 2008 documents a remarkable year, one in which the Institution lived up to its legacy and is poised to fulfill its potential in response to the challenges and opportunities ahead.



PAUL MORIGI

Strobe Talbott, Brookings President



William G. Gale (center), vice president and director of Economic Studies, speaks on Main Street issues at an Opportunity 08 event as Senior Fellow Ron Haskins (right) listens.



Economic Studies

When turmoil in the financial markets began to shake the U.S. economy in late 2007, the Economic Studies program responded quickly and with major impact. Collaboration across the program produced a rapid-fire series of events, papers, opinion pieces, meetings, and congressional testimony that helped shape a bipartisan stimulus package in time for effective delivery of rebate checks in the spring. Program experts also studied the regulatory roots of the housing crisis to begin to advise policy-makers on the harder and longer-term challenge of how to stabilize the market and avoid future crises.

Brookings economists advised both the administration and Congress as the economic crisis escalated in fall 2008, especially on issues of credit, liquidity, and the housing market. During this economically difficult year, Economic Studies experts also produced new analyses and policy proposals ranging from tax changes to health care reform.

Stimulating the Economy

The U.S. economic slowdown spurred Brookings experts to respond with practical policy advice grounded in solid research throughout the tumultuous year. The Hamilton Project, the Urban-Brookings Tax Policy Center, and the Initiative on Business and Public Policy coordinated some of the best and most influential thinking on the early economic distress signs.

In December 2007, toward the beginning of the crisis, Brookings hosted speeches by Brookings Trustee and former Treasury Secretary Lawrence H. Summers and Sen. Charles Schumer of New York on the looming slowdown and subprime mortgage problems. Summers's call for a "timely, temporary and targeted" stimulus was echoed in the media and across Capitol Hill.

In January, the Hamilton Project hosted a discussion featuring Senior Fellows Jason Furman; Douglas Elmendorf, the Edward M. Bernstein Scholar; and Alice Rivlin, who were joined by former Treasury Secretary Robert Rubin, Harvard economist Martin Feldstein, and Moody's economist Mark Zandi. Elmendorf and Furman released a strategy paper, "If, When, How: A Primer on Fiscal Stimulus," at the event, and it quickly became a principal reference in the flurry of decision maker and public interest that followed. On January 24, the same day that the agreement between the congressional leadership and the White House was announced, the Tax Policy Center released the first distributional and revenue effects of the competing stimulus packages.



Rebecca Blank outlines her plan for helping mothers disconnected from welfare and the workforce.

RALPH ALSWANG

As the financial crisis deepened, Elmendorf and Senior Fellows Martin Neil Baily and Robert Litan examined sources of the mortgage and broader credit problems and evaluated appropriate policy responses. They released a comprehensive analysis of the credit crisis at a public forum in May that included opening remarks from FDIC Chairman Sheila Bair.

To address the global ramifications of the U.S. housing crisis,

Baily hosted a breakfast event with the British Embassy featuring the British Chancellor of the Exchequer, the Right Honorable Alistair Darling. His presentation focused on the need for the International Monetary Fund to develop better international “early-warning systems” for financial market problems.

The Brookings Papers on Economic Activity were presented at a conference in April 2008 under the new editorial team of

Elmendorf, Summers, and Greg Mankiw, the former chairman of the Council of Economic Advisers under President George W. Bush. It featured an outstanding lineup of papers and participants, including Federal Reserve Chairman Ben Bernanke, who spoke at dinner the first night.

Building a Best-in-Class Team

“I took on the leadership of this program with the primary goal of attracting a new generation of top-tier economists who are capable of doing the very best research and who have an impact in the policy arena,” said William G. Gale, vice president and director of Economic Studies and the Arjay and Frances Fearing Miller Chair in Federal Economic Policy. “The scholarship and influence of the current team will prove particularly vital over the coming months as a new administration

takes the reins and the 111th Congress takes shape.”

Among the existing lineup of Economic Studies experts are some new faces:

Baily rejoined Brookings as a senior fellow in the fall of 2007. After his first stint at Brookings, Baily served as the chairman of President Clinton’s Council of Economic Advisers. Baily directs Brookings’s new Initiative on Business and Public Policy.

Rebecca M. Blank, a highly regarded expert on social policy, joined Economic Studies in 2008 as the Robert S. Kerr Senior Fellow. Blank was previously dean of the Gerald R. Ford School of Public Policy and co-director of the National Poverty Center at the University of Michigan.

Health Care Policy

The Engelberg Center for Health Care Reform is making major



Mark B. McClellan, director of the Engelberg Center for Health Care Reform and the Leonard D. Schaeffer Chair.

ARTHUR DURITY

BROOKINGS EXPERTS ON HEALTH CARE

Fellow Mark McClellan, the former head of the Food and Drug Administration and the Centers for Medicare and Medicaid Services, as its founding director.

The Engelberg Center hosted several well-attended events this year featuring experts from the policy, academic, advocacy, and provider communities. Former House Speaker Newt Gingrich joined Congressional Budget Office Director Peter Orszag and other distinguished congressional panelists in a briefing on long-term care reform that focused on opportunities to improve quality and address long-term fiscal challenges. Another forum addressed the key challenges and possible solutions regarding prescription drug safety.

Other research in Economic

Studies contributed important policy recommendations and tools. Noted health care expert Henry Aaron tackled health spending and Medicare, notably in a new book with Jeanne Lambrew, *Reforming Medicare: Options, Tradeoffs, and Opportunities* (Brookings, 2008). The Center on Social and Economic Dynamics garnered recognition for work in infectious disease policy research, winning an award for a modeling and simulation appli-



Trustee Leonard Schaeffer and his wife, Pamela.

JAC SCHAEFFER



Trustee Alfred Engelberg

CHARLESTON PICTURE COMPANY

cation to help plan emergency vaccine distributions.

The Global Economy and Development program is studying innovations in global health financing that will be fundamental in the near future to facilitate improving health outcomes in developing countries. Their research on HIV/AIDS treatment and malaria prevention highlight the importance of practical, sustainable methods in combating these diseases. ■



Britain's Right Honorable Alistair Darling MP (left), after delivering remarks on international coordination of financial events, walking with Martin Baily (far right), British Ambassador Sir Nigel Sheinwald and Congressional Budget Office Director Peter Orszag.

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strides thanks to the generosity and vision of Trustees Alfred B. Engelberg and Leonard D. Schaeffer. Under the direction of former FDA Commissioner and Medicare and Medicaid Administrator Mark McClellan, who holds the Leonard D. Schaeffer Director's Chair in Health Policy, the center is working to promote high-quality, innovative, and affordable health care.

A public forum in June on prescription drug safety included an overview of current FDA regulations and a review of technical, legal, and communications challenges that arise in this area.

Especially as baby boomers start to retire, the Medicare program has come under scrutiny for its costs, coverage gaps, and bureaucratic rigidity. To help guide the debate that will shape much-needed reform, Senior Fellow Henry J. Aaron, the Bruce and Virginia MacLaury Chair, co-authored *Reforming Medicare: Options, Tradeoffs, and Opportunities* (Brookings, 2008). At an event in July, Aaron and co-author Jeanne M. Lambrew were joined by advocates of the three reform strategies outlined in the book—strengthened social insurance, premium choice, and

consumer-directed health care.

Joshua M. Epstein, director of the Center on Social and Economic Dynamics, was recognized this year for his work on the Large-Scale Agent Model, which is used for detailed tracking of epidemic dynamics and the exploration of how public health policy interventions may slow the spread of contagious diseases and chronic public health challenges. The model won the 2008 Award for “Outstanding Achievement in Modeling and Simulation” from the National Training and Simulation Association. Epstein was awarded a 2008 National Institutes of Health Director's Pioneer Award.

From Mobility to Retirement

Brookings's work on social policy also had significant impact this year. The American dream is not equally accessible for black and white families, Fellow Julia B. Isaacs found in a study that received enormous media attention in November 2007. Her intergenerational analysis revealed a significant difference in the extent to which parents pass their economic advantages to their children. Children of middle-class white parents tend



Douglas W. Elmendorf (left) discusses the nation's infrastructure needs with Virginia Gov. Tim Kaine.

STEVEN PURCELL

to exceed their parents in income; black children in middle-class homes do not.

Isaacs's findings were included in a new volume, “Getting Ahead or Losing Ground: Economic Mobility in America.” Isabel V. Sawhill, senior fellow and the Cabot Family Chair, wrote about the tattered American dream and Ron Haskins, senior fellow and co-director with Sawhill of the Center on Children and Families, released new information on immigration and education.

Following publication of the next generation of anti-poverty policies in the Princeton-Brookings journal based on the *The Future of Children* symposium, Sawhill and Haskins

worked with New York City Mayor Michael Bloomberg and convened a group of top experts and city officials on poverty and how it is measured.

The Retirement Security Project, led by William Gale, continued to develop and inform common-sense reforms to improve the retirement income prospects of millions of American workers. Elements of the agenda were incorporated into presidential campaign proposals and into bipartisan congressional legislation.

Tax and Fiscal Policy

The Budgeting for National Priorities project led by Sawhill and Haskins flourished this year with support and input from Trustees Geoffrey T. Boisi and Leonard Schaeffer and from Brookings Council members such as Rob Marks and Ned Lamont. Through the Fiscal Wake-Up Tour, program experts have engaged with audiences in more than 25 cities, reaching local elected officials and community leaders. Events in these cities have been covered by local radio, television, and newspapers.

Both Rivlin and Sawhill are featured on-camera in the feature-length documentary *I.O.U.S.A.*, which premiered at the 2008 Sundance Film Festival and opened at movie theaters nationwide in August. The movie drives home the message that America is facing a longer-term financial problem.

The Tax Policy Center, also co-directed by Gale, continued to serve as a key source of information on tax policy, convening 11 public policy symposia, offering advice to Congress, and publishing more than 50 discussion papers, policy briefs, and other commentaries. ■

Global Economy and Development

As the world looks to China and other emerging powers to act as the engine for global recovery from a financial crisis that emanated from the United States and Europe, the established economic and financial order is being turned on its head. With America's 44th president taking office at a moment of consequential global challenges that even the most powerful nations cannot resolve on their own, there is a clear need for leadership. But with U.S. financial turmoil reverberating against the backdrop of a profound global shift in economic power, America's capacity and will to provide that leadership are less clear.

It is across this complex horizon that Global Economy and Development, under the leadership of Lael Brainard, pursues innovative research and policy solutions to help both U.S. and global leaders adapt to the shifting landscape of an increasingly intertwined global economy. Restoring confidence in international capital markets and ensuring that the global economy's benefits are broadly and widely shared will defy easy solutions, but are vital to the prosperity and stability of this new world.

"In today's environment, one of our core strengths at Global is having the combination of analytical insights and policy experience to turn headlines into actionable solutions to help navigate a new global economic order," said Brainard, who directs Global and holds the Bernard L. Schwartz Chair in International Economics.

Strengthening America Economic Leadership for a Resilient Global Economy

Against this new global economic backdrop and the political realities of a new U.S. presidential administration, restoring American economic leadership has become the most critical policy challenge. With the generous support of Bernard L. Schwartz, Brainard leads Brookings-wide research efforts on strengthening U.S. competitiveness. In testimony before Congress and in briefings to high-level policy-makers, Brainard emphasized the need to first start at home—strengthening the competitiveness of American workers in today's super-charged global economy through new investments in infrastructure, green energy, education and training, and innovation, as well as creating a "new economy" safety net combining insurance with flexible training opportunities.

Finding solutions to the climate change crisis and weaning the world off a centuries-old dependence on carbon-based sources of energy will require a paradigm shift in how capital and technology



New Senior Fellow Eswar Prasad (left) and Lael Brainard, who directs the Global program and also holds the Bernard L. Schwartz Chair in International Economics, on a panel discussing a blueprint for reforming India's financial system.

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Mauricio Cárdenas, director of the Latin America Initiative (left), confers with *Foreign Policy* magazine's Moises Naim during a conversation on Colombia with President Alvaro Uribe.

SHARON FARMER

Accommodating Rising Powers

Brookings Global experts continued to examine emerging economies in detail this year and to provide insights and analysis into the countries and regions that are revolutionizing the contours of the global economy, particularly as the financial crisis touches countries across the globe.

While China's emergence as an economic powerhouse has generated many benefits to the world, it has also created concerns among other major countries when it comes to the environment and climate change, currency issues, and trade. Senior Fellow Wing Thyee Woo, the New Century Chair in International Trade and Economics, hosted the inaugural China Update conference focusing on China's integration into the world economy with David McCormick, undersecretary of international affairs at the U.S. Department of Treasury.

The Indian economy has fueled growth rates of more than 8 percent in recent years, making it one of the most successful emerging economies in the world. In preparation for his first official visit to India in October 2007, Global hosted U.S. Treasury Secretary Henry Paulson for a private briefing on India. Barry Bosworth, the Robert V. Roosa Chair in International Economics, continued the tradition of excellence with the India Policy Forum, convening the fourth conference in New Delhi, and issuing new research on such diverse economic issues as power reform, higher education, and the political economy.

Brazil's economic future is again attracting avid interest from investors, academics, and policy-makers. In April, Global Political Economy Fellow Leonardo Martinez-Diaz and Brainard

brought together academics and policy-makers from Brazil and the United States for a conference to explore some of Brazil's key economic policy challenges and opportunities.

The Wolfensohn Center for Development continued to focus on the more than 100 million young people between the ages of 15 and 29 in the Middle East—the largest proportion of youth in the region's history—and the opportunities that could be leveraged by comprehensive and robust economic policies to engage this youth bulge. Under the joint banner of the Wolfensohn Center for Development and the Dubai School of Government, with lead Fellows Navtej Dhillon and Tarik Yousef, the Middle East Youth Initiative launched groundbreaking work and promoted policy solutions to engage youth in meaningful education and employment opportunities.

Building a Road out of Poverty

In 2008, Global established the Africa Growth Initiative. With a grant of \$5.8 million over three years by the Bill & Melinda Gates Foundation, the initiative will become the premier center in Washington for sustained research on Africa's economy. The research agenda will focus on attaining sustainable economic development and eventual prosperity in Africa in partnership with institutions in the region. Previous research by Dr. Ngozi Okonjo-Iweala, a Global nonresident senior fellow now managing director at the World Bank, helped inform the framework for the new initiative.

The initiative expands on Global's work in the global development arena, which in the past year included a number of high-

flow through the global economy. Global Nonresident Senior Fellows Warwick McKibbin and Peter Wilcoxon pioneered an innovative permit trading system approach to climate change policy that was instrumental in the Australian government's decision to implement a far-reaching cap-and-trade regime for carbon permits. Adele Morris, formerly a senior economist with the Joint Economic Committee, joined Brookings to launch a new Climate and Energy Economics Initiative with McKibbin and Wilcoxon that will help inform the coming congressional debate over climate policy with rigorous economic modeling capabilities.

In June, Global hosted more than 70 stakeholders for a Climate Change, Trade, and Competitiveness conference, led by Brainard. The conference brought together leading experts to explore the ways in which climate change policies might interact with the trading system and how policy-makers might address the challenges.

Meanwhile, Journalist-in-Residence Paul Blustein offered sharp insights and analysis on the roller coaster efforts of the World Trade Organization to conclude a Doha Development Round.

Global's deep bench of

experts on multilateral institutional governance led to a flurry of media attention during the past year, as global governance structures—from the World Bank to the G8—came under review. Johannes Linn, executive director of the Wolfensohn Center for Development, and Colin Bradford, nonresident senior fellow, continued their push for a more legitimate and effective G-20 structure at heads of state level. Domenico Lombardi, Ralph Bryant, Leonardo Martinez-Diaz, and Lex Rieffel contributed important analysis and recommendations for reform of key multilateral economic institutions.

The ongoing turmoil in the financial markets brought international financial flows to the forefront, with sovereign wealth funds emerging out of the shadows as a potent new force within global capital markets. Global hosted a series of forums with key institutions to discuss the issues related to transparency and accountability of the funds as well as the promise and pitfalls of involvement in financial rescues. Global also welcomed a new senior fellow, Eswar Prasad, who brings deep expertise on financial globalization in emerging economies such as India and China.



Former World Bank President and Brookings Trustee James D. Wolfensohn (center) listens to global perspectives on the U.S. financial crisis with Senior Fellows Johannes Linn (right) and Homi Kharas.

RALPH ALSWANG

level conferences and consultations. In the spring, Visiting Fellow William Easterly, a renowned economist specializing in global development, and Jessica Cohen, development economics research fellow, hosted a conference at Brookings focused on what development strategies have actually worked.

The Wolfensohn Center for Development deepened its research agenda on aid effectiveness, led by Homi Kharas, who is putting the spotlight on the challenges associated with vol-

atility in aid flows as well as the emergence of a new set of donors ranging from China and Russia to new private-sector actors. And Jacques van der Gaag and Sara Hommel expanded the work of the Wolfensohn Center's early childhood development project, hosting a series of high-level conferences.

In its fifth year, thanks to the ongoing support of Trustee Richard C. Blum, the Brookings Blum Roundtable on Global Poverty focused its agenda on climate change and development, follow-

ing the previous year's focus on "Global Development 2.0"—the new era of global philanthropy. Held in Aspen, the roundtable featured pre-eminent leaders including Nobel laureates Al Gore and Dr. Steven Chu and focused on the critical intertwined crises of climate change and global poverty.

The Global Health Initiative issued a series of new research papers on global health financing, while Cohen questioned the conventional wisdom on malaria prevention policies through innovative randomized trials. She also co-founded an NGO in East Africa to evaluate cost-sharing policies versus distributing malarial bed nets for free.

The next U.S. administration will have an opportunity to refashion the image America presents to the world, and foreign assistance to poor countries remains a critical instrument in

shaping U.S. influence. While more than 40 years of foreign assistance have shown some successes, U.S. programs remain dispersed and incoherent. With that in mind, Brainard and Noam Unger continued to lead Global's U.S. foreign aid reform project. With numerous appearances on Capitol Hill, Brainard called for a national strategy that elevates the stature of development alongside defense and diplomacy.

U.S. volunteers serving abroad represent another way to help improve the lives of the world's poorest citizens. The introduction of legislation by Sens. Russ Feingold and Norm Coleman inspired by Global's Initiative on International Volunteering and Service, led by Director David Caprara, was a major step in building a national consensus that volunteer service is a key instrument of public diplomacy. ■

BROOKINGS EXPERTS ON COMPETITIVENESS

With emerging economies and existing powers jostling for economic dominance, America must develop a sustained national agenda to remain vibrant. Brookings integrates the global debate with what is occurring at home and in the states and localities that drive our economy. This "all-Brookings" research on competitiveness delves into such critical issues as trade, worker adjustment programs, education policy, infrastructure, and human capital development.

The Global Economy and Development Pro-

gram is undertaking a variety of initiatives on strengthening U.S. competitiveness. In testimony to the Senate Finance Committee, Lael Brainard discussed America's response to globalization through the lens of trade policies and recommended changes in the Trade Enforcement Act of 2007 to help

America compete more fairly in the growing global marketplace.

Brookings hosted the third Bernard L. Schwartz Forum on Competitiveness in fall 2007 to highlight America's failing infrastructure. Former Iowa Gov. Thomas Vilsack



Bernard L. Schwartz

opened the discussion on the constraints in sufficient investment of bridges, roads, airports, ports, and broadband systems—and raised the question: Can we afford not to invest more?

Focusing on broader economic growth, The Hamilton Project tapped a wide range of experts to generate innovative, cutting-edge, and evidence-based policy ideas to ensure that American workers and firms remain competitive in the new global economy. In July 2008, for instance, the project proposed a national infrastructure strategy that calls for more efficient investments to expand access to the nation's physical and telecommunications infrastructure.



South Carolina Gov. Mark Sanford

VIDEO

U.S. competitiveness depends on the success of its cities like Houston, Charleston, Denver, and Philadelphia, say Bruce Katz and others from the Metropolitan Policy Program. Having launched a Blueprint for National Prosperity this year, the program has outlined bold new federal policies in such areas of innovation, human capital, and transportation that draw on the economic potential of our metropolitan areas to leverage national economic growth. ■

Foreign Policy

The Foreign Policy program offered timely research, analysis, recommendations, and commentary on the world's pressing international security challenges. In 2008, program experts significantly influenced both U.S. and international policies, not to mention the substance of the U.S. presidential race. Brookings experts remained at the forefront of policy debates on Iraq and Afghanistan. Scholars balanced short-term realism with long-term aspirations on Arab-Israeli peace, averting Iran's nuclear intentions, and the push for greater democracy within Arab nations. Foreign Policy's experts helped make sense of the Russia-Georgia conflict, proposing measures to contain aggression and change the dynamic of confrontation between Russia and the international community.

Directed by Vice President Carlos Pascual, Foreign Policy generated groundbreaking research and innovative policy approaches this year in four core areas: war, peace, and transition; relations with world powers; transnational challenges; and reforming U.S. and global institutions. Along with Senior Fellow Charles Ebinger, Pascual also helped develop a new Energy Security Initiative with ideas to stimulate efficiency, cut emissions, and strengthen American competitiveness (see Energy Security box, page 16).

"Foreign Policy remained engaged with the changing pace of global challenges by offering research, analysis, and commentary on every major policy debate in an effort to guide the thinking of policy-makers and the U.S. presidential candidates," said Pascual.

War, Peace, and Transition

The Saban Center for Middle East Policy, directed by Martin Indyk, continued to promote a better understanding of the choices facing policy-makers in the United States, the Middle East, and in the Muslim world. Just weeks before the U.S.-sponsored Middle East conference in Annapolis in November 2007, the Saban Center held its fourth annual Saban Forum in Jerusalem. The Forum featured U.S. Secretary of State Condoleezza Rice, Israeli Prime Minister Ehud Olmert, King Abdullah of Jordan, former British Prime Minister Tony Blair, and Palestinian Authority Prime Minister Salam Fayyad.

Opening its doors in February, the Brookings Doha Center undertook research on the socio-economic and geopolitical issues facing Muslim-majority states and communities, encouraging increased dialogue between policy-makers from the United States and the Muslim world.

Timed with the U.S. presidential election, Brookings and the Council on Foreign Relations joined forces for the first time to develop a new approach to Middle East policy. Spearheaded by the Saban Center, the

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Carlos Pascual, vice president and director of Foreign Policy, testifies before a House Armed Services panel.



PAUL MORIGI

Thérèse Delpech, director for Strategic Studies at the French Atomic Energy Commission, delivers the Fifth Annual Raymond Aron Lecture.

initiative, "Toward a New U.S.-Middle East Strategy," will serve as a nonpartisan blueprint for the incoming president and his team of foreign policy advisers. To put policy guidance in a long-term strategic context, Senior Fellow Ken Pollack authored an authoritative new book, *A Path Out of the Desert: A Grand Strategy for America in the Middle East*

(Random House, 2008).

Both Pollack and Senior Fellow Michael O'Hanlon, the Sydney Stein Jr. Chair in International Security, traveled to Iraq in June 2008, publishing a fresh assessment of the challenges to stability in *Foreign Affairs* magazine. Spearheaded by O'Hanlon, the Iraq Index remains the most in-depth, nonpartisan assessment of stabilization efforts in Iraq. Its findings appear regularly in the op-ed pages of *The New York Times*. Writing for Brookings's Opportunity 08, Pascual outlined a strategy for political stabilization in Iraq. This opinion was widely cited during the presidential campaign.

More than six years after a U.S.-led invasion toppled the Taliban, Afghanistan remains a major foreign policy challenge for

the next president. The Center on the United States and Europe (CUSE), headed by Senior Fellow Daniel Benjamin, convened a series of discussions on the U.S. and NATO missions in Afghanistan. CUSE hosted NATO Secretary General Jaap de Hoop Scheffer to assess the effectiveness of the International Security Assistance Force in Afghanistan.

Pakistan also continued as a major policy challenge. Through congressional testimony, publications, and events, Senior Fellows Stephen Cohen and Bruce Riedel brought their considerable expertise to bear on managing political transition and threat of terrorism. Exploring the tribal tensions and extremist influences in Pakistan's western region, Senior Fellow Philip Gordon hosted a policy

discussion in February with former Pakistan Army Chief of Staff Gen. Jehangir Karamat, former Chief of U.S. Central Command Gen. Anthony Zinni, former U.S. Deputy Secretary of State Richard Armitage, and others.

Under the direction of Senior Fellow Peter W. Singer, the 21st Century Defense Initiative continued to address critical issues facing U.S. military commands in this decade and beyond. Singer's work has helped bring to light the role of private contractors in both the Abu Ghraib prison abuse scandal and the Blackwater controversy in Iraq, prompting Congress, with Singer's advice, to create the country's first-ever legislation on oversight of private contractors.

Brookings Senior Fellow Elizabeth Ferris continued her



RALPH ALSWANG

Charles K. Ebinger, director of the Brookings Energy Security Initiative.

Energy security is one of the most important strategic challenges facing the United States and the world. With its Energy Security Initiative and other activities, Brookings is well positioned to tackle energy in a comprehensive and integrated manner, guiding effective, pragmatic policies to address U.S. and global energy security issues over the next decade.

The Brookings Energy Security Initiative brings together a team of respected experts with policy-makers, industry leaders, journalists, and

other stakeholders in much-needed dialogue on a range of critical energy issues. Briefings and public events included such high-level speakers as James Connaughton, chairman, White House Council on Environmental Quality; Yvo de Boer, executive secretary of the United Nations Framework Convention on Climate Change; Mutsuyoshi Nishimura, special adviser to the Japanese Cabinet on Climate Change, and Sen. Richard Lugar of Indiana.

To offer constructive input for the G8 Hokkaido Summit, as well as future international climate negotiation processes, the new initiative hosted a workshop on climate change in Tokyo this year that brought together approximately 30 of the top climate and energy policymakers, analysts, and business leaders for a briefing and discussion on the latest climate change research efforts undertaken at Brookings.

From an economic perspective, experts in Global Economy and Development focus on supply disruptions and price spikes and their effects on the U.S. and the world energy markets. In June, the program held a conference that explored ways in which climate change policies might interact with the trading system. With experts that included William J. Antholis, Warwick McKibbin, and Peter Wilcoxon, prospects were discussed for heading off conflict between carbon policies and trade rules.

Senior Fellow David Sandalow released a new book titled *Freedom from*

Oil (McGraw Hill, 2007), which explores the next administration's options for breaking U.S. dependence on foreign sources of oil. In June, an overflow crowd attended a conference hosted by Brookings



PETER KROGH

Brookings Trustee Daniel Yergin



RALPH ALSWANG

Sen. Richard Lugar of Indiana

and Google.org to assess electric vehicle technology, its potential to reduce U.S. oil dependence, and the role of federal policy in promoting this technology. Sandalow was joined by O'Hanlon and Antholis for an Opportunity 08 forum on energy and national security in Iowa City in the countdown months to the Iowa caucus. ■

BROOKINGS EXPERTS ON ENERGY SECURITY

Secretary-General of the United Nations Ban Ki-moon addresses foreign policy leaders in Berlin at a meeting convened by Brookings's Managing Global Insecurity project.



MARC DARCHINGER

leadership as co-director of the Brookings-Bern Project on Internal Displacement. With more than 2 million Iraqis displaced by the ongoing conflict in their country, Ferris developed recommendations to address the growing security and humanitarian crisis within Iraq and surrounding nations. Her recommendations served as the basis for the Recovery and Stability of Iraq Act of 2008.

Relations with World Powers

With the success of the 2008 Beijing Olympics, China continued its emergence as an economic and political force. Directed by Senior Fellow Jeffrey Bader, the John L. Thornton China Center continued to address both the internal and international challenges associated with China's stunning growth. Senior Fellows Cheng Li, Wing Thye Woo, and Geng Xiao and China Energy Fellow Erica Downs authored a number of important policy analyses that focused on China's future as a world power and on the country's changing political and economic landscape.

In its first full year of operation, the Brookings-Tsinghua Center brought together experts from the United States and China in collaborative work to increase the understanding of China's growing influence on the world stage.

The Center for Northeast Asian Policy Studies (CNAPS), under the direction of Senior Fellow Richard Bush, the Michael H. Armacost Chair, conducted research and analysis to enhance policy development and understanding on the pressing political, economic, and security issues facing the Northeast Asia region. CNAPS visiting fellows—this year from China, Hong Kong, Japan, Korea, Russia, and Taiwan—conducted in-depth research on such topics as the change of political leadership in Taiwan, the six-party negotiations on North Korea's nuclear weapons program, and the emergence of new political leadership in Japan.

CUSE oversaw a broad agenda focusing on relations between the United States and its European allies. CUSE's Frontiers of Europe project explored the impacts of possible European expansion to include Turkey, Ukraine, and the countries of the Caucasus and West Balkans.

Cuba faced major political transition in the past year as long-time leader Fidel Castro ceded authority to his brother Raul. Pascual and Visiting Fellow Vicki Huddleston continued a two-year project to improve U.S. policy to support the aspirations of Cubans seeking a representative democracy. Carol Graham, the Charles W. Robinson

Chair in Foreign Policy, began pathbreaking work on labor markets, unemployment, and inequality in Russia and Latin America.

Transnational Challenges

The United States and its allies face a multitude of challenges that cut across national borders, including energy security, global warming, nuclear proliferation, and violent extremism. Brookings experts addressed these challenges through in-depth research and international dialogues, shaping policy approaches within the United States and beyond. Senior Fellow Bruce Riedel completed a new book, *The Search for Al Qaeda: Its Leadership, Ideology, and Future* (Brookings, 2008), which explores the world's most dangerous transnational terrorist network and offers solid recommendations for confronting this global challenge.

In February 2008, Brookings launched the "Index of State Weakness in the Developing World." The Index ranks 141 developing nations according to their relative performance in four critical areas: economic, political, security, and social welfare.

Addressing the links between energy security and climate change, Senior Fellow David Sandalow released a new book, *Freedom from Oil* (McGraw Hill, 2007), which explores the next administration's options for breaking U.S. dependence on foreign sources of oil. In June, an overflow crowd attended a conference hosted by Brookings and Google.org to assess electric vehicle technology. Keynote speakers included Sen. Lamar Alexander and Rep. John Dingell.

Reforming Institutions

Under the leadership of Pascual, the Managing Global Insecurity

(MGI) project conducted a series of international consultations in an effort to reform multilateral institutions and address 21st-century global challenges. An MGI gathering in Berlin this summer featured Nobel Peace Prize laureate Rajendra Pachauri, German Foreign Minister Frank-Walter Steinmeier, and U.N. Secretary-General Ban Ki-moon. These respected international figures endorsed MGI's identification of "responsible sovereignty" as a key precept for a new international order, leading to a new "Plan for Action" released in fall 2008 and a major new book, *Power and Responsibility*, that can underpin the revitalization of U.S. leadership on global security and prosperity.



RALPH ALSWANG

U.S. Defense Secretary Robert Gates (left) and Brookings President Strobe Talbott at a board dinner at the Newseum.

Senior Fellow Ivo Daalder completed a major study on U.S. national security advisers and their role in shaping U.S. foreign policy. Based on hundreds of primary interviews, the study (co-authored with I.M. Destler) examined the evolution of the role of national security adviser—from McGeorge Bundy to Stephen Hadley. The study concludes that the national security adviser is more important and powerful than ever and suggests ways in which the next adviser can enhance prospects for U.S. foreign policy success. ■



Darrell West (center), vice president and director of Governance Studies, with Pietro S. Nivola (right) and William Galston (left), who became the first Brookings expert to hold the Ezra K. Zilkha Chair in Governance Studies. Zilkha is pictured on the far left and Trustee Victoria P. Sant is at far right.

Governance Studies

From John McCain's stunning comeback in the Republican field to Barack Obama's surprising triumph over Hillary Clinton, the independent voices of Governance Studies experts rung out repeatedly during one of the longest and most extraordinary presidential campaigns in recent memory. The program hit its stride during the general election as McCain faced off against Obama in a historic campaign. Overall, our experts contributed about 70 commentaries, 350 media appearances, and a best-selling book to commemorate a major transition in Washington.

Change was also the mantra inside the program as Governance Studies built stronger capacity in research and advocacy, endowed a scholar chair, and recruited a new director. After more than four years of stewardship, Pietro S. Nivola stepped down as vice president and director of Governance Studies to resume full time his role as the Douglas Dillon Chair in Governmental Studies. His successor is Darrell West, who left Brown University following 26 years of teaching and research to help Governance Studies develop an ambitious, competitive agenda to address gridlock in American government.

"Governance Studies lured me with first-rate scholars committed to improving American democracy and our political system," West said. "Without well-functioning government and legal institutions, this country will lose its respected position among other nations which have long emulated our constitution and the findings of our courts. The work at Brookings is heard among the people who can make a difference."

In West, Brookings found a top-tier academic with a real sense of how politics works. At Brown, West served as the director of the Taubman Center for Public Policy and as a professor of public policy and political science. He received high marks from an impressive range of politicians, academics, journalists, and funders.

A major highlight of the year occurred in June when William Galston became the first Brookings expert to hold the Ezra K. Zilkha Chair in Governance Studies. The Zilkha Chair will tackle some of the hardest questions in the area of political and institutional reform. To mark the occasion, Brookings hosted a speech by U.S. Supreme Court Justice Stephen Breyer on international governance and American law.

A Political System Challenged

The program's signature project this year was *Red and Blue Nation*—a project that involved nearly every Governance Studies expert in the exploration of the causes and consequences of partisan polarization.

RALPH ALSWANG

Conducted in collaboration with the Hoover Institution at Stanford, the three-year study gained a wide audience. Nivola teamed with David W. Brady, deputy director and senior fellow at Hoover to edit *Red and Blue Nation? Volume II*, which built on the first volume (Brookings, 2006), and was released at the height of the presidential primary and caucus season.

“Are we at the dawn, as it’s being said, of a post-partisan age? Trust me, we’re not,” Nivola told participants at a Brookings event on Feb. 15 to release the book. “The partisan divide is deep. It will become keener as the general election progresses. The chasm between the party philosophies of the two—of the Democrats and Republicans—is especially deep in the area of foreign policy.”

Governance Studies held more than 30 events this year, at

which politically diverse views were aired on topics ranging from the rise of the conservative legal movement and religion and the swing voter to prosecutorial misconduct and abuse and terrorists and detainees. Governance Studies experts also participated in major cross-Brookings collaborative activities, including eight Governance Studies experts who contributed to Brookings’s Opportunity 08 project.

This proved a record year for analyses and commentary on general politics. Visiting Fellow Michael McDonald set a pattern for Web editorials on Jan. 9 with “Collapsible Candidates from Iowa to New Hampshire,” a piece that explained the swiftly changing dynamic of the presidential election. Galston followed with several other thought-provoking commentaries for the Internet that were often cited in the



Benjamin Wittes, research director in Public Law.

HILLARY SCHWAB

media, including a June 4 piece that explained how Obama had run the first true campaign of the 21st century. In addition to regular election updates and citations in the U.S. media, Senior Fellow Thomas Mann, W. Averell Harriman Chair in American Governance, conducted speaking tours in Australia, Russia, China, Singapore, Japan, and Italy. Throughout the primary and caucus season, Senior Fellow E.J. Dionne continued to appear regularly on national television and radio programs “This Week,” “Meet the Press,” and “All Things Considered.”

How exactly does one go about being the president of the United States? Senior Fellow *Emeritus* Stephen Hess, a renowned presidential scholar, wrote a workbook to guide the president-elect through the early thicket of decisions. *What Do We Do Now?* (Brookings, 2008) became widely cited in the days leading up to the election.

Congress: The Broken Branch?

Narrow majorities in both chambers of the 110th Congress meant filibusters in the Senate, tangling over recess appointments, and considerable frustration over what did not happen: immigration reform, a disengagement from Iraq, and a permanent fix for the Alternative Minimum Tax (AMT) for starters. Offering previews and assessments, Senior Fellows Mann and Sarah Binder joined with American Enterprise Institute resident scholar Norman Ornstein twice to put this Congress, and its record, in perspective.

According to the indicators charted by Mann and Binder in January, this Congress aimed lower and achieved more of its explicit legislative objectives than did the 1995 Republican Congress. Mann and Binder’s indicators, published on the opinion page of *The New York Times*, showed that the new Congress in 2007 was more productive in terms of the number and nature of serious pieces of legislation signed into law.

Justice and Law

Governance Studies broadened its field into constitutional law and executive powers in the administration of counterterrorism efforts. The commentary of Fellow and Research Director in Public Law Benjamin Wittes



Thomas Mann moderates a panel with Senior Fellow Alice Rivlin on the financial bailout package after the House of Representatives first voted to reject it, sending shockwaves through the markets.

PAUL MORIGI



Barack Obama talks with Senior Fellow E.J. Dionne after an Opportunity 08-Tax Policy Center event.

RALPH ALSWANG

published in *The New Republic* and *The Washington Post* provided new insights on Congress's Guantanamo dilemma and on the reauthorization of the Foreign Intelligence Surveillance Act (FISA). After the Supreme Court issued its Guantanamo opinion in June, Wittes urged Congress and the executive branch to enact a comprehensive legislative solution.

In mid-June, the program capped its Judicial Issues Forum series with a briefing on U.S. Supreme Court rulings during its 2007–2008 term. Moderated by Wittes, the panel included Nonresident Senior Fellow Stuart Taylor Jr. among other experts. Earlier that week, U.S. Supreme Court Justice Stephen Breyer spoke on international governance

and American law at an event to inaugurate the new Zilkha chair; Wittes also released his new book, *Law and the Long War: The Future of Justice in the Age of Terror* (Penguin Press, 2008), at a Brookings panel discussion.

**Looking Forward:
The Democracy Project**
Governance Studies's work in

recent years reveals deep fissures in the political system that hinder the ability to make long-term policy decisions in the public interest. America's electoral and governing institutions are not performing at a level commensurate with the challenges of our time. Issues from health care, trade, and climate change to immigration, education, and the deficit require urgent action. As a result, the program has begun a new initiative led by Darrell West to improve our political system.

Three themes guide this project: the need for better cooperation between branches and across parties, the necessity of decisive leadership and coalition-building, and efforts at improved civic and media discourse. The project aims to propose concrete actions to better the functioning of American democracy. ■

BROOKINGS EXPERTS ON EDUCATION

With the American education system lagging behind other advanced industrial nations, interdisciplinary research drawn from across Brookings is critical to finding long-term solutions. And the stakes couldn't be higher: Experts have long recognized that the political and economic well-being of any democracy requires a well-educated citizenry.

The Brown Center on Education Policy examines the problems of the American education system: the impact of curriculums, academic standards and accountability, testing



Russ Whitehurst

U.S. DEPARTMENT OF EDUCATION

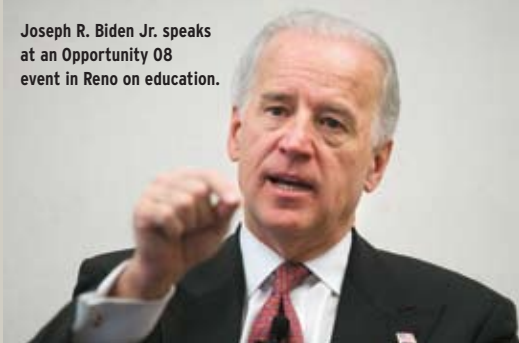
procedures, and achievement gaps among racial and ethnic groups, among others. The seventh edition of the Brown Center Report on American Education, released in December 2007, noted the connection between national math scores and the amount of time students spend learning mathematics in different countries. Grover J. "Russ" Whitehurst, currently director of the Institute of Education Sciences in the U.S. Department of Education, will succeed Tom Loveless as director of the Brown Center on Education in January 2009. Loveless, the Herman and George R.

Brown Chair in Educational Studies, will remain as a senior fellow focusing on education.

Extending beyond the K-12 bookends, experts at the Center on Children and Families study the role of education in economic opportunity and mobility and ways to mobilize the community to help students achieve. Rebecca Blank, who joined the Economic Studies Program this year as the Robert S. Kerr senior fellow, is examining how the external environment around schools affects the outcome of its students.

At home, the Metropolitan Policy Program's Blueprint for American Prosperity Initiative is examining the pressing need to better prepare many young adults in urban centers for higher learning.

Joseph R. Biden Jr. speaks at an Opportunity 08 event in Reno on education.



RALPH ALSWANG

And globally, the Wolfensohn Center for Development has a burgeoning research agenda on early childhood development in poor countries.

One area where experts already have gained traction is with investments in early education. Isabel Sawhill and Nonresident Senior Fellow Jens Ludwig have proposed "Success by Ten"—a program designed to help every child achieve success in school by age 10—which has been included in several lists of congressional policy priorities. ■

Metropolitan Policy

Through its innovative Blueprint for American Prosperity initiative, the Metropolitan Policy Program this year put forth ideas that resonated in the 2008 election debate and—more importantly—developed proposals for the federal decision making that now lies ahead. Both Sens. John McCain and Barack Obama embraced some of Metro’s recommendations in key regions. A new administration and a new Congress in 2009 give the program a wonderful opportunity to “bubble up” the kinds of state, metropolitan, and local innovations that Metropolitan Policy Program experts have been advancing for the past decade.

“Our work on the American economy shows that the top 100 metropolitan areas, home to two-thirds of our population, concentrate and focus the economic power of the nation,” said Bruce Katz, vice president and founding director of the Metro program and the Adeline M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy. “Metro areas generate three-quarters of our GDP and garner the lion’s share of such assets as innovation, human capital, infrastructure, and quality places. They should be central to federal policy.”

The Minneapolis bridge collapse in August 2007 tragically underscored the perilous state of the nation’s physical infrastructure. The Metro program is informing next-generation thinking on federal transportation reform by highlighting effective efforts in the states and metropolitan areas. Likewise, the program’s work on integrating housing, transportation, land use, and energy policies under a holistic framework is influencing the climate change debate, as 43 percent of greenhouse gas emissions emanate from the built environment.

Blueprint for American Prosperity

One year out from the 2008 elections, hundreds of people came to Brookings for the launch of the Blueprint for American Prosperity and many more watched the presentations on a live Web cast. The Blueprint offered a powerful and compelling argument at an important point in history: The ability of the United States to compete globally and to meet the great economic, environmental, and social challenges of the 21st century rests largely on the health, vitality, and prosperity of the nation’s major cities and metropolitan areas.

To achieve those goals, the Blueprint argues that wholesale federal reform is necessary—breaking down the walls between anachronistic programs so that the national government is pulling in the same direction as the metropolitan regions that house the vast majority of

STEPHEN O. BOITANO





Bruce Katz, vice president and director of the Metropolitan Policy Program, illuminates the 100 top metropolitan areas as the economic engines of the nation at the launch of the new Brookings Blueprint for American Prosperity.

American residents and provide the nation's jobs, innovations, and ideas.

As summarized by Seattle Mayor Greg Nickels in an op-ed, the Blueprint is “about making deliberate, conscious choices to chart our future. We want a genuine partnership and the flexibility to make the right decisions, a partnership that allows us to make headway on our challenges.”

The first Blueprint publication unveiled at the launch and authored by Fellow Alan Berube, the Metro Program's research director, demonstrated how the top 100 metropolitan areas drive and dominate the American economy. The report received substantial media coverage and stimulated local editorials on the need to incorporate metro concerns during the 2008 presidential election.

A Blueprint Policy Series, initiated in April, released papers

arguing for, among other things, a National Innovation Foundation, shrinking America's carbon footprint, and new directions on transportation policy. The series also contained reports on the demographic and political dynamics under way in 10 “battleground” states, starting with Pennsylvania, that were crucial in deciding the 2008 election. Co-authored by Senior Fellow William Frey and Visiting Fellow Ruy Teixeira, the series represented a timely collaboration between the Metropolitan Policy Program and Governance Studies.

Generating substantial media coverage, specific policy papers delved into regional challenges in the Great Lakes and the intermountain west. Papers illustrated the economic benefits of integrating the Canadian and American economies in the Great Lakes region and explored how Arizona, Colorado, Nevada, New Mexico, and Utah are experiencing some



Deputy Director Amy Liu

LYNN DYKSTRA

of the fastest population growth and economic and demographic transition anywhere in the country.

A network of nearly 100 partners from 30 metropolitan areas, including local elected officials, university leaders, and metropolitan business alliances have hosted dozens of presentations of the Blueprint in areas as diverse as Chicago, Dallas, Harrisburg, and Seattle.

In June 2008, at the two-day Summit for American Prosperity, over a thousand people showed

up at the Washington Hilton for the largest Brookings event ever. Unusual too was that most of the speakers were not Washington experts. The many faces at the podium included governors, mayors, county executives, and other representatives of what Bruce Katz called the “Metro Nation.”

Economist Michael Porter told the large gathering that “as we look at the U.S. economy, what we have come to understand is there is no U.S. economy. Instead there are hundreds of metropolitan economies. Each of them is different. Each of them has different clusters ... which have allowed for high productivity. In fact, if you think about it, almost everything that matters for competitiveness is not federal—it's local.”

Along those very lines, a major policy-framing paper, authored by the program's policy director, Mark Muro, presented



Audrey Singer takes audience questions on why the presidential candidates were not talking about immigration.

SHARON FARMER

Brookings Experts on Migration

borders raises new policy issues in both wealthy countries and in the developing world.

Research at Brookings includes work in the Metropolitan Policy Program on the demographic, social, and economic trends affecting U.S. cities and metropolitan areas. Senior Fellows Audrey Singer and William Frey have become leading experts on the new “gateway” cities and how race and immigration shape the modern-day electorate. Their work is widely read and cited by Republican and Democratic leaders.

In Foreign Policy, the Brookings-Bern Project on Internal Displacement operates under the auspices of the United Nations. Their

research on Darfur, Colombia, the Democratic Republic of the Congo, and other displacement situations provides a unique humanitarian and human rights perspective on crises that are too often seen only in strategic or national policy dimensions. Other experts in Foreign Policy are examining the implications of Muslims' increasing presence in Europe.

Cutting-edge computer modeling in Economic Studies examines migration trends and the ramifications of natural disasters.

Brookings budget analysts are conducting landmark research on the cost-benefit analysis of immigrant families in the communities and states.

Other projects at Brookings engage in research on trade and global labor markets and European integration. Governance Studies experts are increasingly examining the political ramifications of a changing America, including foreshadowing key trends in the 2008 election and beyond. ■



Elizabeth Ferris, co-director of the Brookings-Bern Project on Internal Displacement.

SHARON FARMER

a 21st-century vision of federalism that identified domestic policy areas where the federal government should take charge on global economic and environmental challenges. The paper also outlined where the next administration needs to empower metropolitan areas to drive sustainable growth and sustained prosperity.

Blueprint recommendations gained bipartisan support prior to the election. Sens. Barack Obama and John McCain joined the program's call for support of Great Lakes restoration as a critical step in strengthening the Midwest's economy. Sens. Susan Collins and Hillary Clinton introduced a bill that encompasses the Blueprint's recommendations on cluster-led economic development and the creation of a National Innovation Foundation. In June, Obama spoke at the nonpartisan U.S. Conference of Mayors meeting in Miami and mentioned Brookings by name, stressing the enhanced role that metropolitan areas need to play in the national economy.

On the state level, the Metro program continues to promote strategic thinking by governors and legislatures in adapting to 21st-century realities. For instance, the program convened nearly 1,000 people in Columbus, Ohio this year to develop a state agenda for restoring prosperity to the Buckeye State.

Metropolitan Infrastructure Initiative Launched

In fall 2007, Fellow Robert Puentes headed a new infrastructure initiative to address the pressing transportation and infrastructure challenges facing U.S. cities and suburbs. This work, supported by the Rockefeller and Surdna foundations, is closely coordinated



Bruce Katz addresses more than 1,000 people at the Summit for American Prosperity.

LYNN DYKSTRA

with a network of political, environmental, and business leaders at the federal and metropolitan levels. One initiative goal is to adapt for U.S. policy consideration the innovative transportation policies and infrastructure investments found around the globe.

In a well-cited report released at the Blueprint summit in June, Puentes wrote that physical neglect, congestion, and environmental degradation now seriously compromise the efficiency of a network crucial to the national interest, with a price tag estimated in the hundreds of billions. It presented a new vision for national transportation policy that focuses on strategic infrastructure investment, metropolitan area empowerment, and state reforms.

Framing a Metropolitan America

The Metro program provides important context and framework for decision making. The program's Census-based analysis of U.S. demographic trends remains the only effort of its kind, providing up-to-date perspectives on the demographic, economic, and cultural forces remaking neighborhoods, cities, and metropolitan areas. William Frey and Audrey

Singer have become two of the nation's most-noted experts on dynamic demographic changes.

Singer co-authored an important book on the shifting patterns of immigrant settlement, *Twenty-First-Century Gateways: Immigrant Incorporation in Suburban America* (Brookings, 2008), which revealed how the current influx of immigrants is changing the U.S. landscape. She also worked with scholars throughout the Institution to design a new "all-Brookings" migration initiative (see box, page 24).

Visiting Fellow Christopher B. Leinberger's review of real estate development trends shed light on the presence of walkable urban neighborhoods in U.S. cities and suburbs that encourage more foot traffic and fewer cars. His field survey of 30 metropolitan areas, accompanied by his new book, *The Option of Urbanism: Investing in an American Dream* (Island Press, 2007), colorfully illustrated the rise of walkable urban neighborhoods, especially around rail transit lines.

At Home and Abroad

Brookings Greater Washington Research, led by Senior Fellow Alice Rivlin, conducted research

this year on several critical areas, including the need for strengthened community college programs in the District and a review of socio-demographic and economic changes among the District's population since 2000.

State and regional efforts across the country produced several standouts. In Pennsylvania, the program is now in its fifth year of working with such partners as the Campaign to Renew Pennsylvania to advance state efforts to address government fragmentation and to ensure the fiscal sustainability of local municipalities. Policy recommendations in the 2006 report on charting Maine's future have been advanced through a series of bond referenda and legislative and administrative actions.

In summer 2008, the Metro program launched a TransAtlantic Policy Series to identify policy innovations at the European Union, nation-state, and local levels in Europe that could be useful to U.S. policy-makers. New TransAtlantic Fellow Julie Wagner, based in Milan, conducted a "scan" of European examples of reforms and initiatives that might offer guideposts for the Blueprint initiative. ■



BROOKING

Linda Steckley, vice president of development, and Trustee Michael L. Tipsord converse with Trustee Lawrence Summers and William Gale, vice president and director of Economic Studies, at a Brookings Board meeting.



Support for Brookings

Donors Invest in Quality Research

Survey after survey has ranked Brookings first for providing research of the highest quality, independence, and impact. This year more than 200 Brookings fellows on domestic and global matters generated landmark achievements in public policy.

The generous support of corporate, foundation, and individual donors enabled Brookings to meet the financial needs of an increasingly expansive and ambitious research agenda. Operating expenses have increased over the past few years. So, too, have the support and engagement of donors. With many opportunities for scholar dialogue—at events throughout the country and at public and private events at Brookings headquarters in Washington—Brookings’s benefactors can discuss and analyze the pressing issues of the day with the nation’s leading policy experts.

These constructive exchanges between experts and philanthropists strengthen Brookings’s work by grounding it in real-world experience and give its donors seasoned insights into global dilemmas and the policy prescriptions to deal with them. Thanks to the generosity of numerous individuals, corporations, and foundations, Brookings continues to be the nation’s leading think tank.

Council Members Get First Look at Research

The business and community leaders who comprise the Brookings Council had many opportunities this year to engage with some of the best public policy minds in the world today, as well as with each other. The rigorous, nonpartisan research that Brookings experts present at Council events is especially important in an age when partisan politics dominate.

The 2008 Brookings Council’s New York forum, for instance, met on the theme of “Beyond the Election: Challenges for a New President.” Coming on the heels of Super Tuesday, E.J. Dionne Jr., a senior fellow and a syndicated columnist, gave an overview of the presidential campaign and moderated a panel of Brookings experts on issues at the forefront of the 2008 election: the Middle East, energy and the environment, and health policy. Council members actively participated in the forum, challenging experts and offering their own informed responses.

The Brookings Council event calendar for 2007–2008 offered more than a dozen opportunities for interaction with experts. In October 2007 alone, breakfasts in Washington, D.C., Boston, and New York offered insights on the dynamics of change among China, Japan, and

Welcoming New Trustees

During the 2007-2008 year, the Brookings Board of Trustees elected 11 new members to its ranks. The Board is composed of the nation's foremost business executives, academics, community leaders, and former government officials, as well as leaders in international business. The Board, which meets three times a year, helps govern the business affairs of the Institution, approves the fields of scholarly investigation, and safeguards the independence of the Institution's work. Brookings is proud to welcome its newest members to the Board of Trustees:

ABBY JOSEPH COHEN
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and Senior Investment Strategist
Goldman, Sachs & Co.

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Managing Partner
DB Zwirn & Co., LLC

the United States; the jihadist threat; and global poverty. A spring breakfast in New York with Senior Fellow Tom Mann gave members an insider's view of the election campaign.

Brookings Council members are essential partners in the advancement of independent public policy research. The Brookings endowment generates approximately 15 percent of Brookings's operating budget, with the remaining 85 percent coming from the generous support of donors. As Brookings's leading benefactors, the Council provides the resources that enable the Institution to fulfill its critical mission of independent research and innovative policy solutions.

Companies Join Corporate Council

More than 75 companies joined the Brookings Corporate Council last year, giving them a robust schedule of events, scholar discussions, and publications on a wide range of pressing domestic and international topics. Membership provides corporations the knowledge they need to do business in a rapidly changing world and to anticipate the policies that shape company strategies.

The financial support that these companies gave to Brookings provided indispensable resources to carry out research and formulate policy ideas. Among the many companies that supported Brookings in 2008, several stand out for the generosity and foresight of their gifts.

Liberty Mutual Group made a substantial multiyear gift to Brookings, which helped establish the new Latin America Initiative and its flagship endeavor, the Partnership for the Americas Commission—a group of acknowledged experts that is



Trustee Shirley Ann Jackson at the May Board meeting.



Trustee Glenn Hutchins and International Advisory Council Member Kazuo Furukawa confer at an IAC meeting.



Thomas C. Ramey, executive vice president of Liberty Mutual.

analyzing current political, economic, and social trends between the United States and Latin America to encourage more con-

structive engagement with its neighbor to the south and stronger hemispheric relations. With additional support from other leading companies, individual donors, and philanthropic foundations, the Initiative is poised to have a strong impact on the next administration's approach to hemispheric relations.

Hitachi, Ltd.'s major support for Brookings's work on energy and climate change included a substantive collaboration in the area of projected technological developments with Hitachi's research branch, the Hitachi Research Institute. Leading up to the G8 Summit in July 2008, Brookings and the research institute used a large-scale computer



Trustee Ann M. Fudge

model of the global economy to evaluate the economic impacts of a range of proposals to deal with climate change. The project culminated in a high-level workshop in Tokyo that provided a forum for discussion on the key findings of the research and major challenges for reaching an international agreement on climate.

Key decision makers including government, policy, and corporate leaders from the United States, Japan, and other G8 nations participated.

Citigroup's major support helped Brookings pursue independent research on key regions throughout the world and on a variety of domestic and international economic issues. As a leading global company, Citigroup is interested in a wide range of issues, from financial markets to the rise of China to emerging economies worldwide. By supporting the Institution as a whole, Citigroup helps make sure that Brookings experts can tackle a broad research agenda focused on the most pressing issues facing corporate decision makers across the world.

Foundations Help Sustain Quality Research

Brookings is grateful for the gen-



Betsy Biern, associate vice president for development, converses with Senior Fellow Daniel Benjamin prior to an event on the future of the European Union.

erous support of the private foundations that sustain the Institution's research agenda. With more than \$24.5 million in new grants in 2008, private foundations provided critical resources for projects across all of Brookings's programs. Several major foundations made particularly noteworthy contributions last year.

The **Robert Wood Johnson Foundation** made an \$8.7 million grant to support the work of the Engelberg Center for Health Care Reform. Under the leadership of Mark McClellan, this grant funds development of a strategy for the Quality Alliance Steering Committee, which seeks ways to achieve high-value health

Board Meets in Nevada, South Carolina

Just as the United States was entering intensive phases of one of the most exciting and consequential presidential races ever, Brookings held "outside the Beltway" Board meetings in Las Vegas, Nev. (November 2007), and Charleston, S.C. (January 2008). Both cities provided venues for the Brookings Board of Trustees to view politics in action at a crucial time in our nation's history—and to see the role that Brookings is playing in shaping the nation's future.

During the Las Vegas Board meeting,

guests had an opportunity to attend a live viewing of the Democratic presidential debate at the University of Nevada, Las Vegas. The morning after the debate, Brookings helped host an Opportunity 08 forum featuring national foreign policy experts and political analysts.

Trustees also had an opportunity to view the Metropolitan Policy Program's impact on how cities and regions are governed. Most of the Las Vegas meeting focused on the Metro program's Intermountain West project and its increasing importance as more people move to the area, making its



Trustee Brian L. Greenspun



Brookings's Opportunity 08 forum in Las Vegas with foreign policy experts.

economy, inhabitants, and politics more and more central to the nation.

The Charleston meeting focused on migration as well as competitiveness and trade, issues vital to South Carolina. The morning after the South Carolina GOP debate, and a week before the state's Republican presidential primary, Brookings held an Opportunity 08 forum titled

"Competitiveness: From Charleston to China." South Carolina Gov. Mark Sanford opened the forum. Trustees also gathered for a private reception at the home of John and Margaret Thornton, and had dinner in Charleston's Old Exchange building, one of the most historically significant Colonial buildings in the United States. ■

International Advisory Council

U.S. Treasury Secretary Henry Paulson discusses the financial situation at an IAC meeting.



RALPH ALSWANG

care through better information and quality improvement.

The **John D. and Catherine T. MacArthur Foundation** has long been one of Brookings's most important and generous donors. In addition to a \$500,000 grant to the Managing Global Insecurity project that Brookings is running jointly with New York University and Stanford University, the MacArthur Foundation pledged \$7 million to support the Metropolitan Policy Program. This generous award includes \$2 million in operating support as well as a \$5 million institutional grant that creates an endowment for the program and helps leverage additional funds. This grant demonstrates not only our shared commitment to improving the nation's metropolitan areas, but also the Foundation's leadership in the philanthropic community.

The **Bill & Melinda Gates Foundation** also made a challenge grant last year supporting a joint venture between Brookings and The Urban Institute. The "Opportunity Fund," established by the Tax Policy Center, will receive one dollar for every three dollars contributed to the Fund, up to \$2.5 million, which will enable the Center to conduct research on tax issues looming for American policy-makers, citizens, and businesses.

The Gates Foundation also made nearly \$2 million in grants to the Metropolitan Policy Program for work on New Orleans and the Gulf Coast in the aftermath of Hurricane Katrina, and to advance the Blueprint for American Prosperity, as members of the Metropolitan Leadership Council.

Brookings Experts Lead Study Tour to India

For two weeks—from Feb. 15 to March 1, 2008—a delegation of

The International Advisory Council (IAC) was established to help Brookings create a meaningful dialogue with international business leaders, extend its outreach and relevance to other countries, and increase its ability to inform the American public and policy-makers about perceptions in other parts of the world.

Representing 21 countries on six continents, IAC members provide invaluable advice and support for Brookings as it becomes an increasingly global think tank. They offer their diverse perspectives on developments in their regions along with candid insights into how America and its policies are received.

The IAC held its annual meeting from May 4-6 in Washington, with a focus on the upcoming presidential election and the economy—and its implications for national policy, international security, development, and the environment. Members engaged in a focused set of conversations with Brookings experts, senior staff, and trustees. Speakers included Treasury Secretary Henry M. Paulson Jr., Secretary of Defense Robert M. Gates, former Treasury Secretary and Brookings Trustee Lawrence H. Summers, and the chief Washington correspondent for ABC News, George Stephanopoulos.

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During a reception for the Brookings group, Prime Minister Manmohan Singh greets Strobe Talbott, Liaquat Ahamed, and Steven A. Denning at his residence in Delhi.



COURTESY OF THE PHOTO DIVISION OF THE GOVERNMENT OF INDIA



Trustees Suzanne Nora Johnson and Alan R. Batkin mingle at a reception at the home of John and Margaret Thornton at the winter Board meeting in Charleston, S.C.

RALPH ALSWANG

49 Brookings Trustees, Council members, friends, scholars, and staff traveled more than 3,000 miles around India. The Study Tour was led by President Strobe Talbott, Senior Fellows Bruce Riedel and Stephen Cohen, and Vice President Carlos Pascual. After spending several days in Mumbai (often called “Maximum City”), the Brookings travelers moved on to Bangalore, Delhi, Udaipur, and then back to Delhi for official meetings during the last week.

En route, the group held panel discussions on various aspects of Indian life, from the Indian economy to the role of India’s lively, opinionated, often rambunctious, and constantly proliferating media. For sight-seeing, the travelers rode in colorfully festooned rickshaws and horse-drawn carriages, and—to keep a venerable tradition alive—on elephants.

Every city showcased India’s booming economy. In Mumbai and Bangalore, the Study Tour got a close look at several Indian companies that represent different aspects of the country’s astonishing economic progress, including the Tata Group, Bajaj Auto, and Reliance Industries Limited. In Bangalore, travelers saw the India Space Research Organization, a governmental

agency that is hard at work on an unmanned moon mission.

The Brookings delegation enjoyed a wide-ranging conversation with the current prime minister, Dr. Manmohan Singh, at his sprawling official residence in central New Delhi. The prime minister said his country was conducting “the world’s greatest experiment in democracy, since never before have 1 billion people chosen to govern themselves.” For that to succeed, he added, India must improve the lives of its poor.

As for U.S.-India ties, the Brookings group heard an enthusiastic confirmation of the generally positive assessment they had gotten from Nick Burns, former U.S. undersecretary of state, before departing on the trip. ■

Ezra Zilkha Endows New Chair

Ezra Zilkha has been a leader of our Board of Trustees for more than 25 years and a guiding force in Brookings’s growth as it approaches its second century. “We are all grateful, privileged, and honored that Ezra has chosen to invest in the Institution’s future through the endowment of a chair,” said Strobe Talbott in announcing the Ezra K. Zilkha Chair in Governance Studies in June. “As the inaugural holder of the Zilkha Chair,” added Talbott, “Bill Galston represents the high standards, intellectual distinction, and personal integrity worthy of the donor.”

The Ezra K. Zilkha Chair in Governance Studies will tackle some of the hardest questions in the area of political and institutional reform. As the holder of the Chair, Senior

Fellow William Galston will be committed, as are Zilkha and Brookings institutionally, to the nonpartisanship and civility of public discourse. This Chair will serve to strengthen American democracy by examining and evaluating its political institutions and, when appropriate, making recommendations for reform.

The Chair was announced at a Brookings event on June 24 that featured a keynote address from U.S. Supreme Court Justice Stephen Breyer, who spoke on the challenges and opportunities that international governance poses for American public law. The public event was followed by a private luncheon that honored both Zilkha and Galston.

Ezra Zilkha is the president of Zilkha & Sons Inc., a private investment company in New York that succeeded the original banking firm

founded by his father, Khedouri Aboudi Zilkha, in Baghdad in 1899. Building on that legacy, Zilkha’s own career spanned stints in Egypt, Japan, Europe, and the United States. It highlights his perspective as a citizen of the world.

Zilkha feels that we have “never had a more uncertain time than the present.” In discussing his motivation in establishing the Chair, he commented: “Above all we lack leadership in the world, and I wonder if new and vigorous leadership would help us now. The problems are enormously varied and very much interconnected. The world is a much more complicated place, but complications can develop opportunities for change.

Trustee Ezra Zilkha and U.S. Supreme Court Justice Stephen Breyer exchange greetings.



RALPH ALSWANG

And at times like these Brookings has an ever-more important role to play because it can be at the forefront of change.”

Creating the Chair was Ezra Zilkha’s way of thanking Brookings for the quarter century of his “satisfactions” with the Institution and, more importantly, will enable Zilkha, through Brookings, to have a constructive impact on making American democracy work better. ■

Complex Challenges Shape Strategic Plan

At the beginning of what would be called “the American Century,” in the midst of a world at war and in economic turmoil, Robert Brookings concluded that rigorous thinking and independent, disciplined research were essential to governing a modern, industrial democracy. The Institution he helped create aimed at educating U.S. policy-makers and informed citizens in how to address complex challenges. With the dawn of the 21st century, Brookings’s mission is more important than ever—both in the United States and around the globe.



As Brookings approaches its centenary, we are committed to ensuring that America’s most experienced, most trusted, and most influential think tank rises to the economic and national security crises of our own time. Drawing on input from Brookings’s leadership, staff, trustees, and friends of the Institution, the Brookings Board approved a strategic plan in 2007 for what the Institution should do—and be—by our 100th birthday in 2016.

The agenda for our tenth decade is built on the foundation of our research programs, each of which stands at the top of its field. The strategic plan also identified five particularly pressing challenges facing the nation and world that cannot be addressed by any one research program alone: competitiveness, education, energy security, health care, and migration (see stories pages 8, 13, 16, 21, 24).

Beyond those five “All-Brookings Priorities,” the strategic plan established a flexible internal management system that allowed us to work across research programs and disciplines on topical crises. From responding to the growing mortgage and credit crisis that threatens the entire economy, to launching a new Latin America Initiative, to envisioning integrated and multi-dimensional work on the nation’s infrastructure challenges, Brookings experts created research products where the whole was greater than the sum of the parts.

The strategic planning process also forged a consensus among our scholars, our staff, and our trustees that maintaining the Institution’s core virtues—quality, independence, and impact—requires disciplined management and leadership. With that in mind, 2008 was a year of reflecting on past success and plotting the course ahead.

To maintain our quality, we intend to remain focused on retaining and recruiting the very best experts. Best-in-class recruits such as Vice President Darrell West and Senior Fellows Rebecca Blank, Mauricio Cárdenas, and Eswar Prasad all bring extraordinary expertise to Brookings at a time of great change in the makeup of American political and economic institutions. For instance, Mauricio Cárdenas will direct the new Latin America Initiative, managed jointly by the Global Economy and Development and Foreign Policy programs. Already it’s a hub of high quality, interdisciplinary research, with an extraordinary commission to advise on fresh recommendations on how the next president can engage Latin America.

To increase our impact, we are seeking to inform policy-makers more directly—and in a way that demonstrates the depth and breadth of the Institution. Perhaps our most



ambitious effort in this regard was Opportunity 08—an All-Brookings outreach project that actually began in 2007. The 2008 elections offered an exciting opportunity to shape the debate around key policy issues, particularly since this election featured a historic anomaly: Neither party’s primary featured an incumbent president or vice president, something that had not happened in 80 years. Opportunity 08 aimed to help presidential candidates and the public focus on critical issues facing the nation, providing ideas, policy forums, and information on a broad range of domestic and foreign policy questions. For over 20 months, scholars from across Brookings worked together to develop position papers and candidate indices on more than three dozen topics. Brookings hosted forums on the full



Dominic Barton (left), chairman of the Asia region for McKinsey & Company, confers with Foreign Policy Vice President and Director Carlos Pascual (right) and Trustee Richard Kauffman during a Foreign Policy Program Leadership Committee meeting.

range of policy options, including issue-focused town-hall meetings in the early battleground states of Iowa, New Hampshire, South Carolina, and Nevada, and general election battleground states such as Ohio and Florida. Led by a bipartisan advisory council headed by co-chairs Ken Duberstein and Tom Donilon, the effort reached out to candidates and policy advisers from both political parties. That effort will transition this year into a unified effort to provide our best thinking to the president-elect.

Increasing our impact also means reaching out more proactively, both nationally and globally. Brookings was the most widely quoted think tank in the United States again this year, and created new partnerships with ABC News, *Politico*, and *Caijing* magazine. Our increasing global reach was seen in the early results of our redesigned Web site (brookings.edu), which has increased page views to 1 million per month. Subscriptions to our 24 e-newsletters jumped 85 percent over the past year, and approximately 25 percent of Web site visitors come from outside of the United States, from countries as diverse as India, China, and Germany.

Maintaining independence is also critical to our mission. According to an annual poll by Harris Interactive, Brookings is the most trusted think tank in America, winning extremely high marks from both Republicans and Democrats. Fostering and maintaining that independence requires financial support from donors who understand what’s at stake, both for Brookings and the world. With annual giving on the rise and an engaged Board of Trustees, we are poised to offer a new generation of policy-makers the trusted facts and fresh ideas that Robert Brookings recognized as critical in 1916. ■

Center for Executive Education

A primary mission of Brookings is to impact policy-makers and thought leaders. One way this mission is being carried out is through the Brookings Center for Executive Education (BCEE), which presents the research and recommendations of Brookings experts directly to a diverse audience of public- and private-sector executives.

“Our programs give our scholars an opportunity to share their work with new audiences,” said Terry Goodwin, senior director of BCEE. “We have provided hundreds of briefings to inform the front-line executives who run America’s industries and government agencies and play an increasingly important global role.”

This year alone, Brookings experts from all five research programs spoke at BCEE courses—a total of 73 times. When the Department of Defense’s Joint Warfare Analysis Center asked BCEE to craft a custom course on strategic thinking for its commanders and division heads, Senior Fellow Peter Singer was tapped to co-direct the program with the BCEE staff. Singer, who is director of the 21st Century Defense Initiative at Brookings, gained an opportunity to put his cutting-edge research in front of his target audience: the commanders and division heads who shape defense policy.

Executives from more than 175 companies and federal government agencies—from Boeing and Caterpillar to the National Institutes of Health and the Social Security Administration—participate in BCEE courses each year. And the Legis Congressional Fellowship program allows man-

agers from the government and private industry to spend up to one year working in congressional offices to develop relationships and knowledge that will endure throughout their careers.

“The Legis program experience has allowed me to work directly on U.S. trade policy issues—my own area of expertise—and also branch out into issues like defense and foreign policy,” said Miguel Hernandez, Department of Commerce, who spent his fellowship in the office of Sen. Barbara Boxer of California. “I worked with people I typically never encountered at Commerce and came away from this experience understanding my own field so much better,” he said.

Federal managers who sign up for BCEE programs are awarded a Certificate in Public Leadership after completing a total of 20 course days at Brookings. More than 200 government executives aspiring to join the ranks of the Senior Executive Service are currently pursuing this credential from Brookings.

New executive education offerings this year include one-day workshops on Creative Leadership and Women’s Leadership.

Within the BCEE curriculum, there are many innovative opportunities for participants to question ideas and absorb new information. At “Food For Thought” dinners, attendees dine in small groups at tables hosted by Brookings experts, allowing them to spend a couple of hours discussing policy ideas in detail. Guests can discuss the economics of marriage with Senior Fellow Isabel V. Sawhill, a co-director of the Center on Children and Families, or quiz Tamara Cofman Wittes, senior fellow in Foreign Policy studies, on Hezbollah.

So, does attendance at BCEE



A Brookings group enjoys a private tour of the U.S. Capitol with former Rep. Jim Moody of Wisconsin.

PETER KROGH

sessions create better executives? There is clear evidence that it does. In February 2008, 20 percent of the 333 Presidential Rank Awards given by President George W. Bush for exceptional government service went to alumni of BCEE programs.

Barbara Kakiris from NASA

completed her Certificate in Public Leadership this year. She said, “Brookings satisfied my need for intellectual engagement and learning from others. They really push you to think in ways that you wouldn’t normally. I was stunned by the caliber of people who lead the programs.” ■

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STATEMENT OF ACTIVITIES

Years Ended June 30, 2008 and 2007 (in thousands)

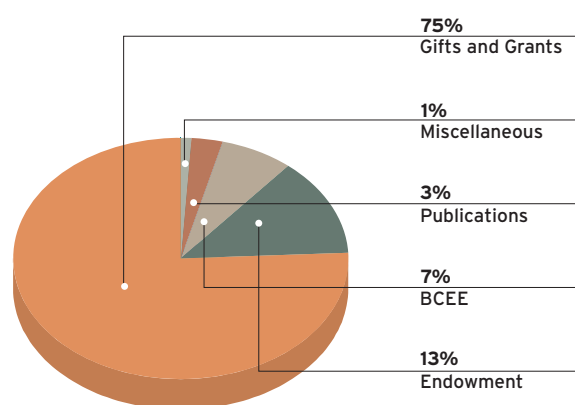
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	2008 TOTAL	2007 TOTAL
OPERATING REVENUES					
Investment return designated for operations	\$ 10,171	\$ 2,260		\$ 12,431	\$ 11,496
Grants and contracts	1,713	48,374		50,087	64,164
Contributions	5,141	5,922		11,063	8,779
Conferences	5,283			5,283	3,956
Brookings Press	2,654			2,654	2,482
Interest and dividends	114	123		237	268
Rental income, net	(92)			(92)	59
Facility revenue	914			914	978
Other income	182			182	161
Net assets released from restrictions—					
Satisfaction of program restrictions	51,923	(51,923)			
Total Operating Revenue and Support	78,003	4,756		82,759	92,343
OPERATING EXPENSES					
Program services:					
Economic Studies	11,924			11,924	9,786
Foreign Policy	17,112			17,112	12,850
Global Economy and Development	6,914			6,914	5,336
Governance Studies	2,409			2,409	2,297
Metropolitan Policy Program	9,551			9,551	7,006
Other research	2,094			2,094	935
Center for Executive Education	5,316			5,316	5,528
Brookings Press	3,141			3,141	2,835
Communications	3,582			3,582	2,243
Total Program Services	62,043			62,043	48,816
Supporting services:					
Management and General	15,341			15,341	10,406
Fundraising	2,640			2,640	2,412
Total Operating Expenses	80,024			80,024	61,634
Change in net assets before non-operating activities	(2,021)	4,756		2,735	30,709
NON-OPERATING ACTIVITIES					
Investment return in excess of amounts designated for operations					
Realized gain on sale of investments	12,162			12,162	20,203
Unrealized gain (loss) from investments	(24,676)			(24,676)	28,207
Interest and dividends, net	1,094			1,094	1,424
Investment income allocation	(12,431)			(12,431)	(11,496)
Total investment return (loss) in excess of amounts designated for operations	(23,851)			(23,851)	38,338
Contributions for endowment	—		5,366	5,366	7,538
Total Non-Operating Activities	(23,851)		5,366	(18,485)	45,876
Change in net assets before the effect of adoption of SFAS No. 158 and post-retirement related changes other than net periodic post-retirement benefit cost	(25,872)	4,756	5,366	(15,750)	76,585
Effect of adoption provisions of SFAS No. 158	—	—	—	—	1,610
Post-retirement related changes other than net periodic post-retirement benefit cost	(119)			(119)	
CHANGE IN NET ASSETS	(25,991)	4,756	5,366	(15,869)	78,195
Net assets at the Beginning of the Year	243,472	74,235	52,920	370,627	292,432
Net assets at the End of the Year	\$217,481	\$78,991	\$58,286	\$354,758	\$370,627

STATEMENT OF FINANCIAL POSITION

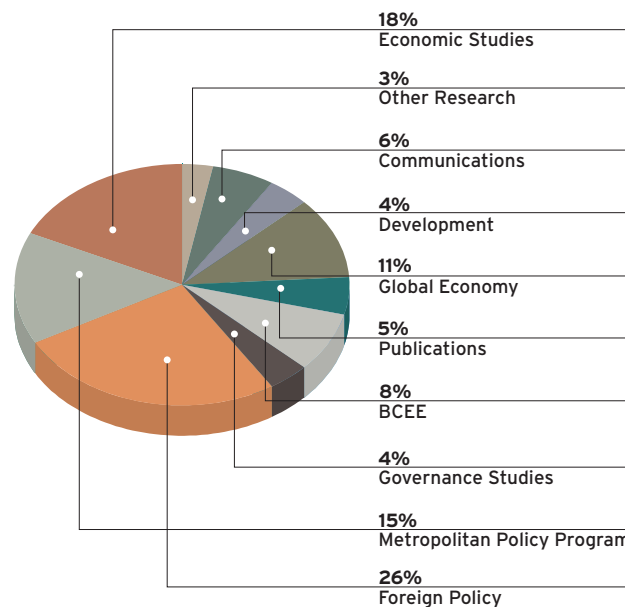
As of June 30, 2008 and 2007 (in thousands)

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 5,604	\$ 8,294
Accounts receivable, net	1,594	2,461
Grants and contributions receivable, net	68,762	63,713
Accrued investment income	330	321
Inventory	481	538
Investments, at fair value	277,455	291,704
Property and equipment, net	43,122	13,828
Other assets	649	750
TOTAL ASSETS	\$397,997	\$381,609
LIABILITIES		
Accounts payable and accrued expenses	\$ 8,846	\$ 5,386
Accrued compensated leave	2,409	1,884
Lines of credit and note payable	28,031	28
Accrued post-retirement benefit obligation	3,340	3,071
Deferred revenue	613	613
TOTAL LIABILITIES	43,239	10,982
NET ASSETS		
Unrestricted	217,481	243,472
Temporarily restricted	78,991	74,235
Permanently restricted	58,286	52,920
Total Net Assets	354,758	370,627
TOTAL LIABILITIES AND NET ASSETS	\$397,997	\$381,609

Operating Revenues



Program Services Expenses



Notes:

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The Brookings policy is to make an annual investment spending allocation for the support of operations. This amount is calculated based on 70% of the prior year's spending adjusted for inflation and 30% of 5% of the market value of the investments as of December 31 of the prior fiscal year. Certain reclassifications of prior year balances have been made to conform to the current year presentation.

A copy of the Institution's audited financial statements is available by request.

Brookings Institution Press

What Do We Do Now? That's the question Barack Obama and his transition staff are asking. And that's the title of a timely Brookings Institution Press book written by Stephen Hess, designed to provide the answers. Hess is a senior fellow *emeritus* in Governance Studies.

Early blunders can carry serious consequences well into a president's term. Drawing on his long personal experience as a White House staff member and presidential adviser, Hess has written a practical workbook to help the new president make crucial decisions during the transition period. The instructions offered here—including which presidential portraits to hang in the Oval Office—are also a delightful read for anyone interested in exactly how one goes about being the president of the United States.

In the months leading up to the election, more than 20 Brookings experts analyzed the problems confronting America and offered innovative policy solutions to the incoming administration. With Senior Fellow Michael O'Hanlon as editor, the Brookings Press presented the ideas in a volume titled *Opportunity 08: Independent Ideas for America's Next President*. Reflecting an impressive breadth of expertise, opinions, and political beliefs, the book outlines challenges including how to deal with Iran and Iraq, the rise of China, climate change, poverty and inequality, and retirement security.

The incoming chief executive

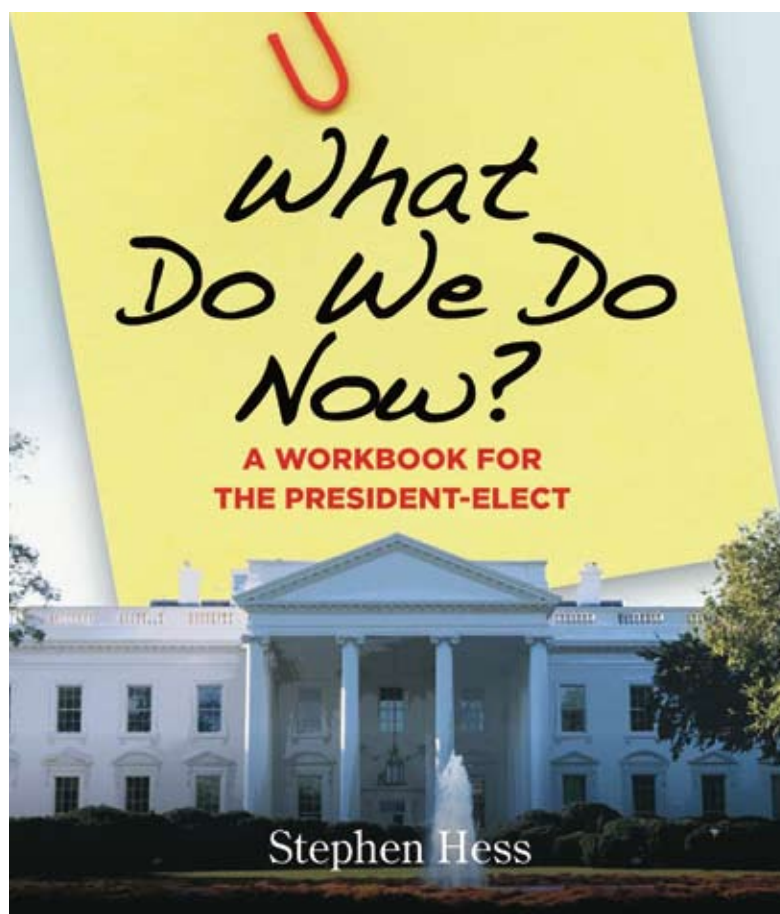
will also need to pursue a new strategic framework for advancing American interests in the Middle East. Martin S. Indyk, the director of the Saban Center for Middle East Policy at Brookings, and Richard N. Haass, president of the Council on Foreign Relations, have authored *Restoring the Balance: A Middle East Strategy for the Next President*. In this vol-

Senior Fellow Clifford Winston and Gines de Rus, a professor of applied economics in Spain, edited *Aviation Infrastructure Performance: A Study in Comparative Political Economy*, a study that assesses congestion at airports and airline travel delays. It concludes that the United States has much to learn from other countries.

editor of *Twenty-First-Century Gateways: Immigrant Incorporation in Suburban America* with Susan W. Hardwick of the University of Oregon and Caroline B. Brettell of Southern Methodist University.

The fight against global poverty has quickly become one of the hottest tickets on the global agenda, with rock stars, world leaders, and multibillionaires calling attention to the plight of the poor at international confabs such as the World Economic Forum and the Clinton Global Initiative. Edited by Lael Brainard, vice president and director, Global Economy and Development, and Derek Chollet, a nonresident fellow in the program, *Global Development 2.0* celebrates this transformative trend within international aid and offers lessons to ensure that this wave of generosity yields lasting and widespread improvements to the lives and prospects of the world's poorest.

Many recent books were cited for distinctions this year: *Journey Into Islam: The Crisis of Globalization* by Akbar Ahmed won two prestigious awards. It was chosen "Book of the Week" by *The Guardian* newspaper in late June, and was named "Book of the Year" by the *Globalist* on-line magazine. *Choice* magazine cited four Brookings books as "Outstanding Academic Titles"—*Finance for Development: Latin America in Comparative Perspective*, by Barbara Stallings; *Integrating Islam: Political and Religious Challenges in Contemporary France*, by Jonathan Laurence and Justin Vaisse; *The Law-Growth Nexus: The Rule of Law and Economic Development*, by Kenneth W. Dam; and *Building a New Afghanistan*, edited by Robert I. Rotberg. ■



ume, experts suggest new strategic and tactical proposals to help the White House deal with Iran, Iraq, Israel, Palestine, Lebanon, Syria, and other challenges in the Middle East.

One major domestic problem the new president will need to resolve is the nation's flagging infrastructure. Economic Studies

Another new book focused on the fastest-growing immigrant populations in metropolitan areas with previously low levels of immigration—places such as Atlanta, Charlotte, Minneapolis-St. Paul, Portland, Sacramento, and Washington, D.C. Metropolitan Policy Program Senior Fellow Audrey Singer was an

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DESIGN AND PRINT PRODUCTION: The Magazine Group, Inc.

Jeffrey Kibler, Adriana Guevara, Brenda Waugh