

BROOKINGS

EDITORS: Susan Kellam and Melissa Skolfield
PRODUCTION COORDINATOR: Adrianna Pita
DESIGN AND PRINT PRODUCTION: TMG
Jeffrey Kibler, Adriana Guevara, Brenda Waugh

Copyright ©2011 The Brookings Institution
1775 Massachusetts Avenue, NW
Washington, DC 20036
Telephone: 202.797.6000
Fax: 202.797.6004
www.brookings.edu
Library of Congress Card Number: 84-641502



Contents

4

Economic Studies As America grapples with high unemployment, sputtering growth, a federal budget deficit and a still-troubled housing market, Economic Studies scholars instilled sound ideas into the national discourse.

8

Global Economy and Development

Sustainable growth requires confronting challenges on many global fronts, from trade and financial regulation to persistent poverty and climate change. International scholars in Global Economy and Development worked with officials around the world to forge solutions across geographic barriers.

12

Foreign Policy When historic events shake the world, as they did this past year, Foreign Policy experts at Brookings can guide U.S. and foreign officials through the policy challenges by navigating the fast-moving panoramas in Cairo, Tokyo, Athens, Islamabad, Baghdad and other cities erupting in revolution or responding to crisis.

16

Governance Studies With discord growing between Congress and the White House, Governance Studies scholars urged practical reforms that could make sense to both parties and to both branches of government. Ideas on filibuster abuse, expediting the process of filling executive branch positions, instilling more transparency into the redistricting process and many more ideas could bridge the government divide.

2 President's Message

3 Chairman's Message

34 Trustees

38 Financial Summary

40 Brookings Press



Mixed Sources
Product group from well-managed
forests, controlled sources and
recycled wood or fiber
www.fsc.org Cert no. S-COC-003732
© 1996 Forest Stewardship Council

20

Metropolitan Policy Mapping the next economy through trend analyses from the nation's 100 largest U.S. metropolitan areas, Metropolitan Policy experts have begun to put forth a strategy for long-term recovery that is driven by exports, powered by low carbon, fueled by innovation and rich with opportunity.

24

Impact: From Urgent to Enduring Challenges

Brookings strives for impact in at least three ways: designing policy recommendations, shaping critical debates and setting the longer-term policy agenda. In this extraordinary year, the Institution's scholars contributed significant accomplishments in all three domains.

26

Brookings Priorities Brookings finds effective solutions to policy problems by coordinating efforts around four priority areas in which the Institution has depth and breadth and that also correspond to the major issues our political leaders must address. Those include: growth through innovation, opportunity and well-being, sound energy and climate policy and managing global change.

28

Support for Brookings Brookings's role as a truly global think tank proved particularly timely as this year's historic moments called for experts interacting as the action unfolded. None of that could have happened without the generosity and foresight of its donors.

President's Message

In the 96 years since Brookings was founded, rarely has change been as unpredictable, multifaceted, and consequential. Rarely have there been such acute and widespread doubts about the efficacy of democratic institutions. And never, in the Institution's history, has Brookings had more capacity to play a leading role in meeting these challenges.

National morale is in the doldrums. Partisanship and polarization are more extreme and toxic than at any time since the late 19th century. Public optimism and trust in government are at an all-time low.

While our scholars deal with many issues, they are all, in diverse ways, addressing the question of how to make our political system more effective. They ask how to restore a sense of common national purpose across party lines and between the public and private sectors; how better to organize, protect and empower our citizenry—in short, how better to govern ourselves in an increasingly interdependent world that is suffering from a contagion of economic woes and political discontent.

Our scholars' ability to generate fresh, bold, pragmatic ideas flows naturally from the Institution's evolution over the decades. For much of our history, Brookings has been the premier Washington think tank, though always with an eye on the larger world. Toward the end of the 20th century, we moved aggressively outside the Beltway. We formed networks with metropolitan areas that were emerging as the drivers of the U.S. economy. At the beginning of the 21st century, we went global. We brought international leaders onto our Board of Trustees and into the management of the Institution; established our International Advisory Council, now under the leadership of Antoine van Agtmael and Paul Desmarais; and expanded exchanges with universities, think tanks and NGOs on other continents.

All this outreach—into the American heartland and across borders and oceans—enables us, as we like to say, to move from the local to the national to the global and back again. We can do that because of our distinctive advantage, which is the combined breadth and depth of our scholars' knowledge and experience.

In order to foster collaboration and coordination among scholars in different fields, we have identified four "All-Brookings" priorities: opportunity and well-being; growth through innovation; global change; and energy and climate change. Each of our scholars is working under one or more of these rubrics, and many are doing so together on an interdisciplinary basis.

This past year, even while many of our scholars were circling the globe, our single biggest preoccupation has been the converging consequences of the weak American economy, the bitter polarization of American politics and the growing concern, at home and abroad, about the capacity of the United States to maintain its leadership in the world.

In addressing these and other major problems of our time, my colleagues and our Trustees are determined that Brookings will be, as it has been in its long history, a trustworthy source of workable solutions. It is in that spirit that we will, in the years ahead, do our part to help end the jobs crisis; restore fiscal sanity to the nation's accounts; build a consensus on the size, scope and mission of the federal government; define "smart growth" and how to achieve it; bolster the integrity of our electoral system; and adapt the conduct of foreign policy to the realities and opportunities of a changing world.

Moreover, we will do our job not only in the substance of our work but in the way our scholars advocate for their analysis and their policy prescriptions. As we see it, setting—and meeting—the highest standard of nonpartisanship, independent thinking and civil public discourse is the overarching All-Brookings priority.



Strobe Talbott, Brookings President

Chairman's Message



PHOTO BY PAUL MORIGI

John L. Thornton, Brookings Chairman

In times of stress and uncertainty, Brookings has had a proven ability to ask the right questions, come up with solid and useful answers, bring together the relevant policymakers and opinion leaders and have a positive impact on the course of events.

This past year was just such a time. European economies teetered on the brink; an earthquake, tsunami and nuclear crisis in Japan sent shock waves around the world; and the U.S. economy faltered in its effort to get back on a path of sustained growth. The need to generate fact-based research and inform the public about the issues and the stakes was more urgent than ever.

So when U.S. Treasury Secretary Timothy Geithner had a message to deliver on our economic relations with China, he came to Brookings. House Budget Chairman Paul Ryan of Wisconsin came to our partisanship-free setting to outline the Republican plan for reducing deficits. And Secretary of State Hillary Clinton and Israeli Defense Minister Ehud Barak chose our Saban Forum to urge a new push for peace, knowing that leading thinkers in the region would hear them clearly.

While dealing with perennial issues, our scholars have also been able to respond quickly and authoritatively to “black swan” events. While virtually no one predicted the Arab awakening, it played to our expertise on the Middle East, both in Washington and at our Doha Center in Qatar, on what was one of the epic surprises of our time. Our scholars quickly established themselves as leading and trusted voices on the airwaves and online.

Brookings scholars also helped policymakers and the public understand the dimensions of Europe’s debt crisis as it moved from Greece to Italy and Spain. The Africa Growth Initiative established partnerships with six African think tanks and explored the role of increased price volatility in Africa’s agriculture industry. Our Latin America Initiative explained the benefits of free trade agreements with Colombia and Panama. Meanwhile, scholars here have been advising the Secretary-General of the United Nations, the host governments of G-20 summits, the leadership of the World Bank and International Monetary Fund, and senior officials of the U.S. government and Congress. They have concentrated on ways to improve international cooperation in the face of global threats ranging from contagious financial instability to climate change, cyberaggression and nuclear proliferation.

Given the nation’s and the world’s economic troubles, Brookings engaged a wide range of corporate, labor and civic leaders in the search for pragmatic solutions. Several Brookings Trustees helped to launch our effort on growth through innovation—especially Dominic Barton, Steve Denning, Ann Fudge (who, along with Senior Fellow Alice Rivlin, served on the National Commission on Fiscal Responsibility and Reform), Glenn Hutchins and Klaus Kleinfeld. When corporate leaders—from Jeffrey Bewkes of Time Warner to Randall Stephenson of AT&T to Jorma Ollila of Shell—looked for a respected forum to discuss ideas for how to advance innovation, they did so at Brookings. Likewise, when Richard Trumka, the head of the AFL-CIO, wanted to lay out his view on job creation, he too came to our auditorium.

As we approach our centenary in 2016, we will be guided by a determination to live up to our legacy. To meet that goal, we must update and reinforce our ability to translate our motto—Quality, Independence, Impact—into research, analysis and policy proposals that will help leaders and citizens alike meet the challenges of humanity’s new century. With the indispensable support of our donors, we are confident we will succeed.

Economic Studies

Contributing sage ideas to the national discourse





PHOTO BY PAUL MORSE

Beyond the Affordable Care Act, Senior Fellow Mark McClellan, director of the Engelberg Center for Health Care Reform, and Former House Speaker Newt Gingrich address issues of quality and cost containment for the U.S. health care system. McClellan is the Leonard D. Schaeffer Chair in Health Policy Studies.

U.S. Senator Maria Cantwell of Washington talks about the bipartisan solutions to America's energy challenges at a Hamilton Project event in May.



PHOTO BY PAUL MORSE

◀ **Karen Dynan, vice president and co-director of Economic Studies, and Ted Gayer, Economic Studies co-director**, share a brief moment of levity while outlining the need for a new housing finance system at an Initiative on Business and Public Policy conference in February.

PHOTO BY PAUL MORSE

Renewing the U.S. economy in the aftermath of the Great Recession remained a challenge as the nation continued to grapple with long-term unemployment, the unsustainable path of federal debt and entitlement spending and a still-troubled housing market. Within the Economic Studies program, scholars worked on comprehensive policy analysis and recommendations that were often quickly absorbed into the national discussion.

“Households and businesses remain reluctant to spend in the face of considerable uncertainty about what the future holds for them,” said Karen Dynan, vice president and co-director of Economic Studies. “To track this and other economic trends, we have an expert team in place that works in tandem on the different issues, releasing reports, opinion pieces and congressional testimony that reach people around the world through various communication channels,” added Dynan, also the Robert S. Kerr Senior Fellow.

“We have recruited outstanding new scholars this year to complement the existing team,” said Ted Gayer, co-director of the program and the Joseph A. Pechman Senior Fellow. Those include Tracy Gordon, a new fellow with expertise in state and local fiscal issues, and Kavita Patel, a fellow at the Engelberg Center for Health Care Reform who is also a practicing physician.

As political parties battled over the best way to address the federal debt, the Budgeting for National Priorities project—spearheaded by Senior Fellow Isabel V. Sawhill, the Cabot Family Chair—weighed into the debate with dispassionate, independent and focused

advice. Senior Fellow Alice M. Rivlin joined Brookings experts on taxation, defense spending and entitlements to provide pragmatic policy ideas.

Prospects of a jobless recovery also rankled the nation this year. Tracking America’s “job gap”—the number of jobs that the U.S. economy needs to create to resume pre-recession employment levels while also absorbing the 125,000 entrants into the labor force each month—Senior Fellows Michael Greenstone and Adam Looney, director and policy director for the Hamilton Project, provided data-rich snapshots of how segments of the population fare in the job market. And Senior Fellow Gary Burtless continued his monthly real-time analyses of the government unemployment reports.

Senior Fellow Martin Baily, director of the Initiative on Business and Public Policy, authored several reports on how to jumpstart small business and the manufacturing sector. Baily, also the Bernard L. Schwartz Chair in Economic Policy Development, and Fellow Douglas Elliott continued to provide solid advice on financial regulatory reform.

In January, Senior Fellow Donald Kohn, former Federal Reserve Vice Chairman, testifying before the House Committee on Financial Services, called the marked rise in the number of long-term unemployed Americans “an immense human and economic waste.” Kohn urged Congress to structure policies that rely much less on consumption and residential housing construction to support jobs and incomes and much more on investment and net exports.

All 40 years of the *Brookings Papers on Economic Activity* went electronic this year on the Brookings website, eliciting positive



PHOTO BY PAUL MORIGI

Francis S. Collins, director of the National Institutes of Health, discusses the economic benefits of longer lives through medical advancements at a Hamilton Project event on innovation.

responses from, among others, the *New York Times*' Paul Krugman, who wrote, “Yippee ... a great resource is now available.”

Moving the health care reform debate forward, Senior Fellow Mark McClellan, the Leonard D. Schaeffer Chair in Health Policy Studies, continued to examine how to slow health care spending while improving quality of care. Led by McClellan, the Engelberg Center for Health Care Reform offered critical advice on how to improve patient care and lower costs through health information technology and better community collaboration.

Testifying before the House Energy and Commerce Committee in May, McClellan discussed how the federal payments formulas have failed to address Medicare’s worsening fiscal outlook and encouraged Congress to take the opportunity to provide better support to physicians who lead in improving care.

Senior Fellow Henry Aaron, who published three pieces this year in the *New England Journal of Medicine* and an opinion in the *New York Times* on the political

unlikelihood of passing deficit reduction plans that can tackle all the entitlement programs, was awarded the National Tax Association’s 2010 Daniel M. Holland Medal for lifetime achievement.

Policymakers and the press once again found a one-stop shop at the Urban-Brookings Tax Policy Center, co-directed by Senior Fellow William G. Gale, the Arjay and Frances Fearing Miller Chair in Federal Economic Policy. Gale also continued to shape fiscal policy debates, with his annual independent projections of the deficit widely cited, including by Chairwoman of the Joint Economic Committee Carolyn Maloney and several mentions by *New York Times* columnist David Leonhardt.

Economic Studies remained a major contributor to Brookings work on energy and climate change. The climate and energy economics team of Nonresident Senior Fellows Warwick McKibbin and Pete Wilcoxon, with Fellow Adele Morris as policy director, released a paper this year comparing a carbon tax with a system of tax credits for energy-efficient investment. ■

PHOTO BY RALPH ALSWANG



PHOTO BY PAUL MORSE

Office of Management and Budget Director Jack Lew defines the administration's views on the short-and long-term fiscal choices the country faces.



Should the disadvantaged be spared from the budget axe? Senior Fellow Isabel Sawhill convened experts to answer that question in December 2010, shortly after recommendations were released from the President's National Commission on Fiscal Responsibility and Reform. They include Douglas Holtz-Eakin (center), president of the American Action Forum, and Dean Baker, co-director of the Center for Economic and Policy Research.

Alice Rivlin joins other Brookings Senior Fellows—Ron Haskins (far left), William Gale, and William Galston—for a Board of Trustees presentation. In a year when the rising national debt sparked more rancor than ideas for solvency, the experts offered well-received and sage advice.

PHOTO BY PAUL MORIGI



Global Economy and Development

Expanding to forge
international solutions



BROOKINGS

PHOTO BY RALPH ALSWANG



The Prime Minister of the Republic of Trinidad and Tobago, Kamla Persad-Bissessar (center, back row) gathers with Brookings President Strobe Talbott (center, back row), Beatrice W. Walters, U.S. ambassador to Trinidad and Tobago (second from the left, back row), Mauricio Cárdenas (far right, back row) and others after a Latin America Initiative event.

Escalating conflict in Ivory Coast forced hundreds of thousands to flee their homes. With the eyes of the world on struggles in North Africa, Sudan and Japan, Brookings Distinguished Visiting Fellow Ezra Suruma shifts discussion to the political and humanitarian crisis in Ivory Coast.

Discussing a path to global recovery, Vice President and Director of the Global Economy and Development program Kemal Derviş moderates as U.S. Treasury Secretary Timothy Geithner declares that it will take economic growth to produce a sustainable recovery.

PHOTO BY PAUL MORIGI

PHOTO BY SAM KITTNER



Global Economy and Development

Structural shifts in the world economy require strong ideas on a range of critical policy challenges—from trade and financial regulation to poverty alleviation and climate protection. Global Economy and Development scholars helped policymakers and other thought leaders to better understand these issues, and to identify new approaches to sustainable growth and development.

“The range of challenges in the global economy today is extraordinary,” said Kemal Derviş, vice president and director of the program. “By working with officials from around the world, including G-20 countries and throughout the African continent and Latin America, the program has expanded its international reach,” added Derviş, also the Edward M. Bernstein Scholar.

Derviş led the program’s efforts this year to assess the global economic recovery and structural changes in the world economy. He participated as a lead speaker in a high-level conference hosted by the International Monetary Fund (IMF) and the International Labour Organization in Oslo on the challenges of growth, employment and social cohesion. Together with Senior Fellow Domenico Lombardi and Masahiro Kawai of the Asian Development Bank Institute, Derviş published *Asia and Policymaking for the Global Economy* (Brookings Institution Press, 2011).

Informing the G-20’s role in macroeconomic policy coordination is an area of continued focus for the program. Global scholars released reports in advance of the Seoul summit, and also launched a new effort entitled the *Think Tank 20 (TT20)*, which

brings together contributions from thought leaders in G-20 countries.

The events of the Arab spring were a reminder that improving the global economy and development outcomes demands overall social and political progress. The program’s previous research on the Middle East youth bulge in *Generation in Waiting* (Brookings Institution Press, 2009) received even greater media attention and policy focus during the events that unfolded in Arab nations.

Senior Fellow Eswar Prasad—a leading expert on emerging markets and the New Century Chair in International Trade and Economics—continued tracking the recovery efforts in G-20 countries and rising global public debt through two interactive ventures with the *Financial Times*.

Expanding the program’s work on international trade policy, Fellow Joshua Meltzer joined Brookings to concentrate on the intersection between climate change and international trade, as well as U.S. trade with key economies such as China, Latin America and South Korea.

Meanwhile, millions still struggle to access basic needs. The Development Assistance and Governance Initiative scholars worked to influence how aid and development policies are used to tackle global poverty. At the eighth annual Brookings Blum Roundtable in Aspen, 50 thought leaders came together to discuss a new role for global development cooperation—one that employs inclusive and innovative approaches for tackling contemporary development problems.

Senior Fellow and Deputy Director Homi Kharas published two books—*Delivering Aid Differently: Lessons from the Field* (Brookings Institution Press,



PHOTO BY PAUL MORIGI

Recently returned from Pakistan, Sir Michael Barber, co-chair of the Pakistan Education Task Force, offers his assessment of the progress of education reform there. Senior Fellow Rebecca Winthrop, director of the Center for Universal Education, moderates.

2010) and *Catalyzing Development: A New Vision for Aid* (Brookings Institution Press, 2011)—and also launched the Quality of Official Development Assistance jointly with the Center for Global Development. Fellows Noam Unger and Laurence Chandy delved into U.S. foreign assistance priorities and global poverty trends. Senior Fellow Daniel Kaufmann published the annual update to the Worldwide Governance Indicators.

Led by Senior Fellow and Director Rebecca Winthrop, the Center for Universal Education worked to advance equitable learning and quality education opportunities in developing countries. The center released a flagship report that called for a renewal of global cooperation on education in low-income countries.

The Africa Growth Initiative, led by Senior Fellow and Director Mwangi Kimenyi, recruited additional scholars from Cameroon, Kenya and South Africa,

among others, and built on its research with its African think tank partners.

The Latin America Initiative launched the bi-annual *Brookings Latin America Economic Perspectives* report to offer analyses of Latin America’s recovery from the global economic crisis. In May, the initiative held the Latin American Leaders Forum, a private conversation with Secretary of State Hillary Clinton and others at the U.S. State Department that brought together the former presidents of Brazil, Mexico, Peru, El Salvador, Colombia and Panama.

One of the most worrisome constraints on growth in developing countries is changing climates. Prior to the United Nations climate change meetings in Cancún, Senior Fellow Katherine Sierra and Nonresident Fellow Nathan Hultman offered expert opinion and research on financing for climate change adaptation and mitigation and green technologies. ■



PHOTO BY ALEX IRVIN

USAID Administrator Rajiv Shah speaks on aid effectiveness at the Brookings Blum Roundtable in Aspen as Senior Fellow and Deputy Director Homi Kharas listens.

Laura Chinchilla, president of the Republic of Costa Rica, credits her country's economic transformation and diversification with warding off the worst effects of the economic crisis.

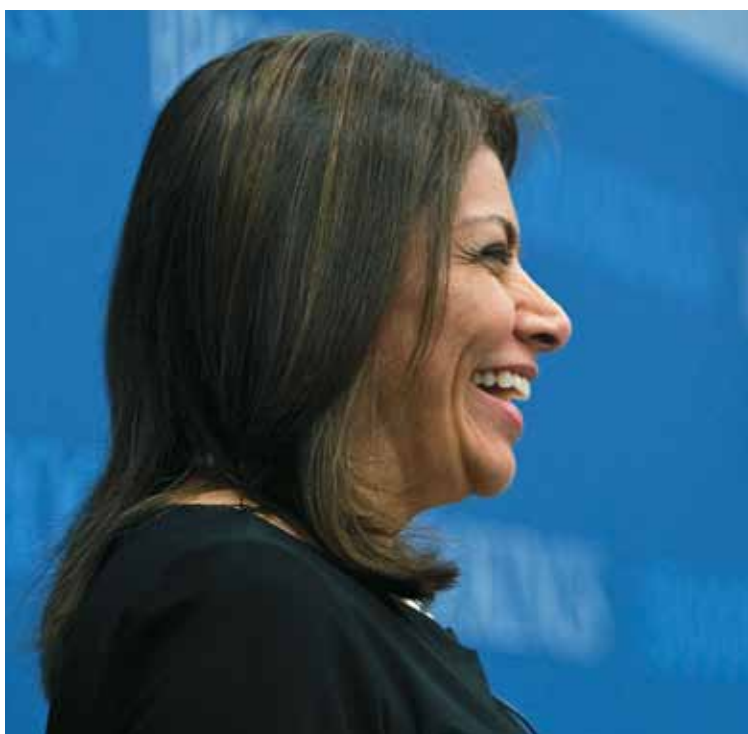


PHOTO BY PAUL MORSE



PHOTO BY PAUL MORSE

The new “multipolar” world was the theme of a Brookings event in October 2010, as participants discussed the need for more coordinated economic policies. Nobel laureate Joseph Stiglitz suggests that forming an economic council to supersede the G-20 might be the way to move beyond a world economic structure that gives special interests the advantage.

Foreign Policy

Navigating in a
turbulent world





PHOTO BY SGT. MALLORY VANDERSCHANS



At the eighth annual U.S. Islamic World Forum, U.S. Secretary of State Hillary Clinton talks about the new generation of young people rejecting false narratives. “Despite the best efforts of the censors, they are connecting to the wider world in ways that their parents and grandparents could never imagine,” she says. A project of the Saban Center for Middle East Policy, the forum convened for the first time in Washington, D.C. at a critical moment in Middle Eastern political history.

Senior Fellow Michael O’Hanlon arrives at Command Operating Post Payne in Afghanistan in May. He joins U.S. Marine Corps Commandant General James F. Amos.

Former European Union High Representative for Common Foreign and Security Policy Javier Solana embraces Martin Indyk, vice president and director of the Foreign Policy program, after offering his perspectives on security, stability and democracy in a changing world at the seventh annual Sakıp Sabancı Lecture. Solana is a distinguished senior fellow in the Foreign Policy program at Brookings.



PHOTO BY PAUL MORSE

PHOTO BY PAUL MORSE

Historic events shook the world this year, from the Arab awakening to devastating seismic activity in Japan and the lethal raid on Osama bin Laden's compound in Pakistan. Further complicated by ongoing wars in Iraq, Afghanistan and Libya, as well as the rise of economic powers in Asia and Latin America, this fast-changing panorama required the navigational skills of Foreign Policy's experts at Brookings to guide U.S. and foreign officials through the policy challenges.

"The shifting global dynamics have put us in the middle of challenging policy debates in Washington and in other world capitals," said Martin Indyk, vice president and director of Foreign Policy. "Our 35 scholars excelled this year at anticipating and analyzing the longer-term global trends and challenges."

With Arab countries roiling in 2011, the Saban Center for Middle East Policy, led by Senior Fellow Kenneth Pollack, put the dramatic uprisings into perspective, and in so doing, helped shape policymakers' responses to those events. Senior Fellows Daniel Byman, Bruce Riedel and Suzanne Maloney and Fellow Stephen Grand found themselves in considerable demand for briefings at the White House and in key government agencies. The dramatic events put the Brookings Doha Center on the map. Fellows Salman Shaikh, Ibrahim Sharqieh and Shadi Hamid became authoritative voices from the region.

Foreign Policy continued its long tradition of hosting world leaders and prominent officials for major addresses at Brookings, including appearances by King Abdullah of Jordan and Mah-

moud Gibril Elwarfally, who has since gained recognition as the prime minister of liberated Libya. Other path-breaking events this year included the second annual conference with U.S. Central Command, bringing together 150 experts to consider Iran and its role in the Gulf region. At the seventh annual Saban Forum in December, Secretary of State Hillary Clinton and Israeli Defense Minister Ehud Barak jointly urged a push for peace despite the setbacks. In April, the eighth annual U.S. Islamic World Forum convened for the first time in Washington, D.C., with speakers that included Sens. John Kerry of Massachusetts and John McCain of Arizona, Secretary Clinton, Foreign Minister Nasser Judeh of Jordan and Egyptian revolutionaries.

Pressing national security and political crises spread. The Center on the United States and Europe (CUSE), led by Senior Fellow Fiona Hill, was a leading voice on the internal political challenges facing the eurozone's economic crisis. CUSE also served as a valuable resource to policymakers on issues on Europe's periphery. Hill briefed Vice President Joseph Biden on Russian domestic politics in advance of his March visit to Russia. Turkey Project Director Ömer Taşpınar, a nonresident senior fellow, briefed Secretary of State Clinton on Turkish political developments.

The accident at Japan's Fukushima Daiichi Nuclear Power Plant reverberated worldwide and threatened to dampen resurgent interest in nuclear power. Policy debates that followed often included the voice of Senior Fellow Charles Ebinger, director of the Energy Security Initiative.

Also in the aftermath of the



PHOTO BY PAUL MORSE

As the campaign to oust Qaddafi continued in May, the Saban Center for Middle East Policy hosted a discussion with Mahmoud Gibril Elwarfally, then the interim prime minister of the Transitional National Council of the Libyan Republic.

earthquake and tsunami in Japan, the Brookings-London School of Economics Project on Internal Displacement, under the stewardship of Senior Fellow and Co-Director Elizabeth Ferris, produced several reports on gaps in humanitarian responses to the disaster.

Jonathan Pollack, one of the leading analysts of Chinese defense and security issues, joined Kenneth Lieberthal's team at the John L. Thornton China Center. Pollack chronicled the political-military evolution of the Korean peninsula since 1945, with a focus on North Korea's pursuit of nuclear technology in a new book, *No Exit: North Korea, Nuclear Weapons and International Security*.

Nuclear arms security remained a priority this year. Led by Senior Fellow Steven Pifer, the Arms Control Initiative hosted discussions with Brookings President Strobe Talbott, former Secretary of State Madeleine Albright, former Russian Foreign Minister Igor Ivanov and Institute of World Economy and International Rela-

tions Director Alexander Dynkin to further arms reductions talks. Pifer also oversaw work at Brookings on the ratification of the New START treaty.

With its 21st Century Defense Initiative, Foreign Policy delved into the new field of cybersecurity, especially its impact on modern conflict as well as on the U.S.-China relationship. Nonresident Fellow Noah Shachtman, national security editor of *Wired* magazine, contributed his expertise to the project.

Under the leadership of Senior Fellow Bruce Jones, the Managing Global Order project continued to examine transnational threats. Jones authored "Largest Minority Shareholder in Global Order LLC: The Changing Balance of Influence and U.S. Strategy," released as part of a new partnership with *Foreign Policy* magazine.

Senior Fellow Ted Piccone published a major study of the U.N. human rights system timed to coincide with the intensive U.N. and congressional debates on the system's effectiveness. ■

PHOTO BY PAUL MORIGI



Meet the Press at Brookings in

November focused on the changes ahead in Washington, as NBC's David Gregory (center) moderates the first in a series of monthly panel discussions. Indyk spoke about the Middle East peace process and Saban Center Senior Fellow Suzanne Maloney talked about Iran. Later sessions analyzed the death of Osama bin Laden, the conflict in Afghanistan and cutting the defense budget.

PHOTO BY PAUL MORIGI



Following the NATO summit in November 2010,

Senior Fellow Fiona Hill, director of the Center on the United States and Europe, introduces Ivo Daalder, the U.S. Ambassador to NATO, for an assessment of the meeting's outcomes. Daalder was previously a Brookings Senior Fellow.



PHOTO BY RALPH ALSWANG

Zheng Bijian, chairman of the China Institute for Innovation and Development Strategy, speaks at the second annual U.S.-China Strategic Forum on Clean Energy Cooperation in January, coinciding with the state visit of Chinese President Hu Jintao. Brookings Chairman John L. Thornton (center) and then-U.S. Ambassador to China Jon Huntsman Jr. also addressed the forum.

Governance Studies

Urging reforms that
make sense to both parties





PHOTO BY STAVROS PANOPOULOS

New Jersey Governor Chris Christie addresses questions on education reform and teacher seniority at a Brookings event in New York City. Senior Fellow Grover J. “Russ” Whitehurst (far left) offers his assessment of school districts grappling to improve student performance.

At the A. Alfred Taubman Forum on Improving Government Performance, Shelly H. Metzenbaum, an associate director at the White House Office of Management and Budget, details the government process.



PHOTO BY SAM KITTNER

Jeff Bewkes, chairman and CEO of Time Warner, discusses new business models on the horizon for broadband and video with Darrell West, vice president and director of Governance Studies.

PHOTO BY PAUL MORSE

With new leadership in the House of Representatives geared up early in 2011 to dismantle the achievements of the prior Congress, Governance Studies scholars urged practical reforms with no ideological coloration. From curtailing filibuster abuse to expediting the process of filling executive branch positions, many of the team's recommendations resonated strongly with both parties.

"We are pleased to be making headway in the Senate, which is considering our input on the presidential appointments process, among other ideas," said Darrell West, vice president and director of Governance Studies. "This was a year to ramp up the essential task of governance, as important decisions must be made on redistricting, education and ways to implement new technology."

As the new Congress convened, nearly 20 percent of key executive branch positions were unfilled and some of President Obama's early picks had already resigned. Senior Fellows William A. Galston and E.J. Dionne Jr. argued that, to streamline the president's appointments process, the Senate would have to change some of its practices. Meeting with senior staff in a Senate working group on the confirmations process, Galston, the Ezra K. Zilkha Chair in Governance Studies, and Dionne suggested a reduction of positions requiring Senate confirmation, a tiered system of background checks and a single vetting form for all committees. Many of their reforms were adopted, a key achievement in a largely gridlocked legislative body.

Senior Fellow Sarah Binder wrote extensively this year on how to curtail use of the filibuster, a practice that allows a minority of the Senate to block action on legislation and nominations. In a letter to members of the Senate, she argued that there is no empirical basis for believing that the filibuster was part of the original design of the Senate, which was meant to be more of a deliberative body.

Focusing on the electoral system, the amount of capital spent by Republicans and Democrats to get re-elected received careful scrutiny from Senior Fellow Thomas Mann, the W. Averell Harriman Chair in American Governance, who joined in on filing an amicus brief in support of the Arizona public financing law in the Supreme Court case *McComish v. Bennett*.

Redistricting authorities began redrawing their states' legislative district lines this year—a once-in-a-decade process. Mann, with Nonresident Senior Fellows Michael McDonald and Micah Altman, unveiled new open source mapping software at a Governance Studies event in January, demonstrating how users could create and submit their own plans to redistricting authorities. Such alternative public maps can offer viable input to the formal redistricting process.

Broader governance challenges also required pragmatic recommendations on technology that could appeal across the political spectrum. The Center for Technology Innovation has worked to fill that space. Since its successful launch in June 2010, the center has hosted 21 events and authored six papers, examining issues ranging from the legal and constitutional aspects of technology to its use with health



U.S. Supreme Court Justice Stephen G. Breyer discusses his new book, *Making Our Democracy Work: A Judge's View* (Knopf, 2010), with Senior Fellow Benjamin Wittes.

information, virtual education and social networking. The center expanded its scholar roster with new Fellow Allan Friedman, an expert in cybersecurity from Harvard University.

Senior Fellow Grover J. "Russ" Whitehurst, director of the Brown Center on Education Policy, had described education reform as a foundation of American recovery and renewal. Whitehurst, who also holds the Herman and George R. Brown Chair in Education Studies, individually briefed senior political leadership in the Office of Management and Budget and the Council of Economic Advisers on teacher quality.

The killing of Osama bin Laden spurred both parties to again debate the extent to which enhanced interrogation tactics led to critical intelligence. Senior Fellow Benjamin Wittes launched the "lawfare blog" focusing on the hard national security choices in the war on terror. His book *Detention and Denial: The Case for Candor after Guantánamo* (Brookings Institution Press, 2010) illustrated how U.S. deten-

tion policy is a tangle of obfuscation rather than a serious set of moral and legal decisions.

Wittes also joined with Nonresident Senior Fellow Robert M. Chesney and Legal Fellow Larson Reynolds in May on a report that described how the Supreme Court, in deciding that the federal courts have jurisdiction over habeas corpus cases from Guantánamo, gave only the barest sketch of what such proceedings should look like, leaving a raft of questions open for the district and appellate court judges. Wittes and Chesney also began work on a new collaboration with Harvard Law School on law and security.

Earlier this year, when grumbling over Supreme Court Justices Anthony Scalia and Clarence Thomas sitting on cases involving conservative groups to which they both have ties led to calls for an ethics code for the high court, Visiting Fellow Russell R. Wheeler wrote a paper on how Congress should avoid cures that might be worse than the disease. What the court needs, Wheeler argued, is more transparency. ■



PHOTO BY RALPH ALSWANG

New York Times columnist **David Brooks** (right) talks with Senior Fellow E.J. Dionne Jr. about the cognitive revolution of the last 30 years that he has written about in *The Social Animal: A Story of Love, Character and Achievement* (Random House, 2011).

Senior Fellow Sarah Binder moderates a panel on reforming institutions at the A. Alfred Taubman Forum.



PHOTO BY SAM KITTNER



PHOTO BY PAUL MORIGI

In an era of partisan polarization, former U.S. Secretary of Agriculture and member of Congress Dan Glickman (right) explores what can be done to prevent a government shutdown or delay in increasing the debt ceiling with Senior Fellow Thomas Mann.

Metropolitan Policy

Mapping the
next economy





PHOTO BY SHARON FARMER

How transit systems link workers to jobs in Metropolitan America is debated by practitioners during a panel with Senior Fellow Alan Berube. The other experts include Ponsella Hardaway, executive director of Metropolitan Organizing Strategy Enabling Strength (far right), Keith Parker, chief executive officer of VIA Transit Systems (far left), and Matthew R. Mahood, president and CEO of the Sacramento Metro Chamber of Commerce.

Senior Fellow Amy Liu, Metropolitan Policy's co-director, participates in a Brookings Board of Trustees meeting with Board Chairman John L. Thornton.



PHOTO BY PAUL MORIGI

◀ **Bruce Katz, vice president and founding director of Metropolitan Policy**, moderates a dialogue on federal responses to high gas prices and commuting with U.S. Transportation Secretary Ray LaHood (center) and U.S. Housing and Urban Development Secretary Shaun Donovan (right).

PHOTO BY SHARON FARMER

Metropolitan Policy

National recovery from the Great Recession can be gauged on the dashboards of the 100 largest U.S. metropolitan areas, which reveal where the recovery is happening and where it is not. In tracking those regions across a number of critical metrics, experts at the Metropolitan Policy Program have begun to map a strategy for long-term recovery that is driven by exports, powered by low carbon, fueled by innovation and rich with opportunity.

“Metro areas are the incubators for the next round of domestic policy innovation,” said Bruce Katz, vice president and co-director of the Metro program and the Adeline M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy. “We used the past year to cement an affirmative narrative for the next economy through regional economic and demographic trend analyses.”

In July 2010, in response to President Obama’s goal of doubling national exports over the next five years, the program released a first-of-its-kind “Export Nation” report that documented the key role that metropolitan exports can play to meet this goal. The findings have been cited in speeches by Export-Import Bank President Fred Hochberg as well as by many regional business and civic leaders.

Committed to smart federalist policies, especially those that could be embraced by leaders in both parties, Metro advanced proposals for regional innovation clusters at a major event in September 2010 that were quickly embraced by the Obama administration and Congress for their economy-boosting potential. As Senior Fellow Mark Muro,

the program’s policy director, described the clusters in a report co-authored with Katz, such geographic networks foster innovation and strengthen entrepreneurship by boosting new enterprise formation, with a positive influence on regional economic performance.

Shortly after President Obama announced his support for a \$50 billion plan for “Renewing and Expanding America’s Roads, Railways and Runways,” the program’s Metropolitan Infrastructure Initiative, led by Senior Fellow Robert Puentes, became the go-to resource for reporters, metropolitan planning organizations, advocates and policymakers. As gas prices rose, Puentes and his team reviewed over 300 transit systems in the nation’s 100 largest metropolitan areas, revealing the “missed opportunity” of transit systems that failed to connect workers to jobs.

Metro, as it has for nearly 15 years, delved into regional trends. A report on the budget deficits in California and the Intermountain West states released in January described serious cyclical budget shortfalls and critical longer-term budget imbalances. In the Great Lakes region, subsequent to a Metro summit on auto communities, the federal government introduced an \$800 million clean-up effort of 90 former General Motors sites. Spearheaded by Senior Fellow Amy Liu, the program’s co-director, work in the Gulf Coast continued with the August 2010 release of the New Orleans Index five years after Hurricane Katrina.

But more than just exploring those trends, Metro made major strides in building a network of leaders from across the country—and around the world—to advance those ideas. Metro held a major jobs summit in Decem-



PHOTO BY PAUL MORIGI

Former Governor of Colorado Bill Ritter Jr. (left) offers the closing remarks at a forum to size up the clean economy and to assess the growth of national and regional jobs in green industries. Brookings Managing Director William Antholis opened the event.

ber that drew more than 600 people to Chicago. The summit teamed the best practices in America with transformative lessons from overseas. In partnership with the London School of Economics Cities Programme, *TIME* magazine, the Alfred Herrhausen Society and a committee of Chicago-based hosts, the summit featured the globe’s top business, philanthropic, academic and civic leaders.

Prior to the summit, the Global MetroMonitor presented a first-ever look at the recent economic performance of 150 leading global metropolitan areas, finding that the Great Recession has accelerated a shift in economic growth toward emerging-market metro economies in Asia and Latin America, creating changes and opportunities for metros in the United States and Europe. The report and its lead author, Senior Fellow Alan Berube, the program’s research director, generated over 120 news stories.

Despite public perception

of immigrants as being poorly educated, Senior Fellow Audrey Singer detailed in a report released in June that the high-skilled U.S. immigrant population today outnumbers the low-skilled population. Also pulling from the 2010 Census, Senior Fellow William Frey wrote a series of reports this year on how the first decade of the 21st century represents a clear break from the 20th. Their findings were featured in front-page stories in *The Washington Post*.

Looking ahead, the new Brookings-Rockefeller Project on State and Metropolitan Innovation, which was funded by one of the largest philanthropic gifts in Brookings’s history, has started combing through fiscally responsible state policies and practical metropolitan-led solutions. These will be used as examples to catapult leaders toward the next economy. Working with California Lieutenant Governor Gavin Newsom, for instance, Metro is developing a new statewide economic vision and strategy. ■

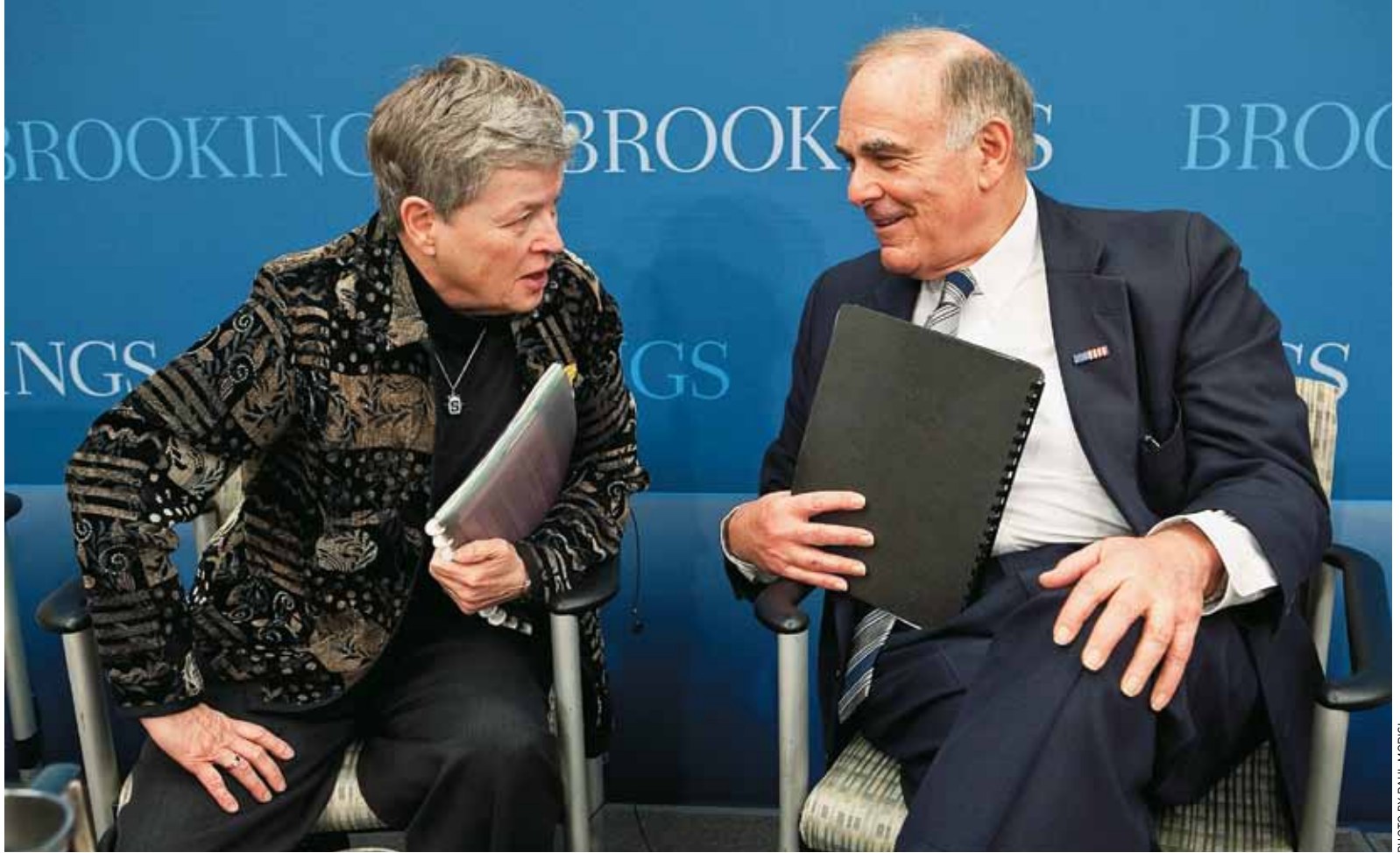


PHOTO BY PAUL MORSE

Former Pennsylvania Governor Edward Rendell, now a distinguished public fellow at Brookings, exchanges experiences with Michigan State University President Lou Anna K. Simon at a forum on state strategies that can help close budget deficits while also growing state economies and creating much-needed jobs.



PHOTO BY PAUL MORSE

U.S. Department of Agriculture Secretary Tom Vilsack explains how rural communities will see more growth if they band together in regional clusters.



PHOTO BY PAUL MORSE

Congresswoman Rosa DeLauro of Connecticut talks with Senior Fellow Robert Puentes about federal efforts to establish a National Infrastructure Development Bank, modeled after the European Investment Bank, which would leverage private-sector dollars to invest in transportation, environmental, energy and telecommunications infrastructure projects.

Impact From Urgent to Enduring Challenges

Rarely have so many national and global trends reverberated at once across the United States and the world as they did in 2011. The Middle East was in upheaval, toppling dictatorships and drawing the United States into its third live military conflict. A new Republican House of Representatives dramatically reshaped American politics. And an earthquake in Japan prompted a deadly tsunami and triggered a nuclear accident that shook faith in that form of power, and crippled the world's third-largest economy.

That set of challenges demonstrates the importance of public policy research to bring critical insights as well as to make recommendations that materially shape how policymakers and other thought leaders address these challenges. Brookings strives for impact in at least three ways: designing policy recommendations, shaping critical debates and setting the longer-term policy agenda. In this extraordinary year, the Institution's scholars contributed significant accomplishments in all three domains.

"The challenge for Brookings always is how to impact fast-breaking events, while still investing in research that sets the policy agenda in line with longer-term forces," said Brookings President Strobe Talbott. "What was so rewarding about the last year is that we weighed in on critical, urgent decision-making and debates that policymakers wrestle with today, while also setting the agenda for the future."

Perhaps for that reason, the University of Pennsylvania's Think Tanks and Civil Societies Program

again ranked Brookings as the No. 1 think tank in the world.

Fellows from the Brookings Doha Center in Qatar, which undertakes research on the socioeconomic and geopolitical issues facing the Muslim world, became leading voices giving concrete, practical and urgent advice to policymakers in the United States and in the region, as Arab nations rebelled this spring in the name of democracy. Doha Center Director Salman Shaikh, and his director of research Shadi Hamid, were a steady and constant resource.

The lack of opportunity that prompted the Middle East uprisings remained a priority for other Brookings scholars. Through their work, longer-term investments in education remained on policymakers' agendas. Since the lack of crucial education skills is a major impediment to real progress, Brookings's Center for Universal Education, led by Senior Fellow Rebecca Winthrop, has identified key policy goals—including giving more girls an opportunity to learn—and is working with U.S. Secretary of State Hillary Clinton, other global leaders and partners worldwide through the new Global Compact on Learning drafted at Brookings. Senior Fellow Jacques van der Gaag, with Justin van Fleet, have reached influential policymakers in the United States, Pakistan and other international governments with a paper that assessed the links between education and militancy in Pakistan.

How to achieve fiscal solvency after the Great Recession continues to perplex U.S. policymakers. When the Financial Crisis Inquiry Commission released its final report in January on the causes of the financial crisis, their findings

cited Brookings in several places and a *Wall Street Journal* opinion piece by three members of the commission referenced the specifics on how "Brookings Institution economists Martin Baily and Douglas Elliott describe the three common narratives about the financial crisis." Baily and Elliott had argued in their narrative of the financial crisis that everyone was at fault: Wall Street, the government and our wider society.

Centers for Medicare and Medicaid Services Administrator Donald Berwick, concerned that implementing health care reform was becoming too politicized, cited Mark McClellan, director of the Engelberg Center for Health Care Reform, as the model of pragmatism in discussions of accountable care organizations.

A bipartisan group of senators looked to Brookings for concrete recommendations on how to break institutional gridlock when it came to staffing the government. When one-quarter of key policymaking positions in government remained vacant 18 months into the Obama administration, Senior Fellows E.J. Dionne Jr. and William Galston from Governance Studies detailed practical reforms to speed nominations and confirmations and explored new opportunities to break through the resistance that had greeted such proposals in the past. Bipartisan legislation, which passed the Senate in June, proposed several reforms the Brookings scholars had highlighted as necessary.

Brookings research also sets the agenda for "new realities." Last year, ahead of the 2010 Census, the Metropolitan Policy Program documented the changing nature of American society through the lens of the nation's

100 largest metropolitan areas in the groundbreaking "State of Metropolitan America." The program's demographers continued to track those trends this year, dispelling antiquated notions by showing how America's immigrant population has grown more skilled, how the post-war suburbs now largely house aging baby boomers and where the black population has migrated. Each finding elicited significant media attention—including front-page billing in *The Washington Post*—and changed the policy discussion.

Getting Brookings's work into the hands of policymakers, the press and the public is no small task. Each research program has invested considerably in outreach and communications staffing. And the central Communications office launched a new mobile website in July and followed up with iPhone, BlackBerry and Android applications to make Brookings research more accessible to reporters, policymakers and other thought leaders on the go. Brookings became the first think tank to launch across all three platforms. That all contributed to Brookings moving up to No. 1 in the rankings for best use of the Internet and best use of the media to communicate programs.

With the global thrust of this year's major developments, Brookings has expanded its multilingual offerings on the website by producing expert bios and event pages in Spanish, Chinese and Arabic. This new content triggered big spikes in page views. The communications team also created a newsletter for the Doha Center in both Arabic and English to better showcase Brookings's work to a Middle Eastern audience. ■



PHOTO BY PAUL MORIGI

White House Senior Advisor Valerie Jarrett walks with Brookings President Strobe Talbott (far right) and Brookings Chairman John L. Thornton in January, before giving a talk on how creating jobs is central to the administration's goals and supporting exports is one way to achieve that goal.



PHOTO BY PAUL MORIGI

House Budget Committee Chairman Paul Ryan of Wisconsin presents the Republican plans for tackling the budget deficit and the growing national debt.

The New York Times “A week after President Obama took the oath of office, Alice Rivlin, budget chief to President Bill Clinton, testified before a Congress that was about to consider sweeping stimulus legislation. In her remarks, Rivlin voiced her support for a swift and substantial federal intervention to prop up the sagging economy. But she offered lawmakers three warnings as well. ... With these three warnings, Rivlin anticipated everything that the Obama White House and the Democratic Congress would do wrong over the next two years ... Now, nearly three years after Rivlin's warnings went unheeded, President Obama has groped his way to an agenda that looks more like what she originally recommended. His speech to Congress last week suggested that he intends to campaign for re-election on what should have been the blueprint for his first four years in office: a short-term stimulus highlighted by a payroll tax cut, a medium-term push to overhaul the tax code and a plan for long-term entitlement reform.”

—From the Ross Douthat column, “The President's Do-Over,” September 12, 2011



PHOTO BY PAUL MORIGI

Senator John Kerry of Massachusetts, chairman of the Senate Foreign Relations Committee, previews a number of themes that his party will use to try to regain the offensive in the months ahead at a Brookings Board of Trustees dinner in May at the Canadian Embassy.

Brookings Priorities

From local to national to global

Finding effective solutions to our complex problems requires research that cuts across traditional approaches and integrates local, national and global concerns. Brookings does this by coordinating efforts around four priority areas in which the Institution has depth and breadth and that also correspond to the major issues our political leaders must address.

“All-Brookings” priorities—growth through innovation, opportunity and well-being, energy and climate and global change—are driven by teams of interdisciplinary experts.

“One of the most exciting things at Brookings during the past year was this cross-program collaboration and its impact,” said Brookings Managing Director William Antholis.

With the U.S. economy still reeling from a deep recession, Brookings took major strides toward building a long-term strategy for sustainable economic growth. As the new Congress began its work in January, Brookings hosted a major **growth through innovation** conference on issues facing the economy, how innovative businesses can contribute to economic growth and job creation. The forum brought together CEOs of leading U.S. business with key administration officials and Brookings experts. Among the

speakers was Jeff Immelt, chairman of the board and CEO of General Electric, who served as a discussant on the topic of green energy and technology.

The January forum contributed in a significant way to the national discourse. Just weeks later, Immelt was appointed to head the President’s Council on Jobs and Competitiveness. Key themes on exports and a more efficient government discussed at the forum also made their way into the 2011 State of the Union address delivered the next month as well as into U.S. Representative Paul Ryan’s Republican response.

“Brookings is uniquely capable of creating a forum . . . where partisan political differences and commercial self-interest can both be set aside in the pursuit of the common good. This combination of research, private dialogue, public discussion and erudite publications is our hallmark,” Trustee Glenn Hutchins wrote in the preface of the culminating growth through innovation strategy paper released in May.

The productive collaboration of Brookings scholars representing three different research programs—Senior Fellow Martin Neil Baily, director of the Initiative on Business and Public Policy in Economic Studies; Bruce Katz, vice president and co-director of the Metropolitan Policy Program; and Darrell West, vice president and director of Governance Stud-



PHOTO BY PAUL MORSE

Trustee Ann Fudge greets General Electric Chairman and CEO Jeff Immelt at a forum on growth through innovation at Brookings in January. Fudge, as a member of the President’s Commission on Fiscal Responsibility and Reform, and Immelt, tapped to head the President’s Council on Jobs and Competitiveness, are both taking the pulse of the nation’s recovery. Senior Fellow Michael Greenstone (far right), director of the Hamilton Project, prepares to speak on the future of green energy.

ies—forged the strategies defined in the May paper.

Just as the aftershocks of the Great Recession are reshaping economic policy, reverberation is felt in foreign policy. Setting that as another priority, Brookings experts have collectively rallied to more effectively **manage global**

change. Nowhere was that more evident than during the Arab awakening in the Middle East and North Africa. Foreign Policy and Global Economy and Development scholars provided the leading edge on this response—especially Brookings’s team from the Saban Center and its outpost in Doha, Qatar.



PHOTO BY PAUL MORICI

Brookings this year focused much attention on emerging powers such as China and India and the significance of their increasing global influence on the United States. Kenneth Lieberthal, director of the John L. Thornton China Center, explored U.S.-China clean energy cooperation. Stephen Cohen, a senior fellow in Foreign Policy, focused on the importance of India in regional politics. Their work was complemented by the Institution's broad range of regional centers and initiatives.

At the heart of so many domestic and international crises is the struggle for **opportunity and well-being**. As with growth through innovation, a major public event served as the impetus for scholars from three different programs—Alan Berube, senior fellow and research director of the Metropolitan Policy Program; Ron Haskins, senior fellow in Economic Studies; and Homi Kharas, senior fellow and deputy director of Global Economy and Development—to frame this Brookings priority area with their overview of a 21st century agenda for creating opportunity and upward mobility. The paper was released at a February event that featured Sylvia Mathews Burwell, president of the Bill and Melinda Gates Foundation's Global Development program.

Energy and climate change is another major cross-program strength at Brookings. Senior Fel-

low Katherine Sierra and Nonresident Fellow Nathan Hultman in the Global program each offered policy solutions to move the stalled international climate negotiation process forward. Senior Fellow Mark Muro in Metropolitan Policy argued for a renewed commitment to research and development in clean energy technologies. Ted Gayer, co-director of Economic Studies, explored the challenge and the promise of a carbon tax and Adele Morris, also of Economic Studies, examined the consequences of various climate policy options to the U.S. economy.

In May, the Hamilton Project's Michael Greenstone and Adam Looney, both senior fellows, launched research that argued for a level playing field for all energy sources, with prices reflecting not just the cost of production, but also the social costs, such as adverse health impacts and climate change. In Governance Studies, William Antholis continued to write on the domestic politics of energy. ■

Senator Mark Warner of Virginia (right) discusses how to bring our debt and deficits under control while investing in the recovery, restoring America's economic health and strengthening the nation's global competitiveness. Trustee Glenn Hutchins moderates the conversation at a Brookings lunch in May.

From the local to the national to the global, Sylvia Mathews Burwell, the president of the Bill and Melinda Gates Foundation's Global Development program, speaks as the budget season gets under way in February about creating opportunity and upward mobility in the United States and abroad.



PHOTO BY RALPH ALSWANG

Executive Education

In its second year, Brookings Executive Education combined Brookings's policy and research expertise with the business acumen of Washington University in St. Louis to develop the Master of Science in Leadership program. This degree is one of only a few of its kind offered in the United States.

Jackson A. Nickerson, director of Brookings Executive Education and a professor of organization and strategy at the Olin Business School, noted that the MSL degree is designed to develop government leaders based on the Executive Core Qualifications. "The new degree is accredited and is reflective of Robert S. Brookings's goal to assist in the development of government leaders," he said.

Brookings Executive Education has expanded its curriculum to 39 courses, with a broader global reach through a series of videoconferences featuring Brookings scholars. The new "Critical Issues" series includes an Inside the Middle East course that allows participants to hear directly from policymakers, Middle East ambassadors and Brookings experts on various topics, including the Arab awakening and the Israel-Palestine conflict.

A new course on politics and policymaking is designed to give government executives and managers an in-depth knowledge of high-level decision-making. Global Leadership was added to the curriculum to contextualize necessary leadership skills for the 21st century. This two-day program provides diverse perspectives on being responsive to new dynamics.

The Legis Congressional Fellowships remain a core component of the program, putting government managers and senior executives into the offices of members of Congress. Inside Congress and Inside Washington also remain educational cornerstones. Understanding congressional operations and federal decision-making reflect the expertise that Brookings has traditionally conveyed to future leaders. ■

Support for Brookings

Generosity and
foresight underscore
world-class role





PHOTO BY PAUL MORIGI

▲ **Trustees Alfred Engelberg (left) and Leonard Schaeffer** share a moment to reflect on the achievements of the Engelberg Center for Health Care Reform founded nearly five years ago with the appointment of Mark McClellan as the center's director and the Leonard D. Schaeffer Chair in Health Policy Studies.

◀ **The Brookings Doha Center in Qatar** was a vibrant activity center through the Arab awakening this year. The center's policy discussion community includes Qatar-based business leaders, diplomats, religious leaders, academics and the media.

PHOTO BY THE BROOKINGS DOHA CENTER



Trustee Benjamin R. Jacobs, founder and managing partner of the JBG Companies, participates this year at the Metropolitan Policy Program forum on transit and jobs, heralding the release of the program's first-of-its-kind report that showed how transit systems can connect workers to jobs and where there are missed opportunities.

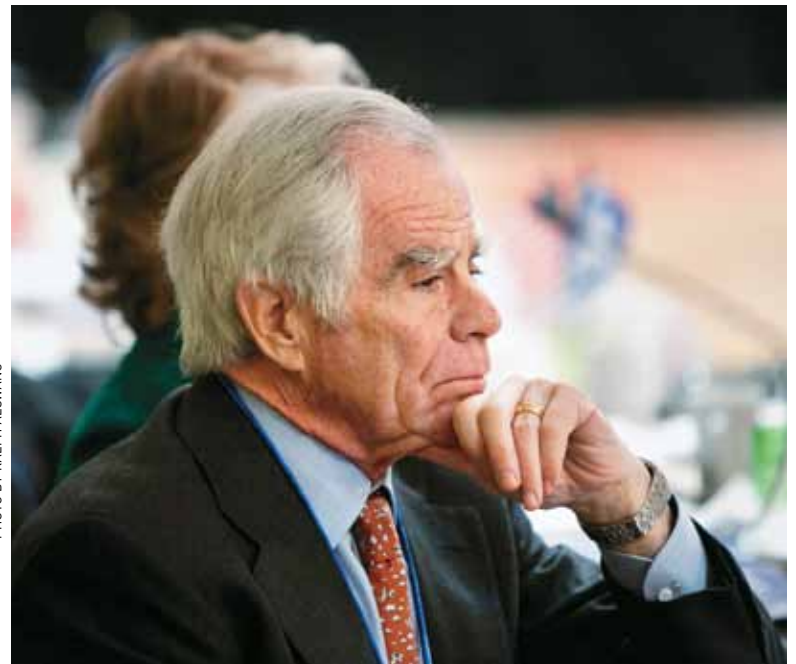


PHOTO BY RALPH ALSWANG

Support for Brookings

An early focus on America's mid-term elections in November 2010 quickly broadened with the global turmoil that awoke the Middle East and North Africa to new governance, reframed the terrorism debate and further unsettled economies from the United States to Greece, Italy and Japan. Brookings supporters directly engaged with scholars and their ongoing research in real time. Within the Brookings community, ideas are shared to enrich the research.

Brookings's role as a truly global think tank proved particularly timely as this year's historic moments called for on-the-spot analyses from New York, Beijing, Doha, Athens, Tokyo and more. With experts interacting as the action unfolded, Brookings underscored its world-class role. None of that could have happened without the generosity and foresight of its donors.

After the election ushered in a new era of divided government, the Board of Trustees meeting offered insights on its impact on such administration priorities as education and the federal budget. Cecilia Rouse, a member of the White House Council of Economic Advisers, joined Senior Fellow Grover J. "Russ" Whitehurst, director of Brookings's Brown Center on Education Policy, to assess the progress of President Obama's goals for states to encourage students to "race to the top." Alan Greenspan, former chairman of the Federal Reserve through both Republican and Democratic administrations, was part of economic conversations. At lunch, two former White House chiefs of staff—Kenneth Duberstein (for Ronald Reagan) and John Podesta (for Bill Clinton)—led a conclud-

ing talk on what to expect in the wake of the midterm elections.

By March, attention had turned to the political and economic consequences of the Arab awakening. Senators John McCain of Arizona and Joseph Lieberman of Connecticut, recently back from the Middle East, discussed with the Board of Trustees what they referred to as the "crimes against humanity occurring in Libya."

In May 2010, the Gulf of Mexico oil spill had dominated conversation at the joint meeting of the International Advisory Council and the Board of Trustees. This year, it was the Fukushima nuclear plant disaster, which highlighted concerns about future energy sources. Brookings Managing Director William Antholis moderated a conversation featuring members of the International Advisory Council—each a world-class leader in a different energy sector.

The security challenges in the Middle East, exacerbated by the killing of Osama bin Laden, were particularly vexing as the seismic stun of the Great Recession continued to sting. The U.S. budget deficit and growing national debt were ticking time bombs during the May meetings. Office of Management and Budget Director Jack Lew and House Budget Chairman Paul Ryan of Wisconsin, two key negotiators in the U.S. fiscal battles, spoke to participants in back-to-back meetings. Rep. Ryan contended that his Republican budget plan had been distorted, particularly on the reform of Medicare. Lew expressed doubt over any decisions on Medicare before resolving the debt-limit deadline, so suggested that the focus should be on areas where Democrats and Republicans agree.

At other events that spring, Senior Fellow Eswar Prasad



At the sixth annual meeting of the Brookings International Advisory Council, Co-Chairs Antoine van Agtmael (right) and Paul Desmarais urge the group to help Brookings experts understand how America's troubled economy looks from the standpoint of other nations.

offered his thoughts on the instability of the global markets to a New York audience and Vice President of Global Economy and Development Kemal Derviş gave an overview of structural changes to the global economy that helped Brookings Council members anticipate shifting marketplace realities. Senior Fellow Isabel Sawhill spoke at a New York Council breakfast about governance in a time of fiscal crisis, foreshadowing the summer's legislative stalemate over the debt limit.

With global matters frequently coming up during the May discussions, Brookings President Strobe Talbott and Martin Indyk, vice president and director of Foreign Policy, offered updates on Brookings's plans for enhanced work in China and India. The John L. Thornton China Center is preparing for its second five years of operation in Washington and on the campus of Tsinghua University in Beijing. Establishing a similar capacity on India is being considered. More than a third of humanity is already governed from

Beijing or New Delhi and their dynamic economies will play out in the decades ahead.

Foundation Support

Private foundations made key investments in Brookings's work in 2011, with more than \$37 million in new commitments across the Institution for research, convening and outreach. These critical resources enabled Brookings experts to pursue a wide range of intensive study on the difficult challenges facing the world.

The **Rockefeller Foundation**, one of Brookings's most longstanding and generous donors, jointly announced with the Metro program in December 2010 the launch of the Brookings-Rockefeller Project on State and Metropolitan Innovation, supported by a \$10 million grant from Rockefeller. As a major new Brookings policy research and outreach effort, the grant enables top scholars in the field to develop and catalyze innovative state and metropolitan reform in support of a productive, sustainable and



Trustee David Rubenstein (right), founder of the Carlyle Group, goes over the agenda for a Brookings forum on the Arab awakening with moderator David Gregory (left), anchor of NBC's "Meet the Press," and Martin Indyk, vice president and director of Foreign Policy at Brookings. Rubenstein offered the welcoming remarks at the event in New York City.

of security challenges facing the nation and the world. This challenge is particularly acute because of pressing financial issues at home and reduced U.S. influence abroad. The work includes designing a new architecture for global governance, managing state-based challenges to the emerging global order and examining new areas of competition and friction. Additional support from the Carnegie Corporation enables Foreign Policy to re-establish its post-doctoral fellowship program to help develop the next generation of scholars in these critical areas.

Corporate Support

The **Microsoft Corporation** continued its major support for Brookings in 2011 with a generous contribution that included financial resources and an in-kind gift of software, providing experts with important tools to conduct their research. As the Institution has grown in size and scope, opening international offices in China and Doha, the demand for a robust technological infrastructure to support increased scholar activity has increased greatly, making the gift extremely timely.

Microsoft's leadership is also engaged with the Metropolitan Policy, Governance Studies and Foreign Policy programs. Company leaders are contributing substantive technology sector information to these research programs and engaging with leading experts on a range of policy issues. In-depth interaction with the corporate community provides an important perspective to the Institution's



Pamela Passman, corporate vice president and deputy general counsel for Microsoft's Global Corporate Affairs function, at a December event.

inclusive economy. Rockefeller also supported the program's ongoing work on infrastructure and walkable urban places.

Rockefeller provided critical resources for the Economic Studies program's work on the effects of health care reform legislation

on income distribution, and supported the Africa Growth Initiative in the Global Economy and Development program, providing a major grant for the first annual Africa Growth Forum.

The Africa Growth Initiative also received major funding from the **Bill and Melinda Gates Foundation**, which has committed \$12 million to support Brookings's work on Africa's development opportunities and challenges. The initiative fosters high-quality research with think tank partners in Africa and seeks

to increase the voice of the African policy researchers in national and international policy debates. The Gates Foundation also made a \$1 million grant in support of the annual Brookings Blum Roundtable on Global Poverty, which convenes leading policy-

makers experts and NGO leaders annually in Aspen, Colorado, to discuss innovative ideas and advance groundbreaking initiatives to alleviate global poverty. Sylvia Mathews Burwell, president of the foundation's Global Development program, spoke at a Brookings opportunity and well-being event in February on innovations for delivering aid more efficiently.

The Gates Foundation supported the Social Genome Project in Economic Studies with a \$1 million grant in 2011. By developing a new microsimulation model of social mobility, scholars will create a powerful tool for understanding how interventions at various stages of life can contribute to the goal of more people achieving "middle class by middle age." The foundation also made a grant to the Brown Center on Education Policy in Governance Studies for crucial work on teacher evaluations that can better identify high-performing teachers.

The **Carnegie Corporation of New York** continues to be a major funder of Foreign Policy, with a grant toward the program's work on developing new U.S. policy for the emerging global order. This work comprises a series of projects designed to help policy-makers manage the complex set

Cheryl Cohen Effron Heads Development Committee



Cheryl Cohen Effron takes the helm as chair of the Board of Trustees' Development Committee.

Cheryl Cohen Effron succeeded Beatrice Welters as chair of the Development Committee of the Board of Trustees in 2010, when Welters was confirmed as U.S. Ambassador to Trinidad and Tobago. As chair of this committee, she works to support Brookings's fundraising efforts with strategic oversight and counsel. Effron and her husband, Blair, are long-standing supporters of Brookings's work, with interests that span the Institution's agenda.

A longtime New York City real estate developer, Effron specialized in revitalizing warehouses into multi-tenant, industry-clustered manufacturing centers that resulted in the creation of thousands of jobs. These redevelopment efforts included creating public-private partnerships in workforce training, childcare and art to enhance the quality of life in the city. She has since

dedicated herself to pro bono work and urban issues and she serves on a number of non-profit boards.

At Brookings, Effron has brought her experience and acumen to the Metropolitan Leadership Council, the national network of philanthropies, corporations and individuals that serves as the "go-to" advisory group for Metropolitan Policy Program Vice President Bruce Katz.

The Efrons are also supporters of the Hamilton Project at Brookings, which seeks to advance America's promise of opportunity, prosperity and growth through a strategy that fosters economic growth and broad participation in that growth, enhances individual economic security and embraces a role for effective government in making needed public investments.

Charles Sirois, chairman and CEO of Telesystem

Ltd. (right), a Canadian private equity company and a member of the International Advisory Council, discusses the ramifications of the global economy on business as Trustee Phil Knight, co-founder and Chairman of Nike, Inc., listens.



PHOTO BY PAUL MORIGI

endeavors and helps ground Brookings experts' research in the practical issues facing the private sector.

AT&T's engagement with Brookings continues to grow, with generous financial support and substantive involvement. Jim Cicconi, AT&T's senior executive vice president for external and legislative affairs, has been a Trustee of Brookings since 2000. Brookings was pleased to welcome AT&T Chairman and CEO Randall Stephenson as a panelist at the January 2011 forum on growth through innovation. He joined other communications and technology executives to discuss government policies that would facilitate economic growth in their industries.

Program Leadership Committees

Brookings established program leadership committees to create opportunities for high-level engagement between philanthropic, business and community leaders and the research

programs. The committees meet periodically throughout the year for a program of scholar presentations and interactive discussions on pressing policy topics. Members share strategic advice on new areas of research and leverage their networks to increase the visibility and impact of Brookings's work. By providing critical financial support to the programs, they help enable scholars to respond quickly to breaking events without waiting for other outside resources. In 2011, leadership committee members made nearly \$17 million in new funding commitments across the Institution.

Recent meetings provided members with the opportunity to be briefed by high-level administration representatives and Brookings scholars on events in the Middle East, U.S.-China relations and the policy implications of the mid-term elections and economic recession.

Directors' Funds

Several Brookings Trustees have established director's funds in the research programs and the Executive Office. These flexible resources are available for President Strobe Talbott and the program vice presidents to respond to breaking events and

Trustee Suzanne Nora Johnson engages in conversation at the joint IAC and Trustees meeting in May, joined by IAC member Andrónico Luksic, vice-chairman of the Banco de Chile and co-chair of the World Economic Forum on Latin America.



PHOTO BY PAUL MORIGI



PHOTO BY RALPH ALSWANG

Trustee Haim Saban and Vice President Martin Indyk, founding director of the Saban Center at Brookings, confer during day two of the seventh annual Saban Forum.

take advantage of opportunities without waiting for additional outside funding. At a time when the pace of events seems to be accelerating along with the scope of the challenges, the director's funds ensure that Brookings can continue to provide timely analysis and recommendations to policymakers and the media.

Steve Denning and Kenneth Jacobs established the Global Economy and Development Director's Fund; Paul Desmarais (who also co-chairs the Brookings International Advisory Council) established the Metropolitan Policy Program Director's Fund; Benjamin Jacobs established the

Director's Fund in Foreign Policy, and Cheryl Cohen Effron, James Johnson and Kenneth Jacobs contributed toward the Executive Office Fund.

Kimberly Churches Named Vice President for Development

Kimberly Churches was named this summer to replace Betsy Biern as Brookings's vice president for development. Brookings President Strobe Talbott called this new addition to the executive team "a terrific hire at a crucial time in Brookings's march toward its centenary in 2016."

Churches had joined the University of Denver as senior director of development in 2008; was promoted to assistant vice chancellor, and became the associate vice chancellor in February 2011. In her role at the University of Denver, she directed and managed the centralized major gifts teams and the donor relations/stewardship team. Along with the Vice Chancellor, Churches led the Ascend comprehensive campaign for the University, working closely with the board of trustees and senior leadership at the University. Churches successfully completed the \$15 million School of Art and Art History comprehensive campaign in 18 months, and then led the Performing Arts Campaign and efforts to support the Holocaust Awareness Social Action Site and programs. ■

Welcoming Board of Trustees Vice Chairs and New Trustees

This year Brookings elected Trustees Glenn Hutchins, Suzanne Nora Johnson and David M. Rubenstein to serve as Vice Chairs of the Board of Trustees. In this capacity, they will use their knowledge and involvement in a broad range of Brookings research activities to offer valuable insight on the direction of the Institution, help engage audiences unfamiliar with Brookings's mission and provide leadership of the Board.

Brookings has elected six new Trustees to the Board. They join a distinguished group of the country's foremost business executives, academics, community leaders, and former government officials. 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 welcomes its newest members to the Board of Trustees:

- **Robert M. Bass**
President, Keystone, Inc.
- **Howard Cox**
Advisory Partner, Greylock Partners
- **Ellen Futter**
President, American Museum of Natural History
- **Rajan Mittal**
Vice Chairman and Managing Director, Bharti Enterprises
- **Nigel Morris**
Managing Partner, QED Investors
- **James Murren**
Chairman and Chief Executive Officer, MGM Resorts International

BOARD OF TRUSTEES

John L. Thornton
Chair of the Board
The Brookings Institution

Glenn Hutchins
Vice Chair of the Board
The Brookings Institution
Co-Founder and Co-CEO
Silver Lake

Suzanne Nora Johnson
Vice Chair of the Board
The Brookings Institution
Former Vice Chairman
The Goldman Sachs Group, Inc.

David M. Rubenstein
Vice Chair of the Board
The Brookings Institution
Co-Founder and Managing Director
The Carlyle Group

Strobe Talbott
President
The Brookings Institution

Robert J. Abernethy
President
American Standard Development
Co., Inc.

Liaquat Ahamed
Former Chief Executive Officer
Fischer Francis Trees and Watts, Inc.

Dominic Barton
Global Managing Director
McKinsey & Company, Inc.

Robert M. Bass
President
Keystone Group, L.P.

Richard C. Blum
Chairman and President
Blum Capital Partners, LP

Crandall Bowles
Chairman
Springs Industries, Inc.

Paul L. Cejas
Chairman
PLC Investment, Inc.

Abby Joseph Cohen
President, Global Markets Institute
and Senior Investment Strategist
Goldman, Sachs & Co.

Howard E. Cox
Advisory Partner
Greylock Partners

Alan M. Dachs
President and CEO
Fremont Group

Steven A. Denning
Chairman
General Atlantic LLC

Paul Desmarais Jr.
Chairman and Co-CEO
Power Corporation of Canada

Cheryl Cohen Effron

Alfred B. Engelberg
Trustee
The Engelberg Foundation

Bart Friedman
Senior Partner
Cahill Gordon & Reindel

Ann M. Fudge
Former Chairman and CEO
Young & Rubicam Brands

Ellen Futter
President
American Museum of Natural History

Jeffrey W. Greenberg
Chairman and CEO
Aquiline Holdings LLC

Brian L. Greenspun
Chairman and CEO
The Greenspun Corporation

Shirley Ann Jackson Ph.D.
President
Rensselaer Polytechnic Institute

Benjamin R. Jacobs
Senior Advisor and Founder
The JBG Companies

Kenneth M. Jacobs
Chairman and CEO
Lazard Frères & Co. LLC

Richard A. Kimball Jr.
Managing Director and Co-Head of
Global Healthcare Investment
Banking and Capital Markets
Goldman, Sachs & Co.

Nemir Kirdar
Founder, Executive Chairman
and CEO
Investcorp

Klaus Kleinfeld
Chairman and Chief Executive Officer
Alcoa, Inc.

Philip H. Knight
Chairman
Nike, Inc.

Rajan Mittal
Vice Chairman and Managing Director
Bharti Enterprises

Nigel Morris
Managing Partner
QED Investors

James Murren
Chairman and CEO
MGM Resorts International

Thomas C. Ramey
Former Chairman
Liberty International, Liberty Mutual
Group

Edgar Rios
Co-Founder and Managing Director
Wenzi Capital Partners

James S. Rubin
Partner
BC Partners

Haim Saban
Chairman and CEO
Saban Capital Group, Inc.

Victoria P. Sant
President
The Summit Foundation

Leonard D. Schaeffer
Chairman
Surgical Care Affiliates

David F. Swensen
Chief Investment Officer
Yale University

Lynn Thoman
Co-President
Leon Lowenstein Foundation

Larry D. Thompson
John A. Sibley Professor in
Corporate and Business Law
University of Georgia Law School

Michael L. Tipsord
Vice Chairman and Chief Operating
Officer
State Farm Insurance Companies

Andrew H. Tisch
Co-Chairman of the Board
Loews Corporation

Antoine W. van Agtmael
Chairman and co-CIO
Ashmore EMM, LLC

John W. Wilhelm
President
UNITE HERE

Tracy R. Wolstencroft
Advisory Director
Chairman, Clean Technology and
Renewables
Goldman Sachs

Daniel Yergin
Chairman
Cambridge Energy Research Associates

Daniel B. Zwirn
Managing Partner
Zwirn Family Interests, LLC

HONORARY TRUSTEES

Elizabeth E. Bailey
Professor Emerita, John C. Hower
Professor of Business and
Public Policy
The Wharton School
University of Pennsylvania

Zoë Baird Budinger
President
The Markle Foundation

Rex J. Bates

Alan R. Batkin
Vice Chairman
Eton Park Capital Management

Geoffrey T. Boisi
Chairman and CEO
Roundtable Investment Partners LLC

Louis W. Cabot, *chair emeritus*
Chairman
Cabot-Wellington LLC

James W. Cicconi
Senior Executive Vice President–
External and Legislative Affairs
AT&T

William T. Coleman Jr.
Senior Partner and The Senior
Counselor
O'Melveny & Myers LLP

Arthur B. Culvahouse Jr.
Chair
O'Melveny & Myers LLP

Kenneth W. Dam
Max Pam Professor of
American & Foreign Law
University of Chicago Law School

Vishakha N. Desai Ph.D.
President and CEO
The Asia Society

Mario Draghi
Governor
Bank of Italy

Kenneth M. Duberstein
Chairman and CEO
The Duberstein Group, Inc.

Charles W. Duncan Jr.
Chairman
Duncan Interests

Lawrence K. Fish
Former Chairman
RBS America &
Citizens Financial Group, Inc.

Cyrus F. Freidheim Jr.
Former President and CEO
Sun-Times Media Group, Inc.

David Friend
President and CEO
Carbonite, Inc.

Robert D. Haas
Chairman of the Board
Levi Strauss & Co.

Lee H. Hamilton
Director
The Center on Congress
Indiana University

William A. Haseltine Ph.D.
President
The Haseltine Foundation
Chairman
Haseltine Global Health, LLC

Teresa Heinz
Chairman
Heinz Family Philanthropies

F. Warren Hellman
Chairman
Hellman and Friedman

Joel Z. Hyatt
Vice Chairman
Current Media, LLC

James A. Johnson, *chair emeritus*
Vice Chairman
Perseus, LLC

Ann Dibble Jordan

Vernon E. Jordan Jr.
Senior Managing Director
Lazard Frères & Co. LLC
Of Counsel
Akin Gump Strauss Hauer & Feld,
LLP

Herbert M. Kaplan
Chairman and CEO
Warren Equities

Breene M. Kerr
President
Brookside Company

Donald F. McHenry
Distinguished Professor in the
Practice of Diplomacy and
International Affairs
School of Foreign Service
Georgetown University

Arjay Miller
Dean Emeritus
Stanford Graduate School of Business

Mario M. Morino
Co-Founder and Chairman
Venture Philanthropy Partners

Maconda Brown O'Connor Ph.D.
Trustee
The Brown Foundation, Inc.

William A. Owens
Chairman
AEA Investors Asia

Frank H. Pearl
Chairman and CEO
Perseus, LLC

Samuel Pisar Ph.D.
International Lawyer
New York and Paris

Charles W. Robinson
President
Robinson & Associates, Inc.,
CBTF Co., and M Ship Co.

James D. Robinson III
General Partner and Co-Founder
RRE Ventures

Warren B. Rudman
Co-Chair
Albright Stonebridge Group

B. Francis Saul II
President and Chairman
B.F. Saul Company

Ralph S. Saul
Former Chairman
CIGNA Corporation

Michael P. Schulhof
Chairman and CEO
Global Technology Investments

John C. Whitehead, *chair emeritus*

Stephen M. Wolf
Chairman
RR Donnelly and Sons Company

Ezra K. Zilkha
President
Zilkha & Sons, Inc.

HONOR ROLL OF CONTRIBUTORS

(July 1, 2010–June 30, 2011)

\$1,000,000 and Above

Anonymous
Alfred and Gail Engelberg
Ford Foundation
Bill & Melinda Gates Foundation
Glenn H. Hutchins
The Lincy Foundation
The John D. & Catherine T.
MacArthur Foundation
Microsoft Corporation
Government of the State of Qatar
The Rockefeller Foundation
Haim and Cheryl Saban
John L. Thornton

\$500,000–\$999,999

Anonymous
Richard C. Blum and the Honorable
Dianne Feinstein
Annie E. Casey Foundation
Steve and Roberta Denning
Exxon Mobil Corporation
Roger Hertog
The William and Flora Hewlett
Foundation
Gail and Benjamin Jacobs
The Robert Wood Johnson
Foundation
The Kresge Foundation
Liberty Mutual Group
Royal Ministry of
Foreign Affairs, Norway
Silatech
Alfred P. Sloan Foundation
Surdna Foundation, Inc.
UnitedHealth Group, Inc.
The Urban Institute
U.S. Food and Drug Administration
James D. Wolfensohn

\$250,000–\$499,999

Anonymous (2)
Anonymous Donor at the Schwab
Charitable Fund
Bank of America
Boston College
The Brown Foundation, Inc. of
Houston
Carnegie Corporation of New York
The Nathan Cummings Foundation
Alan and Lauren Dachs
Department for International
Development, United Kingdom

Blair W. Effron and Cheryl Cohen
Effron
Health Care Conference
Administrators, LLC
International Fund for Agricultural
Development
Kenneth M. Jacobs
The Joyce Foundation
Joung-Hoon Lee, Samchang
Enterprise
The Markle Foundation
Office of Development Effectiveness
of the Australian Agency for
International Development
David M. Rubenstein
Eric E. Schmidt
State Farm Mutual Automobile
Insurance Company
Taipei Economic and Cultural
Representative Office
U.S. Agency for International
Development
U.S. Department of Energy
U.S. Department of Health and
Human Services
Wellpoint Foundation
Ezra K. Zilkha

\$100,000–\$249,999

Anonymous (3)
Robert John Abernethy
Paul Achleitner
Aetna Inc.
Mohammed Mahfoodh Al Ardhi
Alcoa Foundation
Amgen, Inc.
AREVA
Delphine Arnault
AT&T Services, Inc.
Dominic Barton
Daniel Berger
Howard P. Berkowitz
BP
Paul L. Cejas
Cheniere Energy, Inc.
Chevron
Tae-won Chey
Chicago Community Trust
Timothy C. Collins
Comcast Corporation
Howard E. Cox
Daimler
Dartmouth Institute
George A. David

Paul Desmarais, Jr.
Hanzade Doğan Boyner, Doğan
Group of Companies
John Elkann
FirstFocus
David and Marianna Fisher
Embassy of France
General Electric Company
Georgetown University
GlaxoSmithKline
Goldman Sachs
Google Inc.
Pablo González
The George Gund Foundation
Hanwha Group
The F.B. Heron Foundation
Hewlett-Packard Company
Hitachi, Ltd.
HSBC
Hudson Institute
The IBM International Foundation
Japan International Cooperation
Agency
Johns Hopkins University
Richard L. Kauffman
Samer Khoury
Richard A. Kimball, Jr.
Nemir Kirdar
The Korea International Cooperation
Agency
Lazard Frères & Co. LLC
The Henry Luce Foundation
Andrónico Luksic
Lumina Foundation for Education
Mars, Incorporated
The MasterCard Foundation
Mindich Family Foundation
The MITRE Corporation
Charles Stewart Mott Foundation
The NASDAQ OMX Group, Inc.
National Science Foundation
The New York Community Trust-
Gallogly Strickler Family Fund
News Corporation
Nomura Foundation
Novartis Corporation U.S.A.
Open Society Foundations
Sheldon Pang
Richard Perry
Victor Pinchuk Foundation
Ploughshares Fund
PricewaterhouseCoopers LLP
Pritzker Traubert Family Foundation
Prospect Foundation

Thomas C. Ramey and Perrin Ireland
Reliance Industries Limited
Rio Tinto
Charles W. Robinson
Jacob Rothschild and the Saffery
Champness Trust Corporation
as Trustee of the Arrow
Charitable Trust
Robert E. Rubin
Sabanci University
Victoria and Roger Sant
Schlosstein-Hartley Family
Foundation
Eric S. Schwartz
Shell Oil Company
Charles Sirois
Clarice Smith
The Summit Foundation
Swedish Ministry for Foreign Affairs
Government of Switzerland
Target
Lynn B. Thoman
The Andrew H. and Ann R. Tisch
Foundation
Toyota
Turkish Industry and Business
Association TUSIAD
Unbound Philanthropy
University of Pittsburgh
Antoine van Agtmael
Marcus Wallenberg, Skandinaviska
Enskilda Banken
The Walton Family Foundation, Inc.
John Hazen White, Jr.
Tracy R. Wolstencroft
The World Bank

\$50,000–\$99,999

Anonymous (2)
ACE Charitable Foundation
Roger Agnelli
All Nippon Airways
Allen & Company LLC
Allstate
Altman/Kazickas Foundation
The American Board of Medical
Specialties
Association for Corporate Growth
AW Investor
Rahul Bajaj
Banco Davivienda
Alan R. and Jane Batkin
Battelle
Geoffrey T. Boisi and the Boisi
Family Foundation
Heinrich Böll Foundation

HONOR ROLL OF CONTRIBUTORS

Crandall C. Bowles
 The Andrea and Charles Bronfman
 Fund at Brandeis University
 William D. Budinger, The Rodel
 Foundations
 CAF
 The Morris and Gwendolyn Cafritz
 Foundation
 Canadian Department of Foreign
 Affairs and International Trade
 China-United States Exchange
 Foundation
 Citigroup
 City of London Corporation
 The Civic Council of Greater Kansas
 City
 The Coca-Cola Company
 Abby Joseph Cohen
 Ronald Cohen
 The Council for the United States
 and Italy
 The Crown Family
 Dartmouth College
 Dow Corning
 Duke Energy Corporation
 Deborah L. Duncan
 Jay Farrar
 Fidelity Investments
 Julie Finley
 Bart Friedman
 The Victor and William Fung
 Foundation
 The George Washington University
 Greater New Orleans Nonprofit
 Knowledge Works
 William A. Haseltine, Ph.D.
 Heidrick & Struggles
 The Heinz Endowments
 Intel Corporation
 The Japan Foundation Center for
 Global Partnership
 The Jenesis Group
 James A. Johnson and Maxine Isaacs
 Alan K. Jones
 Herbert M. Kaplan
 Tom Kaplan
 The Korea Foundation
 Edward M. Lamont
 Lennar Urban
 Luso-American Foundation
 Luxembourg Ministry of Foreign
 Affairs
 Marsh & McLennan Companies,
 Inc.
 McGill University
 The Leo Model Foundation
 The Ambrose Monell Foundation
 Jaime J. Montealegre
 Mario M. Morino

Bruhn-Morris Family Foundation
 National Bureau of Economic
 Research, Inc.
 National Institutes of Health
 Embassy of the Netherlands
 The Olayan Group
 Frank H. Pearl
 PepsiCo, Inc.
 John G. Popp
 Joseph L. Rice III
 Edgar and Lillian Rios
 James D. Robinson III
 Wilbur Ross
 James Rubin
 Rutgers, The State University of
 New Jersey
 Russell Sage Foundation
 SAP America, Inc.
 Jonathan Schaffzin
 The Schroder Foundation
 Beatrice Snyder Foundation
 Specialized Association Services
 Standard Chartered Bank
 StatoilHydro
 Kihak Sung, Youngone Corporation
 The Switch SuperNAPs
 T-Mobile USA
 Tata Sons Ltd.
 A. Alfred Taubman
 Time Warner
 UNICEF
 U.S. Department of Transportation
 Wal-Mart Stores, Inc.
 Washington University in St. Louis
 Casey Wasserman
 Beatrice W. and Anthony Welters
 Poju Zabłudowicz
 Ziff Brothers Investments
 Mortimer Zuckerman
 Daniel B. Zwirn

\$25,000-\$49,999

Anonymous (3)
 The AES Corporation
 American Electric Power
 American Express Company
 Aramco Services Company
 Asian Development Bank Institute
 The Babcock & Wilcox Company
 Rex J. Bates
 The Boeing Company
 Brodsky Family Foundation
 Ralph C. Bryant
 Cerner Corporation
 Coda Automotive
 The Commonwealth Fund
 Connect US Fund of Tides
 Foundation
 ConocoPhillips

The Honorable Kenneth W. Dam and
 Marcia W. Dam
 Eaton Corporation
 EDF Inc.
 European Commission
 European Council on Foreign
 Relations
 R. S. Evans
 Edith B. Everett
 Finmeccanica SpA
 First Solar
 Lawrence K. Fish
 The Lee and Juliet Folger Fund
 Mitzi and Cyrus F. Freidheim Jr.
 General Atlantic Service Company,
 LLC
 General Dynamics
 Miles Gilburne and Nina Zolt
 Jeffrey W. Greenberg
 Harvard University
 Hudson Clean Energy Partners, L.P.
 Frank F. Islam
 Henry M. Jackson Foundation
 Japan Bank for International
 Cooperation
 Johnson & Johnson
 Betsy Karel
 Howard and Kate Kilguss
 Peter and Elbrun Kimmelman
 Robert E. Marks
 McKinsey & Company, Inc.
 Medco Health Solutions, Inc.
 Mitsubishi Heavy Industries America,
 Inc.
 National Association of Broadcasters
 Northrop Grumman Corporation
 Norwegian Refugee Council
 Partnership for a New American
 Economy
 Robert Peck
 George L. Perry
 Personalized Medicine Coalition
 Pfizer Inc.
 Samuel Pisar
 Princeton University
 Qualcomm
 R.R. Donnelley & Sons Company
 sanofi-aventis US
 Leonard D. Schaeffer
 William A. Shutzer
 Siemens Corporation
 Samuel M. and Helene K. Soref
 Foundation
 Taconic Capital Advisors LP
 TerraPower
 Larry D. Thompson
 UNITE HERE
 United States Institute of Peace
 United States Small Business
 Administration (SBA)

Verbundnetz Gas AG
 Visa Inc.
 Enzo Viscusi, EniSpA
 Mallory Walker
 Seymour and Kate Weingarten
 Westinghouse Electric Corporation
 Daniel H. Yergin and Angela Stent
 Adam and Ariel Zurofsky

\$10,000-\$24,999

Anonymous (3)
 Administrative Conference of the
 United States
 Meena and Liaquat Ahamed
 American Association for Cancer
 Research
 American Society of Clinical
 Oncology
 Amsterdam International Institute for
 Development
 The Loreen Arbus Foundation
 Elizabeth E. Bailey
 Liza Bailey
 The Bank of Tokyo-Mitsubishi UFJ
 Joanne Barker
 Anders Brag
 Bristol-Myers Squibb Foundation
 Roberto Buaron
 Carter Cafritz
 Canada Pension Plan Investment
 Board
 Cargill
 Caterpillar
 Center for American Progress
 Center for Economic and Policy
 Research
 The Centre for International
 Governance Innovation
 Judith and Stewart Colton
 The Corning Incorporated
 Foundation
 Alexi Coscoros
 Council on Foreign Relations
 Curtis Family Foundation, Inc.
 D. Ronald Daniel and Lise C. Scott
 Judy and Kim Davis
 Deere & Company
 Anthony and Darian Downs
 The Eisner Foundation
 Emerson Electric Co.
 Roger C. Faxon
 French Ministry of Foreign Affairs
 Ann M. Fudge
 John L. Furth
 Georgians for Passenger Rail
 Brian L. and Myra S. Greenspun and
 the Greenspun Family Foundation
 Agnes Gund
 The Marc Haas Foundation
 The Harris Family Foundation

June R. Hechinger
 Teresa Heinz Kerry
 F. Warren Hellman
 Fiona Hill
 Franklin W. Hobbs
 International Committee of the Red
 Cross
 International Growth Centre
 ITOCHU International Inc.
 ITT Corporation
 Martin D. Jacobson
 Douglas M. Kaden
 Kansai Electric Power Company, Inc.
 Joel and Ricki Kanter
 James C. Kautz
 David Woods Kemper Memorial
 Foundation
 Brenda R. Kiessling
 Marie L. Knowles
 Robert and Arlene Kogod
 Korea Development Institute
 Korea International Trade Association
 (KITA)
 KPMG LLP
 Toby Devan Lewis
 Gordon Litwin and Anne Luzzatto
 Lockheed Martin Corporation
 Daniel S. Loeb
 Malcolm and Celia Lovell
 Bertil P. Lundqvist
 Marathon Oil Corporation
 Marubeni America Corporation
 David O. Maxwell
 Eugene and Agnes E. Meyer
 Foundation
 The McGraw-Hill Companies, Inc.
 Arjay and Frances Miller
 Mitsubishi International Corporation
 Mitsui & Co. (U.S.A.), Inc.
 Stavros Niarchos Foundation
 Northern Trust Corporation
 Norwegian Peacebuilding Centre
 NTT Corp.
 Richard B. Nye and Francesca
 Stanfill-Nye
 Eiji Ono
 Organization of American States
 Panasonic Corporation
 Steven Pifer
 Robert C. Pozen
 Marie Ridder
 Marshall Rose
 Robert L. Rosen
 Laura G. Ross
 Lewis Sachs
 Joseph Sassoon
 Isabel V. Sawhill
 The SCAN Foundation
 Michael P. and Paola Schulhof
 Elinor A. Seevak

Steven J. Simmons
 The Simons Foundation
 Randy Slifka
 Emily and Robert E. Smith
 Software and Information Industry
 Association
 Sojitz Foundation
 Andrew P. and Patricia Steffan
 Leila and Mickey Straus
 Michael Sternberg
 Sumitomo Corporation of America
 Sumitomo Mitsui Banking
 Corporation
 Paul and Chandler Tagliabue
 Nelson Talbott
 Strobe Talbott
 Michael L. Tipsord
 Margaret L. Tomlinson
 Toshiba America, Inc.
 Trehan Foundation
 Tudor Investment Corporation
 University of Wisconsin-Madison
 Paul Verbinnen and Cecilia Greene
 VOX Global
 John C. Whitehead
 Judy and Fred Wilpon Family
 Foundation, Inc.
 Stephen M. Wolf
 Xerox Corporation

\$5,000-\$9,999

American Society of the French
 Legion of Honor
 Argonne National Laboratory
 Zoë Baird Budinger
 Steffi and Robert Berne
 Bertelsmann Stiftung
 Conrad Cafritz
 William M. Cameron
 Ellen Chesler and Matthew J.
 Mallow
 Arthur B. Culvahouse
 Bruce B. Dayton
 Kenneth M. Duberstein
 Charles W. Duncan Jr.
 Kay Enokido and Thomas C. Crouse
 Elinor Farquhar
 Nancy M. Folger
 David Friend
 Leslie I. Gold
 Patrick Gross
 John H. and Susan K. Gutfreund
 Hagedorn Foundation
 The John A. Hartford Foundation
 Robert A. Helman
 Cynthia Helms
 Harold Hestnes
 Shirley Ann Jackson
 John R. Jakobson
 Nicholas Jakobson

Embassy of Japan
 J.M. Kaplan Fund
 Keck Foundation
 The Learning Fund
 Bruce and Virginia MacLaury
 Maricopa Association of
 Governments
 Peter and Sarah O'Hagan
 George F. Ohrstrom
 Frederic A. and Susan Rubinstein
 William Salomon
 Ralph S. Saul
 Henry B. Schacht
 Paul and Deane Shatz
 Kenneth Siegel
 Frederick Stavis
 SunTrust Foundation
 The University of British Columbia
 University of Pennsylvania
 Josh S. Weston
 Howard Wial

Up to \$4,999

Anonymous
 Henry Aaron
 Fred Altman
 Anders Aslund
 Harley D. Balzer
 Richard Barnes
 William Horton Beebe-Center
 Steven J. Bennett
 Paul S. Berger
 Cabell and Shirley Brand Charitable
 Lead Trust
 Louis W. Cabot
 Avis B. Calleo
 Samuel G. Charap
 Morton and Shirley Cohen
 Roberta Cohen
 The Concord Coalition
 Vishakha N. Desai
 Michael Dolan
 Jill Dougherty
 Courtney Dunakin
 Environmental Defense
 Nick Farmer
 Barry Friedberg
 Ellen Futter
 Stephen D. Greenberg
 Vartan Gregorian
 Marion Guggenheim
 Jack Guthman
 King W. Harris
 Nancy and John Harris
 Hope M. Harrison
 Daniel Herz-Roiphe
 Nancy M. Hewett
 Hickrill Foundation
 Arnold L. Horelick
 Christopher W. Ince

Martin Indyk
 Ann and Vernon E. Jordan Jr.
 Van Jordan
 Catherine Kelleher
 Thomas L. Kempner
 Douglas Kiessling
 Kristin Knaus
 Donald F. McHenry
 Stephen C. Morris
 David Mundel
 Rochelle Novins
 Robert C. Nurick
 William A. Owens
 Jason Palmer
 Bruce Parrott
 Peter G. Peterson Foundation
 Samuel Plimpton and Wendy
 Shattuck
 Amy and John Porter
 Helen Raffel
 Peter B. Reddaway
 Stanley and Louise Resor
 Blair Ruble
 Warren B. Rudman
 B. Francis Saul II
 Sodexo, Inc.
 Edwin Soforenko Foundation
 Alexander Sokolowski
 Helmut Sonnenfeldt
 Diana Davis Spencer
 Jeffrey W. Smith
 S. Frederick Starr
 Third Way
 Laura D'Andrea Tyson
 U.S.-Russia Business Council
 Robert M. Weekley
 Mark S. Wrighton

Brookings strives to be complete and accurate in recognizing the generous support of our donors. We regret any omissions or errors.

STATEMENT OF ACTIVITIES

Years Ended June 30, 2011 and 2010 (in thousands)
Preliminary and Unaudited*

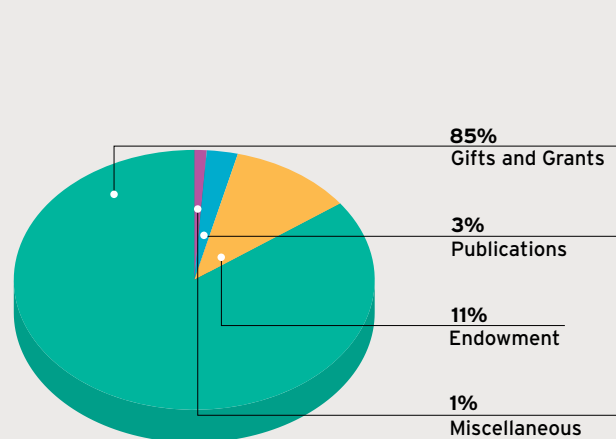
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	FY 2011 TOTAL	FY 2010 TOTAL
OPERATING ACTIVITIES					
Revenue and Support					
Investment return designated for operations	\$ 9,717	\$ 2,702		\$ 12,419	\$ 12,265
Grants, contracts, and contributions	19,112	67,595		86,707	52,185
Brookings Press	2,226			2,226	2,328
Facility and other revenue	694			694	2,520
Net assets released from restrictions—					
Satisfaction of program restrictions	55,334	(55,334)			
Total Operating Revenue	87,083	14,963		102,046	69,298
OPERATING EXPENSES					
Program Services					
Economic Studies	15,884			15,884	14,549
Foreign Policy	17,354			17,354	15,668
Global Economy and Development	8,913			8,913	8,445
Governance Studies	4,291			4,291	3,603
Metropolitan Policy Program	9,404			9,404	7,907
Other Research	2,195			2,195	352
Executive Education	1,501			1,501	1,309
Brookings Press	2,681			2,681	2,708
Communications	2,208			2,208	2,257
Total Program Services	64,431			64,431	56,798
Supporting Services					
Management and General	19,611			19,611	28,904
Fundraising	3,171			3,171	2,743
Total Operating Expenses	87,213			87,213	88,445
Net Operating Activity	(130)	14,963		14,833	(19,147)
Change in net assets before non-operating activities	(130)	14,963		14,833	(19,147)
NON-OPERATING ACTIVITIES					
Investment return in excess of amounts designated for operations					
Realized gain (loss) on sale of investments	5,921	1,461		7,382	7,045
Unrealized gain (loss) from investments	34,010	8,360		42,370	27,016
Interest and dividends, net	601	369		970	(70)
Investment return designated for operations	(9,717)	(2,702)		(12,419)	(12,265)
Total investment return (loss) in excess of amounts designated for operations	30,815	7,488	-	38,303	21,726
Loss on uncollectible contribution	-	-	-	-	(852)
Contributions for endowment	-		229	229	2,081
Total Non-Operating Activities	30,815	7,488	229	38,532	22,955
Change in net assets before post-retirement related changes other than net periodic post-retirement benefit cost	30,685	22,451	229	53,365	3,808
Post-retirement related changes other than net periodic post-retirement pension cost	1,748			1,748	(504)
CHANGE IN NET ASSETS	32,433	22,451	229	55,113	3,304
Net assets, Beginning of year	152,011	87,379	59,940	299,330	296,026
Net assets, End of year	\$184,444	\$109,830	\$60,169	\$354,443	\$299,330

STATEMENT OF FINANCIAL POSITION

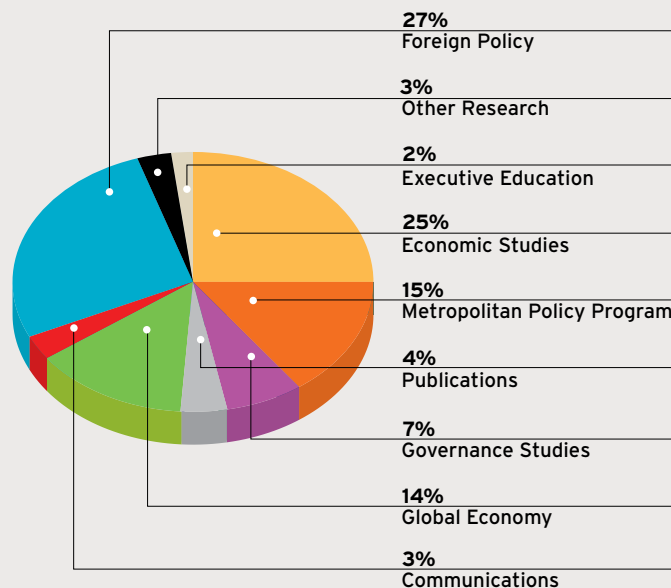
As of June 30, 2011 and 2010 (in thousands)
Preliminary and Unaudited*

	2011 TOTAL	2010 TOTAL
ASSETS		
Cash and cash equivalents	\$ 17,555	\$ 11,258
Grants, Contributions and accounts receivable, net	69,470	57,719
Inventory	451	450
Investments	275,062	244,303
Property and equipment, net	45,862	44,675
Other assets	1,639	1,657
TOTAL ASSETS	410,039	360,062
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	(6,963)	(7,681)
Bonds payable and lines of credit	(44,377)	(46,868)
Accrued compensated leave	(1,386)	(1,747)
Accrued post-retirement benefit obligation	(2,593)	(4,087)
Deferred revenue	(277)	(349)
TOTAL LIABILITIES	(55,596)	(60,732)
NET ASSETS		
Unrestricted	(184,444)	(152,010)
Temporarily restricted	(109,830)	(87,629)
Permanently restricted	(60,169)	(59,691)
TOTAL NET ASSETS	(354,443)	(299,330)
TOTAL LIABILITIES AND NET ASSETS	\$(410,039)	\$(360,062)

Operating Revenues



Program Services Expenses



Notes:

As a nonprofit and scientific organization, Brookings is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Institution also qualifies as a publicly supported organization under section 170(b)(1)(A)(vi) of the code.

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 Press

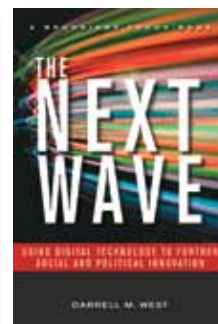
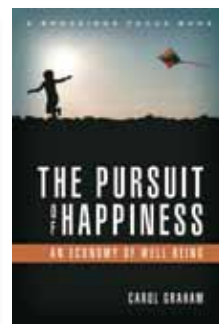
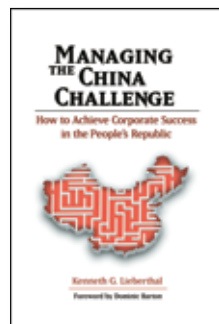
The whole world is watching China's remarkable economic growth. The Brookings Institution Press released several books this year exploring various aspects of this sea change, including how to do business in China, Beijing's evolving relationship with its regional neighbors and whether the nation is truly on track to become the next superpower.

Multinational corporations are now looking toward China with a mixture of trepidation and anticipation. Senior Fellow Kenneth Lieberthal, director of Brookings's John L. Thornton China Center, explains China's priorities and how its political and economic systems actually work—and how to operate within those systems—in *Managing the China Challenge: How to Achieve Corporate Success in the People's Republic*. In *The Perils of Proximity: China-Japan Security Relations*, Senior Fellow Richard Bush, who directs the Center for Northeast Asian Policy Studies at Brookings, evaluates the chances of armed conflict between China and Japan.

Two new volumes this year from the Thornton Center Chinese Thinkers Series also delved into the Middle Kingdom's rapid transformation. Senior Fellow Cheng Li edited *China's Emerging Middle Class: Beyond Economic Transformation*, which

focuses on the sociopolitical ramifications of the birth and growth of China's middle class over the past two decades. Hu Angang, director of the Center for China Studies at Tsinghua University in Beijing, offers a Chinese perspective on the challenges and opportunities that his nation will face as its global footprint expands in *China in 2020: A New Type of Superpower*.

China and other emerging market economies—including Brazil, Russia and India—now constitute a dominant presence



in today's global economy. Senior Fellow Eswar S. Prasad and his coauthor M. Ayhan Kose draw on extensive research to assess the resilience of these markets in the face of the global financial crisis. *Emerging Markets: Resilience and Growth amid Global Turmoil* shows how these markets weathered the crisis much better than did the advanced countries.

This year the Brookings Press published two new titles in its FOCUS series, which features concise and accessible analysis of current policy issues written for a broad audience. Senior Fellow

Carol Graham, the Charles W. Robinson chair in Foreign Policy, offers a definition of well-being that is broader than income measurement and could lead to an improved understanding of poverty and development in *The Pursuit of Happiness: An Economy of Well-Being*. And Darrell West is the author of *The Next Wave: Using Digital Technology to Further Social and Political Innovation*, in which he examines new technologies and considers how they can further U.S. social and political innovation. West

stan, America, and the Future of the Global Jihad.

In *Last Exit: Privatization and Deregulation of the U.S. Transportation System*, Senior Fellow Clifford Winston takes a view largely at odds with the current administration, reminding us that transportation services and infrastructure in the United States were originally introduced by private firms rather than the government. He proposes timely experiments to test and demonstrate the benefits of privatization as the nation explores ways to relieve its budgetary crisis.

William T. Coleman Jr., an honorary member of the Brookings Board of Trustees, chronicles his own story in *Counsel for the Situation: Shaping the Law to Realize America's Promise*.

The first two Brookings FOCUS series books received recog-

nition this year. *Brain Gain: Rethinking U.S. Immigration Policy* by Darrell West, won the Gold Award in Political Science from *ForeWord Reviews's* Book of the Year Awards. Brookings Managing Director William Antholis and President Strobe Talbott's *Fast Forward: Ethics and Politics in the Age of Global Warming* was a finalist in the Environment category. The Before Columbus Foundation named *Journey into America: The Challenge of Islam* by Akbar Ahmed winner of an American Book Award for 2011. ■

BROOKINGS