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Annual Report 2013

QUALITY. INDEPENDENCE. IMPACT.

BROOKINGS

BROOKINGS

Leadership Message

When Robert S. Brookings and a group of like-minded reformers established the Brookings Institution nearly a century ago, they were guided by the simple but profound belief that good governance results from good ideas and that good ideas are based on respect for facts, rigorous thinking, rational debate, and civil discourse. It is a testament to our founder that his vision has guided us across the decades and continents, into the era of globalization and the digital age.

Brookings brings an unparalleled breadth and depth of expertise to the most pressing challenges to governance, with experts working across disciplines to develop comprehensive solutions. As we near the end of our first century of doing this important work, we remain true to the trinity of values that has been at the heart of what we do since Brookings was founded: Quality, Independence, and Impact.

Quality. We're proud to be found on the Internet at brookings.edu. It's a subtle but deeply important symbol of our commitment to upholding the standards of intellectual rigor maintained by the world's most respected educational institutions. Our institutional reputation for excellence derives from the individual excellence of our 270 resident and nonresident scholars, who collaborate across fields of expertise—and in many cases across the globe—to generate fresh, bold ideas.

Independence. By any measure, our government is more polarized than it was a generation ago, with intense and destructive partisanship in Washington and many state capitals. In this environment, Brookings's independence is our greatest asset. It means that policymakers across the ideological spectrum take our ideas seriously and value our analysis. It enables us to convene people with diverse views for reasoned, honest debate.

Impact. At Brookings, we strive to make sure that the product of our thinking influences the thinking and action of people who can make our recommendations a reality. Often, our own scholars and Trustees pass through the revolving door between Brookings and the U.S. government. In recent years, as we've globalized Brookings, our talent pool has benefited other governments and international institutions. While never faltering in our commitment to high-quality research, we're investing in dissemination through both traditional and emerging channels.

For nearly a century, we've stayed true to our original purpose of improving the way that communities—from the local to the national to the global—govern themselves. We also recognize that our ability to achieve real impact stems from how we govern the Institution, including fostering an atmosphere of intellectual freedom for our scholars. We have been entrusted with upholding Mr. Brookings's legacy and we owe it to our predecessors—and our successors—along with our Trustees and generous supporters, to manage our human, financial, and physical resources.

Perhaps Mr. Brookings would not recognize many aspects of the world we live in today, with our nearly instantaneous exchanges of information over cyberspace and the fragmented nature of domestic and international politics. Yet we have no doubt he would be proud of this Institution and our continued commitment to his vision of providing good ideas to improve governance.



Strobe Talbott
President



John L. Thornton
Chair of the Board



PHOTO BY PAUL MORIGI



Brookings President Strobe Talbott and former President Bill Clinton



Senator John McCain



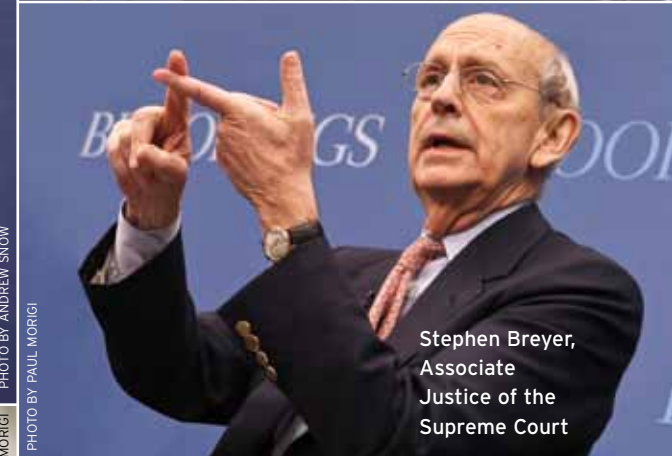
Condoleezza Rice, former Secretary of State



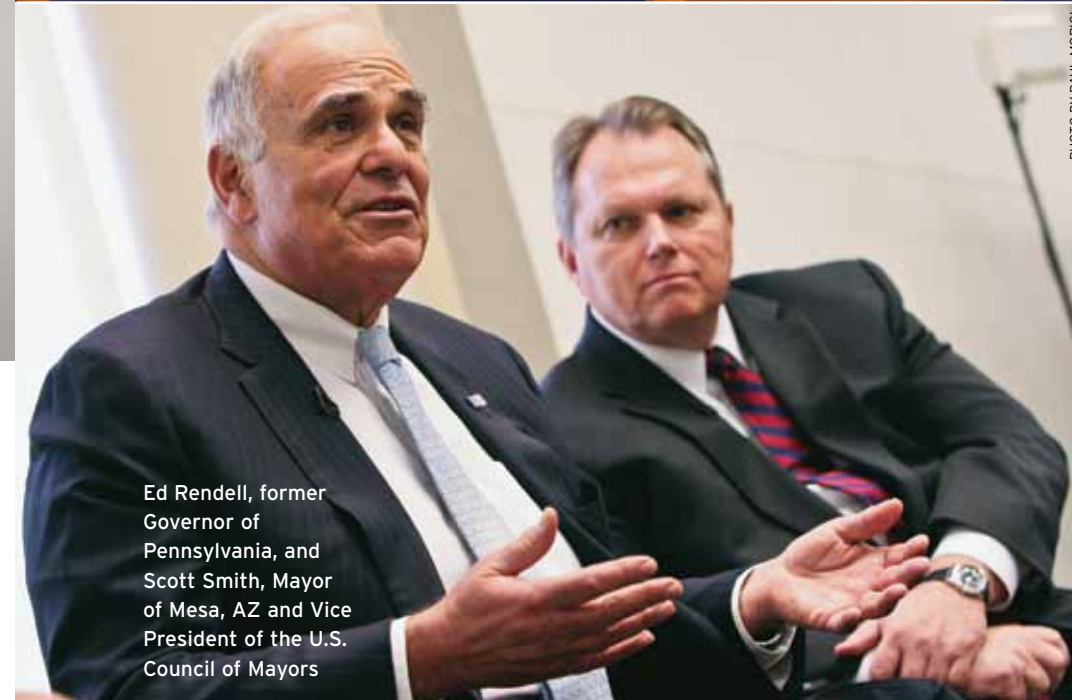
Christine Lagarde, Managing Director of the International Monetary Fund



Senior Fellow Cheng Li and Professor He Weifang of Peking University



Stephen Breyer, Associate Justice of the Supreme Court



Ed Rendell, former Governor of Pennsylvania, and Scott Smith, Mayor of Mesa, AZ and Vice President of the U.S. Council of Mayors



Kasim Reed, Mayor of Atlanta

Governance Matters

Brookings research spans topics ranging from the global economy to national security crises to metropolitan-level strategies for growth to the health of national and international political institutions. Each of Brookings's five research programs has unique capabilities in its particular focus area. Those programs—Economic Studies, Foreign Policy, Global Economy and Development, Governance Studies, and Metropolitan Policy—may, at first glance, seem to be disconnected from each other; but rather than being five separate think tanks under one roof, Brookings is one Institution tied together by an overarching theme: governance.

Governance Studies was Brookings's original research program, committed to figuring out how we can best organize, regulate, protect, and expand our communities. In an ever-more-interconnected world—characterized by economic globalization but increasingly knitted together on a personal level through social media—our conception of the community has expanded from the local and national to encompass a global vision of shared risks and shared opportunities.

Governance—whether in the public sector or private sector—involves mitigating risks and taking advantage of opportunities. That, in turn, requires well-functioning institutions that have the capacity to engage informed citizens and chart a course for the well-being of humanity. Political dysfunction in Washington is imposing significant—and unnecessary—costs on America's economy and national security, raising serious questions about whether the United States can continue to play a leadership role in advancing peace and prosperity.

Threats that spill across borders need a response from a truly international community. Some of the world's most pressing security challenges are themselves the result of failed governance. Generations that follow will bear the consequences of the action—or inaction—we take now.

In short, governance matters, and Brookings scholars are dedicated to promoting good governance and the informed citizenry that supports it.



Bobby Jindal, Governor of Louisiana



TUSIAD Senior Fellow Kemal Kirişçi and Turkish Prime Minister Recep Tayyip Erdoğan



Opportunities for a New Era

PHOTO BY BLEND IMAGES / ALAMY

The U.S. economy has been resilient since the Great Recession, yet strong growth remains elusive. Many families are still challenged by job loss, inadequate savings, lack of access to credit, and high health care and education costs. The Economic Studies program is focused on revitalizing U.S. economic conditions and achieving broadly shared economic growth for decades to come. Meeting these goals will require innovative economic policies driven by informed discourse, drawing in a range of expert viewpoints that are firmly rooted in rigorous analysis.

Devising Sensible Long-Term Deficit Reduction Proposals

Too often in Washington, political posturing and ideological rigidity are substituted for serious, workable approaches to solving our nation's fiscal challenges. In an effort to advance more concrete ideas, the Hamilton Project at Brookings invited recognized economic experts from around the country—and across the political spectrum—to make concrete proposals. The resulting publication, *15 Ways to Rethink the Federal Budget*, provided President Obama and Congress with innovative, actionable policy ideas on how to reduce the

deficit and create a growing economy that benefits more Americans.

For example, Adele Morris, Economic Studies Fellow and Policy Director of the Climate and Energy Economics Project, outlined a carbon tax plan to reduce the deficit by \$199 billion over 10 years while also achieving climate change goals. Another innovative solution came from Vice President and Co-Director of Economic Studies Karen Dynan, the Robert S. Kerr Senior Fellow, who proposed tax policy changes that would promote increased savings among Americans, while reducing the budget deficit by \$40 billion over 10 years. These policy recommendations, and the 13 others from the Hamilton Project, attracted attention from the White House and Capitol Hill.

Leading the Conversation on Tax Policy

Tax reform remains a central part of any sensible path toward long-term fiscal health. The Tax Policy Center, a joint project of Brookings and the Urban Institute, is playing a pivotal role in the debate by providing independent evaluations of new policy ideas. Praised for its careful, non-partisan approach and the sophistication of its modeling capabilities, the Tax Policy Center is well established as the go-to place for estimates of the

“People who observe Brookings have respected the intellectual integrity, the thoughtful analysis, and the honest debate that you folks participate in and contribute to.”

—Senator Pat Toomey (R-PA)

Vice President and Co-Director of Economic Studies Karen Dynan and Bank of America CEO Brian Moynihan examine the costs and benefits of home ownership. Dynan was nominated for Assistant Secretary of the Treasury for Economic Policy in August 2013



PHOTO BY PAUL MORIGI



PHOTO BY PAUL MORIGI

Senator Mark Warner (D-VA) briefs the Brookings Board of Trustees on the fiscal challenges facing the U.S. in a session at the U.S. Capitol Visitor Center moderated by Co-Director of Economic Studies Ted Gayer (left), the Joseph A. Pechman Senior Fellow. Gayer was named Vice President and Director of the program in August 2013

“Bending the Curve” on Health Care Costs

The third edition of Brookings’s “Bending the Curve” report, released by the Engelberg Center for Health Care Reform, continued the conversation about how to provide better care at lower cost. The reforms proposed in the report, which focus on the patient, not the procedure, could curtail health care costs by \$300 million in 10 years and possibly \$1 trillion in 20, if implemented soon. Former Senate Majority Leader Tom Daschle joined Senior Fellow Mark McClellan, a thought-leader in the field, at the launch event in April, providing opening remarks and commentary.

Alice Rivlin, the Leonard D. Schaeffer Chair in Health Policy Studies and Director of the Engelberg Center, testified before the Congressional Joint Economic Committee about the need to move American health care away from a fee-for-service system and towards a system that rewards quality of service.



Federal Reserve Board Governor Daniel Tarullo (second from right) confers with Senior Fellows Donald Kohn and Martin Baily and Fellow Doug Elliott (left to right) ahead of an event on structuring the financial industry



PHOTO BY PAUL MORIGI

Financial Reform at Home and Abroad

During the recent financial crisis, existing U.S. financial regulations were shown to be inadequate and even dangerous to our economy. How to improve them—and whether the Dodd-Frank reforms achieve the balance needed to foster a healthy financial system—is the subject of intense debate on Wall Street and Main Street and in Washington. Brookings experts are undertaking thoughtful examination of the effects and effectiveness of competing proposals.

Senior Fellow Martin Baily has played a leading role in shaping this debate as co-chair of the Bipartisan Policy Center's Financial Regulatory Reform Initiative. Baily and his colleagues are looking at complicated but essential issues such as how to deal with non-bank financial institutions, "too big to fail" banks, and regulating derivatives.

Brookings experts are also playing a critical role in regulatory discussions abroad. Senior Fellow and former Vice Chairman of the Federal Reserve Donald Kohn is advising the United Kingdom's Financial Policy Committee on financial reforms, in addition to his work on the advisory committee of the new Office of Financial Research at the U.S. Department of the Treasury.

"There's no think tank report or academic study in recent memory that's dominated a campaign the way the Tax Policy Center's analysis of Mitt Romney's tax plan has dominated this one."

—Dylan Matthews, *The Washington Post*, September 27, 2012

impact and distribution of tax reform proposals.

During the 2012 presidential election, a paper by Tax Policy Center Co-Director and Economic Studies Senior Fellow William Gale, the Arjay and Frances Fearing Miller Chair in Federal Economic Policy, and Hamilton Project Policy Director and Economic Studies Senior Fellow Adam Looney, along with Research Associate Sam Brown, looked at Governor Romney's proposed tax plan, examining tradeoffs among revenues, progressivity, and rates in tax reform. The report was cited more than 13,000 times in the media and drove the public conversation during the campaign—including in presidential and vice presidential debates—over the shape and contours of tax policy. The paper is a clear demonstration of how Brookings's commitment to careful and thoughtful analysis makes the Institution an essential player in how policymakers and the public think about the solutions to our most important challenges.

Creating Long-Term Opportunity and Economic Growth

Efforts to address economic growth with too near-term a view can give short shrift to important investments in growth. Brookings experts are focusing critical attention on the steps needed to foster long-term and broadly shared economic growth and increase opportunity for individuals at all income levels.

With an eye toward how best to build human capital, Co-Director of the Center on Children and Families Isabel Sawhill, holder of the Cabot Family

Economic Studies

Economic Studies Council

Brookings established the Economic Studies Council to create opportunities to engage leaders from the front lines of the U.S. economy with Brookings experts. Under the leadership of Chairman Wilbur Ross, Brookings Trustee and Chairman and CEO of WL Ross and Co., and Vice Chairman H. Rodgin Cohen, Senior Chairman of Sullivan & Cromwell, the Council has grown in the three years since its creation. The members of the Economic Studies Council provide important financial support to the Economic Studies program, along with critical perspectives on the effects of economic policies on the business community. Through a series of roundtable discussions, regular conference calls, and expert briefings, members of the Council take part in substantive dialogue with Brookings scholars around the most pressing topics on the nation's economic agenda.

Trustee Wilbur Ross

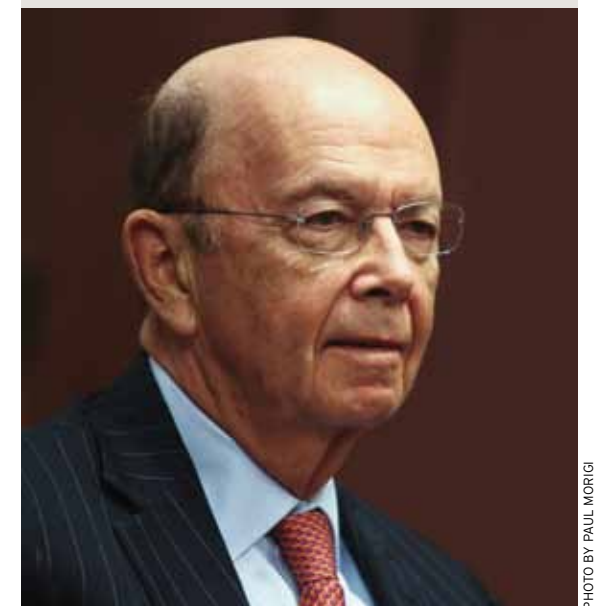


PHOTO BY PAUL MORIGI



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Senator Pat Toomey (R-PA) provides an update on negotiations to avert the "fiscal cliff" and shares his views on pro-growth tax reform and deficit reduction at a Budgeting for National Priorities event moderated by Senior Fellow and Co-Director Ron Haskins (right)



PHOTO BY PAUL MORIGI

Mona Sutphen and John Bridgeland listen as Senior Fellow Isabel Sawhill, Co-Director of the Center on Children and Families (right), examines the impact of the 2012 election on the U.S. poverty and opportunity agenda



PHOTO BY RALPH ALSWANG

U.S. Secretary of Education Arne Duncan speaks at a Hamilton Project event on promoting attainment and achievement in K-12 education

Chair, asked, "Should Everyone Go to College?" Sawhill's paper concludes that, on average, college is still a profitable and worthwhile investment, but advises caution when choosing a major and points out that tuition rates are rising faster than average family income.

Senior Fellow Martin Baily, Director of the Initiative on Business and Public Policy and the Bernard L. Schwartz Chair in Economic Policy Development, continued to examine the problems that plague the U.S. economy and what lies ahead for future job seekers. With the assistance of Non-resident Senior Fellow James M. Manyika and Shalabh Gupta, Baily published "U.S. Productivity Growth: An Optimistic Perspective," a paper that, in contrast to prevailing views, lays out how both innovation and technological opportunities and the coming energy revolution can lead to future growth.

> For more information about Economic Studies at Brookings, visit brookings.edu/economics. Follow us @BrookingsEcon



Meeting Challenges to the Global Order

PHOTO BY EPA EUROPEAN PRESSPHOTO AGENCY B.V. / ALAMY

Today, complex threats to U.S. and global security—from organized crime and terrorism to nuclear proliferation and climate change—demand policy approaches that go beyond traditional concepts of diplomacy and defense.

New challenges continue to emerge in surprising ways and in multiple domains, from cyberspace and the South China Sea to the streets of Cairo and São Paulo. These crises and transitions exist against a backdrop of changing U.S. foreign policy priorities: a U.S. shift toward Asia and the withdrawal of U.S. troops from Afghanistan. The outcomes of the Arab Spring continue to be contested, with the civil war in Syria escalating into a regional conflict and Iran bent on its pursuit of a nuclear future.

To help policymakers in Washington and around the world grapple with this complex set of competing priorities, Foreign Policy at Brookings provides cutting-edge research and actionable policy recommendations that promote sustainable peace, security, and prosperity in the emerging global order. With 40 full-time scholars, the Foreign Policy program's expansive research agenda covers the world's most critical regions, leveraging Brookings's three overseas offices—in China,

Qatar, and now India—to bring rigorous analysis to bear on breaking developments and long-term challenges that affect the global order.

Offering Policy Recommendations for Obama's Second Term

As President Obama entered his second term in office, the Foreign Policy program released *Big Bets and Black Swans: A Presidential Briefing Book*, a set of 20 memos to the president. Foreign Policy experts identified a number of "big bets"—policies in which the president should invest his power, time, and prestige—and "black swans," the low-probability, high-impact events that could derail the administration's priorities. With hard-hitting analyses and concrete recommendations, *Big Bets and Black Swans* provides actionable policy options on potential opportunities and crises such as an opening in U.S.-Cuba relations, a eurozone collapse, and a shift away from oil dependence to green energy alternatives.

Complementing the hardcopy publication of *Big Bets and Black Swans*, the Foreign Policy program developed a unique video presentation of the briefing book's key assertions and a successful digital marketing campaign. With requests for the briefing book coming from the White House, CIA,

"Brookings provides an essential forum for examining how the United States, Europe, and the larger community of nations can work together to meet the challenges of our rapidly changing world."

—Hillary Clinton

Former UN Secretary-General Kofi Annan (left) is welcomed to Brookings by Vice President of Foreign Policy Martin Indyk and President Strobe Talbott before an event where Annan discussed his life's work on behalf of world stability and human rights. Indyk was named the Special Envoy for Israeli-Palestinian Negotiations in July 2013



PHOTO BY PAUL MORIGI



PHOTO BY PAUL MORIGI

Chairman of the Joint Chiefs of Staff General Martin E. Dempsey (left) discusses the military's role in cyberspace and the threat that cyberattacks pose to the U.S. with Senior Fellows Michael O'Hanlon, Director of Research in Foreign Policy, and Peter W. Singer, Director of the Center for 21st Century Security and Intelligence



PHOTO BY PAUL MORIGI

"Revolution in Riyadh" Makes an Impact in the Kingdom

Senior Fellow Bruce Riedel's policy memo, "Revolution in Riyadh," looked at the possible outcomes of a popular uprising in Saudi Arabia and provided recommendations for U.S. policymakers to mitigate the threat and ameliorate the impact should a crisis unfold. Originally published in *Big Bets and Black Swans*, the memo generated a robust conversation in the Saudi Arabian blogosphere. A Saudi blogger examined Riedel's premise that the same forces—demographic, economic, and political—that contributed to the Arab Spring are also present in the Kingdom, increasing the risk of revolution in the country. As a result, the web version of "Revolution in Riyadh" was viewed more than 43,000 times from within Saudi Arabia.



Then-Secretary of State Hillary Clinton speaks on the importance of the Transatlantic Partnership to confronting global challenges

Protecting the Internally Displaced in Africa

While the 1951 UN Convention on Refugees has helped millions around the world over the past six decades, no globally binding international agreement exists for the almost 30 million people displaced within the borders of their own countries. To address this deficit, the Brookings-LSE Project on Internal Displacement (IDP Project) has worked to support the African Union's Convention on the Protection and Assistance of Internally Displaced Persons (IDPs) in Africa. Known as the Kampala Convention, this agreement is the world's first binding regional treaty on IDPs and marks a tremendous step forward in international law on displacement. While the Convention entered into force in December 2012, much work is still needed to translate the agreement into policies that will improve the lives of IDPs on the ground. The IDP Project will soon publish legal commentary on the Convention and is working with the UN and the African Union to train African political leaders in the legal implications—and obligations—resulting from the Convention. IDP Project staff also work closely with international partners to encourage more African states to ratify the Convention and to implement it in ways that will improve the lives of Africa's IDPs.

"It's always a pleasure to speak at the Brookings Institution, the premier policy institution in Washington, DC, in America, and in the world."

—Senator John McCain (R-AZ)



PHOTO BY PAUL MORIGI

State Department, National Security Council, and a number of congressional offices, the memos made an immediate impact among high-level Washington policymakers charged with guiding U.S. national security strategy.

Securing a New Century

The changing nature of warfare and the emergence of new national security challenges require policymakers to rethink the traditional battlefields and domains that have guided defense and intelligence efforts for decades. Brookings launched the Center for 21st Century Security and Intelligence in March 2013 to bring together Foreign Policy's extensive expertise in defense, intelligence, and arms control and nonproliferation with an emerging capacity on cybersecurity and warfare in the new millennium. Under the leadership of Senior Fellow Peter W. Singer, the Center takes advantage of Brookings's deep regional and functional expertise to shape both public understanding and official policy on key security issues.

Investing in Deeper Research

At a time when serious discussion of U.S. foreign policy is frequently compressed or overlooked, Foreign Policy at Brookings remains committed to producing book-length research and analyses.

These books and monographs are based on in-depth, scholarly research that uncovers the causes and consequences of critical issues confronting the United States and the international community today. The substantive research that underpins each book allows Foreign Policy's experts to speak authoritatively, whether they are testifying on Capitol Hill, briefing Executive Branch officials, or appearing in the media.

Foreign Policy published a number of influential books this year, covering a wide range of policy-relevant topics. In *Mr. Putin: Operative in the Kremlin*, Senior Fellows Clifford Gaddy and Fiona Hill, Director of the Center on the United States and Europe and the Stephen and Barbara Friedman Fellow, explore the many dimensions of Russian President Vladimir Putin's public persona—statist, survivalist, outsider, free marketeer, and case officer. The book seeks to help policymakers better understand the Russian president and to develop strong policy approaches to working with Russia's leadership. The book reached the highest levels of U.S. leadership, including Vice President Joe Biden, who described the book as "insightful" in a May 2013 interview in *Rolling Stone*.

In *Aspiration and Ambivalence: Strategies and Realities of Counterinsurgency and State-Building*

David Gregory, host of *Meet the Press*, moderates a panel discussion on *Big Bets and Black Swans: A Presidential Briefing Book* with Senior Fellows Suzanne Maloney, Charles Ebinger, Kenneth Lieberthal, Mireya Solís, the Philip Knight Chair in Japan Studies, and Robert Kagan (right to left)

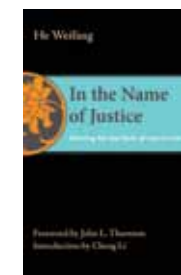
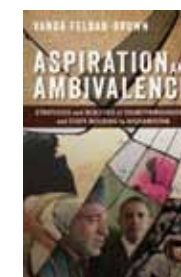
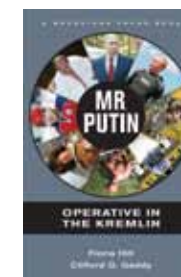
Senior Fellow and Director of the Brookings-LSE Project on Internal Displacement Elizabeth Ferris explores conditions at a Syrian refugee camp in Jordan



PHOTO COURTESY OF ELIZABETH FERRIS

in Afghanistan, Senior Fellow Vanda Felbab-Brown analyzes U.S. and international efforts in Afghanistan and offers detailed recommendations for dealing with the precarious situation leading up to the 2014 transition to Afghan control and beyond. Felbab-Brown argues that allied efforts in Afghanistan have put far too little emphasis on good governance, concentrating too much on short-term military goals to the detriment of long-term peace and stability. Following the publication of *Aspiration and Ambivalence*, Felbab-Brown has been invited on numerous occasions to brief top NATO and International Security Assistance Force officials, as well as senior U.S. and international diplomats, on matters such as the 2014 Afghan presidential election, Afghan local police capabilities, and ways to improve governance in Afghanistan.

The Brookings Press published a courageous book, *In the Name of Justice: Striving for the Rule of Law in China*, by Chinese law professor He Weifang. Part of the John L. Thornton China Center Series on Chinese Thinkers, the book presents He's critical assessment of the state of Chinese legal reform. At the event launching the book, Supreme Court Justice Stephen Breyer offered his thoughts on lessons from the American legal system for developing an effective rule of law in China.



Brookings India Launches in New Delhi

With generous support from the India Founders Circle

Launched in 2013 and based in New Delhi, Brookings India establishes an independent platform for policy research and analysis in one of the world's largest emerging powers. The center focuses on the key issues affecting India, including global and domestic economic growth and stability, energy security, and foreign policy. Joining Brookings's other international research centers in Doha, Qatar and Beijing, China, Brookings India will expand the Institution's global reach and bring its long-standing commitment to quality, independence, and impact to the world's largest democracy. Working in concert with Brookings experts in New Delhi, Brookings's Washington-based India Project will endeavor to raise the profile of the policy issues that shape U.S.-Indian relations. Brookings India would not have been possible without the generous and visionary support of the Brookings India Initiative Founders Circle, a group of Indian and American business leaders who believe in the importance of independent policy research at this critical juncture in India's history.

New York Times columnist and author Tom Friedman (left) and Vikram Mehta, Chairman of Brookings India

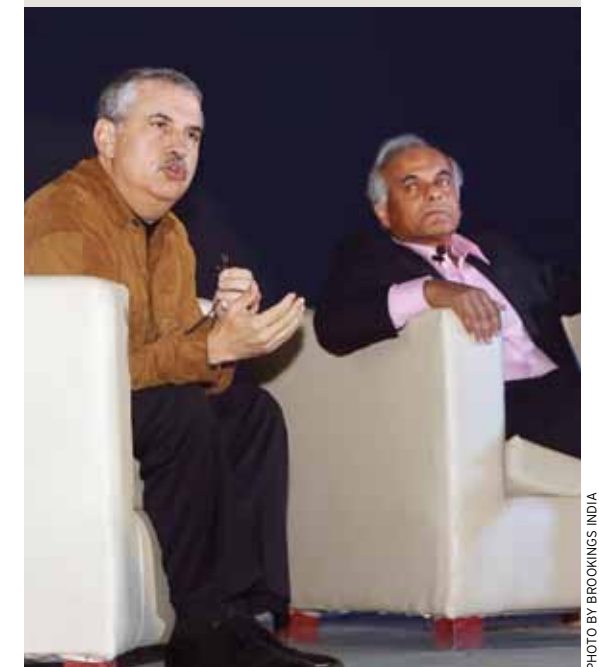


PHOTO BY BROOKINGS INDIA

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Fostering Sustainable Prosperity for a Better World

PHOTO BY STEPHAN BACHENHEIMER / WORLD BANK

Continued fragility in global financial markets and prolonged fiscal challenges in advanced economies have demonstrated that the world economy is an interdependent whole: trouble in one country can have negative ripple effects that spread beyond its borders. Growth in emerging markets has been faster and more resilient than in advanced countries, but in 2013 there is a clear slowdown that is not sparing them. Economic relationships are changing, with an expanding global middle class creating sources of growth, while the difficulties in the eurozone create risks for the entire world. New stories of progress have also brought forth optimism about the prospects for one day eliminating poverty. Throughout the year, experts in the Global Economy and Development program have responded to this changing landscape, improving prospects for continued growth and prosperity.

Shaping the Next Generation of Millennium Development Goals

As the 2015 deadline for the Millennium Development Goals (MDGs) rapidly approaches, the global community is taking stock of progress to date and laying the groundwork for a new devel-

opment agenda. Brookings experts are playing a direct role in these processes to inform, shape, and design the next generation of the MDGs. Senior Fellow and Deputy Director Homi Kharas served as lead author and executive secretary of the United Nations high-level panel that developed a framework for a new global partnership to end poverty and promote sustainable development.

The panel's report has become the go-to source for policymakers and practitioners on development goals, targets, and metrics, and will continue to play a formative role in key debates. In tandem, experts in the Center for Universal Education, under the leadership of Senior Fellow and Director Rebecca Winthrop, collaborated with the United Nations's *Global Education First Initiative* to ensure that the next generation of MDGs focuses not only on universal access to primary school education for all children, but on the critical need for learning.

Creative Solutions for Global Economic Stability

Lasting effects of the global economic crisis and its slow recovery are still reverberating worldwide. Over the last year, scholars undertook high-quality research and dialogue to shape U.S. and inter-

"Brookings has for a long time been at the center of the transatlantic dialogue. I enjoy seeing it becoming a truly global center of excellence."

—Pascal Lamy, former Director-General, World Trade Organization

Then-Director-General of the World Trade Organization Pascal Lamy (left) and Vice President of Global Economy and Development Kemal Derviş confer ahead of an event on the future of global trade as mercantilism gives way to "made in the world"



PHOTO BY PAUL MORIGI



PHOTO BY PAUL MORIGI

Senior Fellow and Director of the Center for Universal Education Rebecca Winthrop discusses education in the context of the post-2015 development agenda with UN Special Envoy for Global Education and former British Prime Minister Gordon Brown

Ending Extreme Poverty

In 1990, 43 percent of the world's population lived in poverty, defined as living on less than \$1.25 a day. Today, with the global progress made on the 2000 Millennium Development Goal of eradicating extreme poverty and hunger, the world's poverty rate has declined to 21 percent. "The Final Countdown: Prospects for Ending Extreme Poverty by 2030" by Fellow Laurence Chandy and his co-authors was featured in a cover story in a June 2013 issue of *The Economist* and in *The Washington Post*, among many other media outlets.



Haroon Borat, Director of the Development Policy Research Unit at the University of Cape Town in South Africa, discusses how to translate research into policy impact at a meeting of the Africa Growth Initiative's think tank partners, which was moderated by Senior Fellow Mwangi S. Kimenyi, Director of the Initiative (left)



European Commissioner for Economic and Monetary Affairs and the Euro and Vice President of the European Commission Olli Rehn examines options for resolving the eurozone crisis during a panel discussion with European policymakers



national policymakers' thinking on key macro-economic policy questions—from how to inspire inclusive growth in post-Arab Spring countries, particularly Egypt and Tunisia, to Latin America's role in the global economy through a new partnership with the Center for the Study of Economic and Social Affairs (CERES) in Uruguay on economic and social policy. Brookings also launched new research on strategies for renewed growth in Greece, Spain, and Italy, as well as hosted dialogues with high-ranking government officials and experts, such as Portugal's Minister of State and Finance Vitor Gaspar, Leader of the Greek Opposition from the SYRIZA coalition Alexis Tsipras, and European Commissioner for Economic and Monetary Affairs and the Euro and Vice President of the European Commission Olli Rehn.

In the United States, Senior Fellow Eswar Prasad, the New Century Chair in International Trade and Economics, presented at the prestigious, invitation-only Jackson Hole Symposium, which draws prominent central bankers, finance ministers, academic luminaries, and financial market players from around the world. Prasad, together with Barry Eichengreen and former Nonresident Senior Fellow Raghuram Rajan, now Central Bank Governor of India, reconvened the Committee on International Economic Policy and Reform, which comprises a dozen top academics



Senior Fellow and Deputy Director of Global Economy and Development Homi Kharas, who served as executive secretary of the UN High Level Panel on the Post-2015 Development Agenda, offers insight on the next generation of the Millennium Development Goals

Brookings Echidna Global Scholar: Pamhidzayi Berejena Mhongera

Working to Save Young Girls in Zimbabwe

Pamhidzayi Berejena Mhongera wants every girl in the world to understand that it doesn't matter where you come from. Mhongera grew up in a poor village in Zimbabwe, but that has not stopped her from achieving success and giving back to others. Today, she's making sure young girls in Zimbabwe have outlets to escape poverty.

During her time as an Echidna Global Scholar at Brookings, she focused on her country's struggles with women's rights and the plight of orphan children. She notes, "Women and girls become vulnerable to domestic violence simply because of poverty and lack of access to information." Since returning to Zimbabwe, Mhongera has continued to build on the skills she learned at Brookings to advance her work with even more energy and enthusiasm, including organizing the first-ever International Day of the Girl Child event in Zimbabwe. She now serves as a Technical Advisor to the Ministry of Social Services of the Government of Zimbabwe.

Global Economy and Development

The Brookings Blum Roundtable on Global Poverty Celebrates 10 Years

With generous support from Richard C. Blum

In August 2013, the Brookings Blum Roundtable on Global Poverty celebrated its ten-year anniversary. Thanks to the leadership, foresight, and generosity of Brookings Trustee Richard C. Blum—together with the Bill & Melinda Gates Foundation in recent years—the Roundtable has become a preeminent gathering that convenes high-caliber policymakers, private sector and civil society leaders, and academics for focused discussions on critical topics in global development. The tenth roundtable focused on the role of the private sector in global development, and featured former Secretary of State Madeleine Albright, former President of Ireland Mary Robinson, and USAID Administrator Rajiv Shah, among others.

Richard C. Blum (second from left), founder of the Brookings Blum Roundtable on Global Poverty, joins President Strobe Talbott, Honorary Co-Chair Mary Robinson, and Vice President of Global Economy and Development Kemal Derviş in Aspen for the 2013 Roundtable



International Advisory Council member Rahul Bajaj (left) listens as Senior Fellow Eswar Prasad gives his outlook on the Indian economy

and former government officials. The Committee's second report was released in fall 2012 and has been widely circulated to international institutions, central banks, and regulatory agencies around the world.

Encouraging New Global Voices for International Policy Dialogue

Recognizing that policy solutions must be deeply informed by the needs of people from around the world, the Global Economy and Development program engages a unique ecosystem of allies, partners, and networks to develop and disseminate innovative research. The Africa Growth Initiative (AGI), led by Senior Fellow and Director Mwangi S. Kimenyi, has partnerships with six African think tanks to undertake joint research and dialogue on attaining sustainable prosperity in Africa and elevating African voices in the debate over the future of the continent's economies. To foster these partners' ability to achieve impact in Africa and internationally, representatives of the six think tanks traveled to Washington, DC in 2012, where they received high-level communications training and interacted with congressional staffers and policymakers. In addition, AGI's annual *Foresight Africa* report continues to be one of the top pieces of content on the Brookings website, attracting new and expanded audiences from Kenya, Nigeria, and South Africa.

The Global Economy and Development program also elevates voices from the developing world through the Center for Universal Education's Echidna Global Scholars Program. With the support of Echidna Giving, emerging scholars, leaders, and policy advocates whose work is focused on improving access to quality education for girls come to Brookings for a visiting fellowship that helps them hone their research and analytical skills, grow networks among the international education policy community, and develop a project to be implemented upon their return to their home countries. The Echidna Global Scholars leave Brookings better equipped to contribute their unique voices on these critical education issues in the developing world.

"I like to come to the Brookings Blum Roundtable—always—because I think that the subjects that are taken up are cutting edge and bring together a lot of very interesting people."

—Madeleine Albright, former Secretary of State

➤ For more information about Global Economy and Development at Brookings, visit brookings.edu/global. Follow us @BrookingsGlobal



Innovative Ideas to Improve Governance

PHOTO BY BLEND IMAGES / ALAMY

Governance Studies at Brookings brings rigorous analysis and thoughtful recommendations to the governance challenges facing the U.S. and nations around the world. With political polarization increasing and confidence in government declining, Brookings experts are promoting innovative ideas to reform institutions and spark conversations to get elected leaders to do what is needed most—govern.

Fixing the Broken Presidential Appointment Process

The highest form of Brookings impact is when ideas that originate with the Institution's scholars become the law of the land. Last year, that happened in one area that has been a leading example of the gridlock that has paralyzed Washington. Presidential appointments to key executive branch positions have been stonewalled in recent years by routine blocking of opposition nominees by both parties, leaving important federal agencies without leaders. On August 10, 2012, President Obama signed the "Presidential Appointment Efficiency and Streamlining Act," making into law a number of recommendations from *A Half-Empty Government Can't Govern: Why Everyone Wants to Fix the*

Appointments Process, Why It Never Happens, and How We Can Get It Done, a report by Senior Fellows William A. Galston, the Ezra K. Zilkha Chair in Governance Studies, and E.J. Dionne, Jr.

To ensure their prescriptions reached the right audiences, Galston and Dionne briefed key congressional staff members and leaders, including Senator Charles Schumer (D-NY), who drafted the initial legislation. The bill that resulted from these bipartisan discussions is now law—representing a significant step toward governing more efficiently and effectively.

Exposing the Causes of Gridlock in Washington

While Brookings's success in helping fix the appointment process is a small step forward, the problems are deeper and more endemic. In *It's Even Worse Than It Looks: How the American Constitutional System Collided With the New Politics of Extremism*, Senior Fellow Thomas Mann, the W. Averell Harriman Chair in American Governance, and his co-author, Norman J. Ornstein of the



"We could do no better than to use [It's Even Worse Than It Looks] as a compelling blueprint for urgently needed reform. If every member of Congress would read just one book on the subject, my wish is that it would be this one."

—Tom Daschle, former Senate Majority Leader

Twitter CEO Dick Costolo examines the evolution of the public conversation in the age of social media with Senior Fellow Jonathan Rauch



PHOTO BY PAUL MORIGI

Distinguished Fellow Jon Hunstman (left) joins Vice President and Director of Governance Studies Darrell West in a conversation about leadership and the 2012 presidential campaign



PHOTO BY PAUL MORIGI

Making the Grade for School Choice

The Brookings Education Choice and Competition Index, compiled by Brown Center on Education Policy Director Grover "Russ" Whitehurst, the Herman and George R. Brown Chair in Education Studies, and Sarah Whitfield, provides essential information to parents and policymakers to improve school choice across the country and enhance performance in public schools.

The Index is an interactive web application that scores the country's 100 largest school districts in an effort to create public awareness of the differences among districts in their support of school choice, provide a framework for efforts to improve choice and competition, and recognize leaders among school districts in the design and implementation of choice and competition systems. The Recovery School District in New Orleans was the highest scoring district in the 2012 index, and Louisiana Governor Bobby Jindal participated in a forum recognizing this achievement and offered his own views on school reform.

Michelle Rhee, Founder and CEO of StudentsFirst and former Chancellor of Washington, DC's Public Schools, discusses the importance of school districts to educational achievement with Grover "Russ" Whitehurst, Director of the Brown Center on Education Policy



PHOTO BY PAUL MORIGI

John Bellinger of Arnold & Porter LLP, Nonresident Senior Fellow Robert Chesney, Senior Fellow Benjamin Wittes, and Professor Stephen Vladeck of the Washington College of Law (from left) testify at a House of Representatives Judiciary Committee hearing on the use of drones in the war on terror



PHOTO BY CHRIS MADDALONI

Senior Fellow Tom Mann (right) and Nonresident Senior Fellow Trevor Potter discuss campaign finance at the World Forum on Governance in Prague



PHOTO BY ONDŘEJ BESPÉRÁT

Building an Innovation-Based Economy

Governance Studies scholars are focused on how smart technology policy can help the U.S. create jobs and improve long-term economic growth. Darrell West, Vice President and Director of Governance Studies and founding Director of the Center for Technology Innovation, worked with Fellows Allan Friedman and Walter Valdivia on an important policy paper recommending how to foster long-term growth of the digital economy in the United States. In addition, Fellow Elisabeth Jacobs tackled tough questions about the daunting employment prospects for young workers and the unemployed in today's labor market. In a widely-cited paper, Jacobs put forth proposals for stronger investment in "lifetime learning" for the unemployed.



PHOTO BY PAUL MORIGI

Senior Fellow Elaine Kamarck, Director of the Management and Leadership Initiative, and Robert Taubman explore ways to improve government performance at the Forum on Fostering Growth through Innovation

American Enterprise Institute, assert that partisan polarization is at the root of America's governing problems.

The book generated widespread attention in the media and among policymakers, including being referenced by Senate leaders Harry Reid (D-NV) and Mitch McConnell (R-KY) during a heated debate on the Senate floor about the state of gridlock. Ezra Klein, a columnist for *The Washington Post* and *Bloomberg View*, in the *New York Review of Books* said that Mann and Ornstein "have done the public a great service—and have been much braver than many in the media, the think tanks, or Congress—in using their personal credibility to clearly describe what has happened to American politics in recent years, and who is primarily to blame." *The Washington Post's* "Wonkblog" named it their 2012 Book of the Year. The authors also brought their thesis to a popular audience in an appearance on *The Daily Show with Jon Stewart*.

"The Lawfare blog is a terrific source of balanced commentary... It's something I try to check in on."

—Bob Litt, General Counsel, Office of the Director of National Intelligence

Influencing National Security Decisionmakers

Brookings also has tremendous impact by shaping debates and setting the agenda for major issues facing the nation and the world. *Lawfare*, a blog founded by Senior Fellow Benjamin Wittes and Nonresident Senior Fellows Robert Chesney and Jack Goldsmith, is the principal journalistic and scholarly center for examining national security legal issues. With more than 272,000 unique visitors this year, *Lawfare* has become a must-read for the nation's top legal minds.

Lawfare fosters online discussion devoted to the hard national security choices facing policymakers and the public. Readers from the highest levels of government, throughout the bureaucracy, the courts, Congress, the academy, and the media turn to *Lawfare* for thoughtful analysis of the merits of the underlying legal and policy debates that define national security's most pressing policy issues.

Governance Studies

A New Effort to Improve Political Leadership

With generous support from the S.D. Bechtel, Jr. Foundation

The Governance Studies program launched the Management and Leadership Initiative to improve national political leadership. Led by Senior Fellow Elaine Kamarck, the Initiative aims to enhance the understanding of the nation's current leadership deficit to find ways to change leaders' behavior and improve leadership capacity.

In its inaugural year, the Management and Leadership Initiative hosted several public forums, including a discussion with then-Secretary of Homeland Security Janet Napolitano on her leadership of the agency and how America's homeland security environment has changed over the last decade.

The Initiative became a part of the new Center for Effective Public Management in September 2013.

Then-Secretary of Homeland Security Janet Napolitano



PHOTO BY SHARON FARMER

> For more information about Governance Studies at Brookings, visit brookings.edu/governance. Follow us @BrookingsGS



Catalyzing Metropolitan Policy and Action

PHOTO BY BATCHELDER / ALAMY

The Metropolitan Policy Program is redefining the challenges facing metropolitan America and promoting innovative solutions to grow communities in more productive, inclusive, and sustainable ways. Metro's efforts enable metropolitan leaders to: (1) economically situate their metropolitan area in the global marketplace through rigorous empirical research; (2) innovate locally through co-designing metropolitan economic growth strategies that build on their distinct assets; (3) advocate nationally by promoting state and federal policy ideas and platforms that serve metropolitan growth; and (4) network globally with business, civic, and government leaders in metropolitan areas worldwide to forge new trade and investment partnerships.

Achieving Liftoff for State and Regional Economies

As laboratories of reform, states are constantly looking for new ways to boost their value-added industries and create quality jobs. To this end, as part of a new Advanced Industries Series, Metro released *Launch! Taking Colorado's Space Economy to the Next Level*, a strategy that identifies important steps the state can take to strengthen its aero-

space economy, which is highly concentrated in the Denver and Colorado Springs metro areas.

Using the report as a guide, Governor John Hickenlooper and the state legislature have passed bills that boost investment in advanced industries and help more companies export their goods and services. This success in Colorado has already become a model for other states. Metro is currently working to help Tennessee and its metropolitan areas develop a plan to grow their advanced industries, especially improving the skills and innovative capacities of its automotive sector.

Growing Exports to Increase Prosperity

One key path to long-term prosperity is the embrace of global trade and engagement. This year, the Brookings-Rockefeller Project on State and Metropolitan Innovation released a ten-point guide for government and business leaders to develop effective metropolitan export plans, based on the experience of four pilot plans in Portland, Los Angeles, Minneapolis-Saint Paul, and Syracuse. The guide was the basis for the Metropolitan Export Exchange, which brought together a new crop of leaders from geographically diverse metro areas to learn how to create and implement their own strategies in a structured peer-to-peer setting.

"I do want to start with a thanks to all of the good work that Brookings has done over the years on this growth and innovation agenda. And how much we're going to need Brookings and the people in this coming and ongoing struggle."

—Senator Mark Warner (D-VA)

Metropolitan Policy

George Stephanopoulos of ABC News moderates a panel featuring Vice President and Director of the Metropolitan Policy Program Bruce Katz, President of the Rockefeller Foundation Judith Rodin, Fellow Jennifer Bradley, and then-Mayor of Newark, NJ Cory Booker (left to right) at the launch of *The Metropolitan Revolution*



PHOTO BY JOYCE CULVER



PHOTO BY ANNA QUIAST AND FABIO LALIB FOTOGRAFIA

Richard Daley (left), Chairman of the Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase, joins former President of Brazil Fernando Henrique Cardoso (center) and Brookings Distinguished Fellow Javier Solana in a discussion about strengthening trade linkages between U.S. and Brazilian metros at a forum in São Paulo

Colorado Governor John Hickenlooper speaks at the unveiling of the *Launch!* report on ways that the state can leverage its aerospace industry to boost exports and expand its economy



PHOTO BY MARK BRONTE

Brookings Trustees Victoria Sant and James A. Johnson listen as Mayor Michael B. Hancock (right) outlines Denver's efforts to become more globally fluent at a Metropolitan Leadership Council dinner



PHOTO BY PAUL MORIGI

Investing in the Green Movement

Fiscal challenges in Washington, DC and state capitals are making it hard for green, low-carbon enterprises to grow. Senior Fellow and Policy Director Mark Muro and several of his Brookings colleagues identified this problem in their paper, "State Clean Energy Finance Banks: New Investment Facilities for Clean Energy Deployment."

Their research chronicled the obstacles facing low-carbon energy enterprises and pointed to the creation of Connecticut's Clean Energy Finance and Investment Authority as a positive sign and potential model to emulate. Since the creation of the "green bank" in Connecticut and the paper's publication, New York Governor Andrew Cuomo has pledged \$1 billion to start a green bank in New York, and Hawaii has begun to follow Connecticut's and New York's lead. These small "green banks" stand ready to make a big impact on the nation's energy supply by providing a dedicated source of financing.



PHOTO BY PAUL MORIGI

Vice President and Director of the Metropolitan Policy Program Bruce Katz and Brookings Trustees Klaus Kleinfeld and Dominic Barton (left to right) identify proven strategies for bolstering advanced industries during the Forum on Fostering Growth through Innovation



PHOTO BY CHRIS MADDALONI

Key federal leaders praised Metro's export work, including Boeing CEO Jim McNerney, Chair of the President's Export Council, who emphasized the importance of federal collaboration with state and local officials to realizing the goals of the National Export Initiative. Demand from mayors and regional leaders to participate in the Exchange is high. Metro plans to generate new and updated trade data on exports, foreign direct investment, and freight flows in the coming year as part of the Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase. This research will serve as the foundation for working with public and private sector leaders in 28 U.S. metros—as well as select international metros—in the coming years to help them shape export and global engagement strategies to grow their economies.

Starting a Metropolitan Revolution

The source of innovation and problem-solving to today's supersized challenges will not be Washington. That is the premise of *The Metropolitan Revolution: How Cities and Metros Are Fixing Our Broken Politics and Fragile Economy*, a new book by Vice President and Director of the Metropolitan Policy Program Bruce Katz and Fellow Jennifer Bradley. The book, replete with stories and its own iPad app and webpage, shows how political gridlock in Washington is forcing U.S. cities to bypass the federal government and develop their own plans for growing jobs and economic opportunities. By connecting more purposely with their surrounding metropolitan regions, they are becoming the driving force behind our nation's economic growth. The book reveals why it's time to re-imagine the economy, both national and global, as a network of metro areas growing together, linked by trade and driven by innovation. It has attracted attention from policymakers at every level of government, media, and business and community leaders who want to be part of this revolution.



Metropolitan Policy

Senior Fellow Robert Puentes testifies to the House of Representatives Subcommittee on Railroads, Pipelines, and Hazardous Materials and the Committee on Transportation and Infrastructure on ways to strengthen the federal-state partnership on passenger rail

"We are not waiting for Washington to create jobs. This is why Los Angeles partnered with Brookings as the first region to implement an export plan of this magnitude to help local companies reach into international markets so we can create new jobs here in Los Angeles."

—Antonio Villaraigosa, former Mayor, Los Angeles

Confronting Suburban Poverty in America

With generous support from the Ford Foundation

The Ford Foundation has been a steadfast and generous supporter of the Brookings Institution for decades and has long been an invaluable partner to the Metropolitan Policy Program. The Foundation worked very closely with the Metro team to examine the shifting demographics of poverty in the United States. In *Confronting Suburban Poverty in America*, Metropolitan Policy Program Deputy Director Alan Berube and Fellow Elizabeth Kneebone brought overdue attention to rising levels of poverty in the suburbs.

While most Americans still carry the notion that poverty is most prevalent in inner-city neighborhoods and isolated rural areas, times have changed. The majority of poor families in metropolitan areas do not, in fact, live within city limits but in surrounding suburbs, which are often ill-equipped to deal with this socio-economic phenomenon, especially in these times of flat or declining municipal budgets. Then-Ford Foundation President Luis Ubiñas delivered the opening remarks at the book's launch.



Fellow Elizabeth Kneebone



PHOTO BY RALPH ALSWANG

> For more information about the Metropolitan Policy Program at Brookings, visit brookings.edu/metro Follow us @BrookingsMetro



Brookings President Strobe Talbott (left) confers with Vice Chair of the Board and Second Century Campaign Chair Glenn Hutchins

Addressing the Challenges of a New Century

PHOTO BY PAUL MORIGI

In the nearly 100-year history of the Brookings Institution, global change has rarely been as unpredictable, multifaceted, and consequential as it is now. At the same time, U.S. partisanship and polarization are more extreme and toxic than at any time since the late nineteenth century, and public trust in government is at an all-time low.

Few institutions are better positioned than Brookings to provide the breadth, depth, and quality of research and analysis needed to meet these challenges. As one of the world's leading think tanks, Brookings is launching the Second Century Campaign to provide a solid foundation for this important work in the coming century and beyond.

A Rich History, A Bold Vision

The Second Century Campaign derives from the enduring values of the Institution itself—Quality, Independence, and Impact.

Ensuring Quality. Brookings has long been recognized for the excellence of its scholars and the quality of their research. The Second Century Campaign will help Brookings to continue attracting the best scholars across many disciplines by ensuring that resources are available to support their work. Brookings will strive to double the number of endowed chairs and expert funds, which will

enable the Institution's scholars to focus on their research, analysis, and policy recommendations for greater impact locally, nationally, and globally.

Sustaining Independence. The value that Brookings brings to the policy debate—and to its supporters—is rooted in the Institution's absolute commitment to independence and rigorous, evidence-based study of the issues. Because the policy recommendations that emerge from this approach are free from ideological bias, they gain greater traction with policymakers, the public, and other key audiences. Further, the pace of change in the world demands that Brookings retain the flexibility to launch new research and convene key stakeholders on short notice. The Second Century Campaign will support expanded strategic initiative funds for the President and research Vice Presidents that provide secure, unrestricted funding to advance high-quality, independent research.

Maximizing Impact. All Brookings research is driven toward action—converting in-depth research and pragmatic ideas into public policy. The Second Century Campaign will bring resources to invest in outreach capacity to ensure that policy recommendations by Brookings experts reach influential audiences in government, the private sector, and the media. To achieve these goals, Brookings seeks

“As we approach our centennial, this is Brookings's moment. The issues facing our nation are of enormous consequence and our governing process is often at loggerheads. Brookings scholars play an indispensable role in crafting solutions to the thorniest public policy problems.”

—Glenn Hutchins, Second Century Campaign Chair

to make additional investments in 21st century tools and strategies, including an enhanced social media and web presence. With an expanding global footprint—including overseas offices in China, India, and Qatar—Brookings also seeks investments to help bring policy recommendations to a global audience.

Second Century Campaign Goals

To accomplish this bold vision, the Second Century Campaign seeks to raise \$600 million ahead of Brookings's centenary in 2016. With the outstanding leadership of Campaign Chair and Vice Chair of the Board Glenn Hutchins, many prominent donors—including 100 percent of the Brookings Board of Trustees—have already stepped forward with unprecedented levels of support. Brookings currently seeks gifts for the following investment priorities:

- **Ensuring Quality:** \$150 million for the endowment and durable funds for Brookings experts, programs, and facilities
- **Sustaining Independence:** \$30 million for strategic initiative funds for Brookings's President and research Vice Presidents
- **Maximizing Impact:** \$25 million for outreach, social media, digital technology, and other impact strategies
- **Strengthening the Annual Fund:** \$30 million in unrestricted, general operating funds
- **Providing Program Support:** \$365 million for research projects and initiatives across the Institution

The Brookings Institution has more than doubled in size in the last decade in order to meet the growing demands for independent, pragmatic solutions to major challenges. The Second Century Campaign will sustain that growth and position Brookings for a continued leading role in guiding the critical decisions facing our nation and the world. Brookings invites you to get involved with the Institution for leading-edge research and analysis of critical local, national, and global issues.

The Second Century Campaign



PHOTO BY ANNA QUAST AND FABIO LAUB FOTOGRAFIA

The Global Cities Initiative Goes to São Paulo

With generous support from JPMorgan Chase & Co.

The Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase is a five-year effort to help the leaders of U.S. and global metropolitan regions strengthen their regional economies by becoming more competitive in the global marketplace. The Initiative is built on the concept that the global economy is a network of metropolitan economies that are home to most of the world's population, production, finance, and sources of innovation. In November 2012, the Global Cities Initiative held a forum in São Paulo, Brazil, its first outside the U.S. Throughout the week in Brazil, Bruce Katz, founding Director of the Metropolitan Policy Program, and Richard Daley, former Mayor of Chicago and Senior Advisor to JPMorgan Chase & Co., hosted a series of workshops, tours, and briefings that enabled the delegation of over 40 U.S. metropolitan leaders to connect with Brazilian leaders, including former President Fernando Henrique Cardoso, to boost trade and investment. In 2013, the Global Cities Initiative is bringing its innovative approach to fostering economic growth to four domestic forums—in Atlanta, Dallas, Denver, and Houston—along with one in Mexico City, to continue building a global network of cities linked by trade and shared prosperity.

JPMorgan Chase & Co. Chairman and CEO Jamie Dimon explores the importance of connecting cities through trade with Amy Liu, Co-Director of the Metropolitan Policy Program, at a Global Cities Initiative Forum in São Paulo, Brazil



Trustee and Development Chair Cheryl Cohen Efron and Vice President of Governance Studies Darrell West (center) listen as Chair of the Board John Thornton discusses Campaign priorities between sessions at a Board of Trustees meeting

PHOTO BY PAUL MORIGI

Supporting Development and Advancing Democracy

With generous support from the William and Flora Hewlett Foundation

Over the course of more than thirty-five years of investing in shared priorities, the William and Flora Hewlett Foundation has supported projects and initiatives in all five of Brookings's research programs. In 2013, the Foundation made several important grants in support of the Governance Studies and Global Economy and Development programs.

Hewlett Foundation support was critical in establishing the Global Economy and Development program in 2006, and this year it provided dedicated funds to the Africa Growth Initiative (AGI) and research and dialogue on the global development agenda, aid effectiveness, governance

and transparency, and inclusive growth. Other Hewlett Foundation grants enabled Center for Universal Education experts, under the leadership of Senior Fellow and Director Rebecca Winthrop, to collaborate with UNESCO's Institute for Statistics in establishing a Learning Metrics Task Force, which seeks to develop a set of internationally comparable benchmarks for assessing what students are learning. The Foundation's generous support for AGI enabled Senior Fellow and Director Mwangi Kimenyi and his team to conduct high-quality policy research and analysis focused on attaining sustainable economic development and prosperity in Africa, with an emphasis on amplifying the voice

of African researchers in policymaking and planning. The Foundation's investments in Governance Studies supported the program's work on strengthening American democracy, led by Senior Fellow Elaine Kamarck, which aims to enhance the understanding of contemporary U.S. governance challenges and identify a comprehensive agenda for constructive change. Another grant from the Hewlett Foundation enabled Senior Fellow Thomas Mann to convene a one-day conference that examined the Supreme Court's ruling in *Shelby County vs. Holder* and its impact on voting rights and election administration, and prospects for future legislative action.



PHOTO BY HECHLER PHOTOGRAPHERS

Vice Chair of the Board David Rubenstein at a Brookings event in New York



PHOTO BY RALPH ALSWANG

Trustee Haim Saban (center) with Vice President of Foreign Policy Martin Indyk before the annual Saban Forum



PHOTO BY PAUL MORIGI

Trustee John White details the importance of workplace education in manufacturing industries on a panel with Representative David Cicilline (D-RI) at the annual John Hazen White Forum on Public Policy

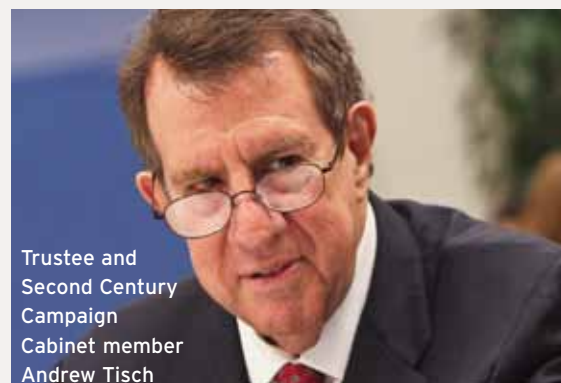


PHOTO BY PAUL MORIGI

Trustee and Second Century Campaign Cabinet member Andrew Tisch

Andrew and Ann Tisch

With the generous support of Brookings Trustee Andrew Tisch and his wife Ann, the newly established Andrew and Ann Tisch Endowed Distinguished Visiting Fellowships in Governance Studies will bring former top government officials and private sector leaders to Brookings to conduct research and participate in private and public events in their areas of expertise. Tisch Distinguished Visiting Fellows will enhance Brookings's work with their senior perspective and experience at the highest levels of government and business.

Helping Cities Retool Manufacturing and Create Jobs and Planning for China's Low-Carbon Future

With generous support from Alcoa and Alcoa Foundation

Alcoa and its Foundation are deeply committed to supporting critical research and public policy to create a workforce ready for careers in manufacturing as skilled operators, engineers, designers, and managers. In 2013, Alcoa Foundation made a generous multi-year gift in support of efforts in three of Brookings's research programs in honor of Brookings's Second Century Campaign. For the Metropolitan Policy Program, the Alcoa Foundation is providing resources to help cities retool manufacturing and improve job training as part of an emphasis on promoting advanced industries to enhance U.S. competitiveness. In addition, the Foundation is supporting work in Governance Studies on how federal and state government policies can contribute most effectively to building a workforce that has the skills to fill the jobs of tomorrow. Alcoa Foundation is also contributing to work in the Brookings Climate and Energy Economics Program in Economic Studies, which is using advanced modeling techniques to analyze possible impacts of China's efforts to steer its massive economy to a low-carbon future. Under the leadership of Chairman and CEO Klaus Kleinfeld, who is a Brookings Trustee, the company made a gift of general operating support that provides critical resources that enable Brookings to bring its commitment to quality, independence, and impact to the most pressing challenges facing policymakers in the U.S. and around the world.

PHOTO BY ALEX IRVIN



Julie Sunderland, Director of Program-Related Investments at the Bill & Melinda Gates Foundation, speaks about the role of the private sector in global development at the 10th annual Brookings Blum Roundtable on Global Poverty

PHOTO BY BROOKINGS



Robert Gallucci, President of the John D. and Catherine T. MacArthur Foundation, explains options for countering nuclear proliferation to rogue states

The Second Century Campaign

"As we embark on our second century, we are seeking other visionary individuals, corporations, and foundations to sustain Brookings's innovative, research-based recommendations in this time of unprecedented global change."

—Strobe Talbott, President



PHOTO BY RALPH ALSWANG

Brookings Council member and Treasurer of the Irene Diamond Fund Peter Kimmelman (left) with Irene Diamond Fund President Jane Silver and Trustee and Second Century Campaign Cabinet member Al Engelberg before an Engelberg Center for Health Care Reform event on biomedical innovation



PHOTO BY PAUL MORIGI

Roger Sant (left) speaks with Trustee and Second Century Campaign Cabinet member Ken Jacobs



PHOTO BY PAUL MORIGI

Managing Director Bill Antholis (left) asks Trustee and Second Century Campaign Cabinet member Ben Jacobs for his thoughts following the Forum on Growth through Innovation

Second Century Campaign Cabinet

Brookings is grateful for the support of these leaders as we work to accomplish the visionary goals and objectives of the Second Century Campaign:

- Glenn Hutchins, Campaign Chair
- Cheryl Cohen Effron, Development Chair
- Alan M. Dachs
- Alfred B. Engelberg
- Bart Friedman
- Benjamin R. Jacobs
- Kenneth M. Jacobs
- Victoria P. Sant
- Andrew H. Tisch
- Ezra K. Zilkha

> For more information about the Second Century Campaign, visit brookings.edu/secondcentury



Vice President of Global Economy and Development Kemal Derviş updates Vice Chair of the Board Suzanne Nora Johnson, Co-Chair of the Global Leadership Council, on his program's priorities for the coming year

Empowering Independent Research and Intellectual Freedom

PHOTO BY ANDREW SNOW

Brookings's valued contributors play an essential role in sustaining the quality, independence, and impact of the Institution's work. Since its founding, generous support from individuals, foundations, and corporations has enabled Brookings experts to develop practical, enduring solutions to the most urgent policy challenges facing the nation and the world. The Institution's donors also bring valuable intellectual insights and private sector perspectives that enrich Brookings experts' research and strengthen their policy recommendations.

A Catalyst for Research and Implementation

The Brookings Council is the Institution's core group of individual and corporate supporters, providing crucial unrestricted funding for research, publications, and events. Throughout the year, members of the Brookings Council enjoyed frequent opportunities to engage in thoughtful dialogue on timely policy topics with leading experts, in a variety of formats.

In October, the Brookings Council was invited to watch the final debate of the 2012 presidential campaign, which focused on foreign policy,



PHOTO BY ANDREW SNOW

Everett Cook (center) and Anders Brag (right) welcome James Torrey to a Brookings Council event they co-hosted in New York featuring Senior Fellow Cheng Li



PHOTO BY PERRY BINDELGLASS

Members of the Brookings Council watch the final debate of the 2012 campaign at an event in New York

Kelvin Dushnisky (far left) and Michael Brown (far right) of Barrick Gold are welcomed to the Chairman's Circle of the Brookings Council by Chair of the Board John Thornton (second from left). They are joined by Gustavo Cisneros



PHOTO BY PAUL MORIGI



PHOTO BY PAUL MORIGI

Trustee Ann Fudge takes part in a presidential transition simulation exercise at a Brookings Board meeting

with Brookings scholars at simultaneous events in California and New York. The California event, co-hosted with the Center for International Security and Cooperation at Stanford University and the Ploughshares Fund, featured Brookings President Strobe Talbott, while the New York event included Managing Director Bill Antholis and Senior Fellows Bill Galston and Robert Kagan. In each city, the Brookings scholars provided key background on the issues and engaged in a lively dialogue with the Council members in attendance ahead of the debate, allowing for in-depth analysis of the candidates' positions.

Taking part in events such as the debate-watch parties is how many Brookings Council members begin their involvement with the Institution. For example, longtime Brookings Council member Everett Cook has become increasingly engaged with Brookings since participating in his first Council event almost a decade ago. Early in his association with the Institution, he joined two separate Brookings traveling delegations on trips to India and China, where he had the chance to interact with Brookings experts and gain a new, more in-depth understanding of the culture and politics of the two nations. "My involvement with the Brookings Council has been personally rewarding and intellectually stimulating," Cook said. "The events are timely and interesting and I appreciate the dialogue with the experts and other Council members."

A growing number of leading companies have realized the value of working with Brookings experts on key issues. Brookings is delighted to welcome Barrick Gold—the world's leading gold producer—as one of the newest members of the Chairman's Circle of the Brookings Council. Canada-based Barrick Gold operates mines and development projects on four continents, so it can draw on Brookings experts to better understand developments across the globe, as well as the possible policy responses from Washington and international capitals. On a local level, Barrick Gold's significant operations in Nevada mean that the Brookings Mountain West work that all five research programs are doing in partnership with the University of Nevada, Las Vegas offers significant opportunities for company executives to engage with Brookings experts. Through their involvement with Brookings, Barrick Gold executives have access to valuable insights into the policy challenges that can affect global businesses.

Harnessing Intellectual Power from Abroad
Brookings's International Advisory Council comprises distinguished business and community leaders representing 25 countries across five continents. Co-chaired by Trustees Antoine van Agtmael and Paul Desmarais, Jr., the Council's diverse membership brings a critical international perspective to Brookings's work and helps Brookings advance the

Trustee and Co-Chair of the International Advisory Council Paul Desmarais, Jr. leads a discussion of developments around the world at the Council's annual meeting



PHOTO BY ANDREW SNOW



PHOTO BY ANDREW SNOW

Trustees Nemir Kirdar (left) and Tracy Wolstencroft discuss Brookings's research agenda during a Board meeting

Brookings Executive Education *Educating Leaders for Today's Challenges*

In partnership with the Olin Business School at Washington University in St. Louis, the Brookings Executive Education (BEE) program provides high-quality executive education to government and private sector leaders. The BEE program includes certificate programs in public leadership or policy strategy and a Master of Science degree in leadership. BEE also runs the highly respected Legis Congressional Fellowship program, which has proven extremely popular on Capitol Hill for providing high-quality fellows to congressional offices.

BEE's innovative Leading Thinking™ model, which teaches leaders to think differently to improve performance, has produced a new wave of government and industry executives who are better equipped to solve problems and lead their organizations. As an example, a BEE Master's student who is a strategic planner in the Department of Defense was asked to bring together 33 agencies to radically improve performance of U.S. missile ranges, while also lowering costs. Applying one of the Leading Thinking™ processes to this challenge, the student achieved consensus among the agencies on both the problem's formulation and an effective solution that saved \$3 billion.



PHOTO BY ANDREW SNOW

Trustees Phil Knight (left) and Antoine van Agtmael, Co-Chair of the International Advisory Council, welcome new Trustee Lei Zhang (right) to his first Board meeting

Support for Brookings

Victoria P. Sant

Trustee Vicki Sant and her husband Roger created a charitable remainder trust that supports Brookings's general operations, helping ensure that Brookings has the resources to sustain the excellence that defines the Institution's work. Vicki and Roger Sant are leading national philanthropists who have generously supported Brookings for many years. "Including Brookings in our estate planning was a natural way to extend our support for the great work they do," Sant said. "Roger and I are pleased to be able to help give Brookings experts the tools they need to achieve real impact."

Trustee and Second Century Campaign Cabinet member Victoria Sant



PHOTO BY PAUL MORIGI



PHOTO BY ANDREW SNOW

Trustee John Whitehead (left) shares his perspective with Trustee Alan Dachs, Chair of the Foreign Policy Program Leadership Committee and Second Century Campaign Cabinet member

global reach of its research and analysis, along with important financial support. The International Advisory Council convenes in Washington each spring for a two-day meeting that includes conversations with policymakers and Brookings experts, as well as visits to important places where policy is made. In between meetings, members of the Council take part in events and meetings with Brookings experts and senior leadership in Washington and abroad, providing vital counsel and insight throughout the year. Eight new members joined the International Advisory Council this year:

- Nicolas Berggruen, Chairman, Berggruen Institute on Governance, United States
- Mick Davis, Founding Partner, X2 Resources Limited, United Kingdom
- J. Jon Imaz, Executive Managing Director, Industrial and New Energy Division, Repsol, Spain
- Javier Monzón, Chairman, Indra, Spain
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- Marian Puig, EXEA, Spain
- Dato' Sri Tahir, Chairman and CEO, Mayapada Group, Indonesia
- Yuanqing Yang, Chairman and CEO, Lenovo Group

Engaging the Next Generation

As Brookings approaches its centenary, a new generation of donors is engaging with the Institution, fostering support and dialogue. The Robert S. Brookings Society is a new forum for emerging leaders to take part in substantive exchanges with Brookings experts and each other in a variety of settings. Coupled with interactions with the Brookings Council, their involvement with Brookings gives them a solid foundation in policy issues and their solutions.

Sustaining Brookings's Impact

Contributions to the endowment provide a permanent financial foundation for key policy priorities and ensure an enduring legacy for the donors. An example of this kind of critical, durable support from this year is the establishment of the Lee Kuan Yew Chair in Southeast Asia Policy Studies, which will support Brookings's expanded work on the region, thanks to endowed support from a group of forward-thinking donors. Named in honor of the first Prime Minister of Singapore in recognition of his transformative leadership, this new, permanent chair in the Foreign Policy program expands Brookings's capacity on East Asia-related issues, bringing important new attention to U.S. policy toward the region. With the U.S. increasing its focus on Asia, the addition of the Lee Kuan Yew Chair to the Center for North-east Asian Policy Studies—transforming it into the Center for East Asian Policy Studies—will cement Brookings as a premier resource for policymakers and business leaders working in and on the region.



PHOTO BY ANDREW SNOW

Andrew Klaber (standing) introduces Fellow Tom Wright (center) and Senior Fellow Bruce Jones at a Robert S. Brookings Society event in New York



PHOTO BY ANDREW SNOW

New Trustee Alfonso Fanjul speaks with Trustee and Second Century Campaign Cabinet member Ezra Zilkha during a break at a Board meeting

Understanding a Changing World

With generous support from UnitedHealth Group

The economic and political forces that drive business decisionmaking can interact in complex and sometimes unpredictable ways. Continuing economic weakness, shifting demographics, and growth of emerging markets are just some of the challenges facing executives trying to navigate an uncertain business climate. To help make sense of these trends, UnitedHealth Group's senior leadership looked to Brookings for analysis. With a grant in support of Governance Studies and the Metropolitan Policy Program, the company is providing critical resources that enable Brookings experts to conduct research and make policy recommendations on pressing issues. Also included in the gift is a flexible fund that supports work on emerging policy challenges and new priorities.



PHOTO BY PERRY BINDELGLASS

Trustee and Second Century Campaign Cabinet member Bart Friedman (left) introduces Senior Fellow Bill Galston, the Ezra K. Zilkha Chair in Governance Studies, before his remarks to the Brookings Council



PHOTO BY PAUL MORIGI

Trustee Alan Batkin discusses developments in the Middle East with Senior Fellow Tamara Wittes, Director of the Saban Center for Middle East Policy

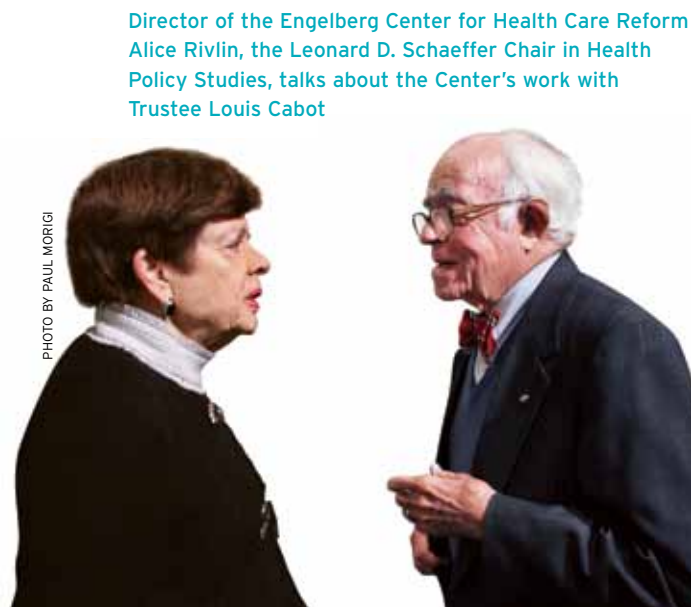


PHOTO BY PAUL MORIGI

Director of the Engelberg Center for Health Care Reform Alice Rivlin, the Leonard D. Schaeffer Chair in Health Policy Studies, talks about the Center's work with Trustee Louis Cabot

Support for Brookings

Welcoming New Trustees

Brookings elected six new Trustees and two returning Trustees to the Board in 2013. They join a distinguished group of leading business executives, academics, and community leaders who help govern the affairs of the Institution. The Board, which meets three times per year, 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:



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Brookings established the International Advisory Council, a group of distinguished international business and community leaders, to extend its outreach and relevance to other countries and increase its ability to inform the American public and policymakers about global developments. Members—who represent 25 countries on five continents—provide invaluable advice and diverse perspectives on developments in their own regions, along with candid insights into how the U.S. and its policies are received abroad. Membership on the International Advisory Council is by invitation only.

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Vice President of Global Economy and Development Kemal Derviş, Nonresident Senior Fellow Vera Songwe, and Trustee Antoine van Agtmael, Co-Chair of the International Advisory Council, listen as Council member Tokyo Sexwale (left) shares his perspective on Africa's growing role in the global economy



PHOTO BY ANDREW SNOW

International Advisory Council member Kihak Sung (right) speaks with Vice President of Foreign Policy Martin Indyk before President Strobe Talbott's remarks at the House of Sweden



PHOTO BY ANDREW SNOW

International Advisory Council member Jon Imaz (right) at the Council's annual gathering in Washington, DC

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

By the Numbers

July 1, 2012-June 30, 2013

#1

Rank in the University of Pennsylvania's 2013 "Global Go-To Think Tank Index"



Charity Navigator
ranking **3** years running



654,991
Total **Twitter** followers of Brookings experts

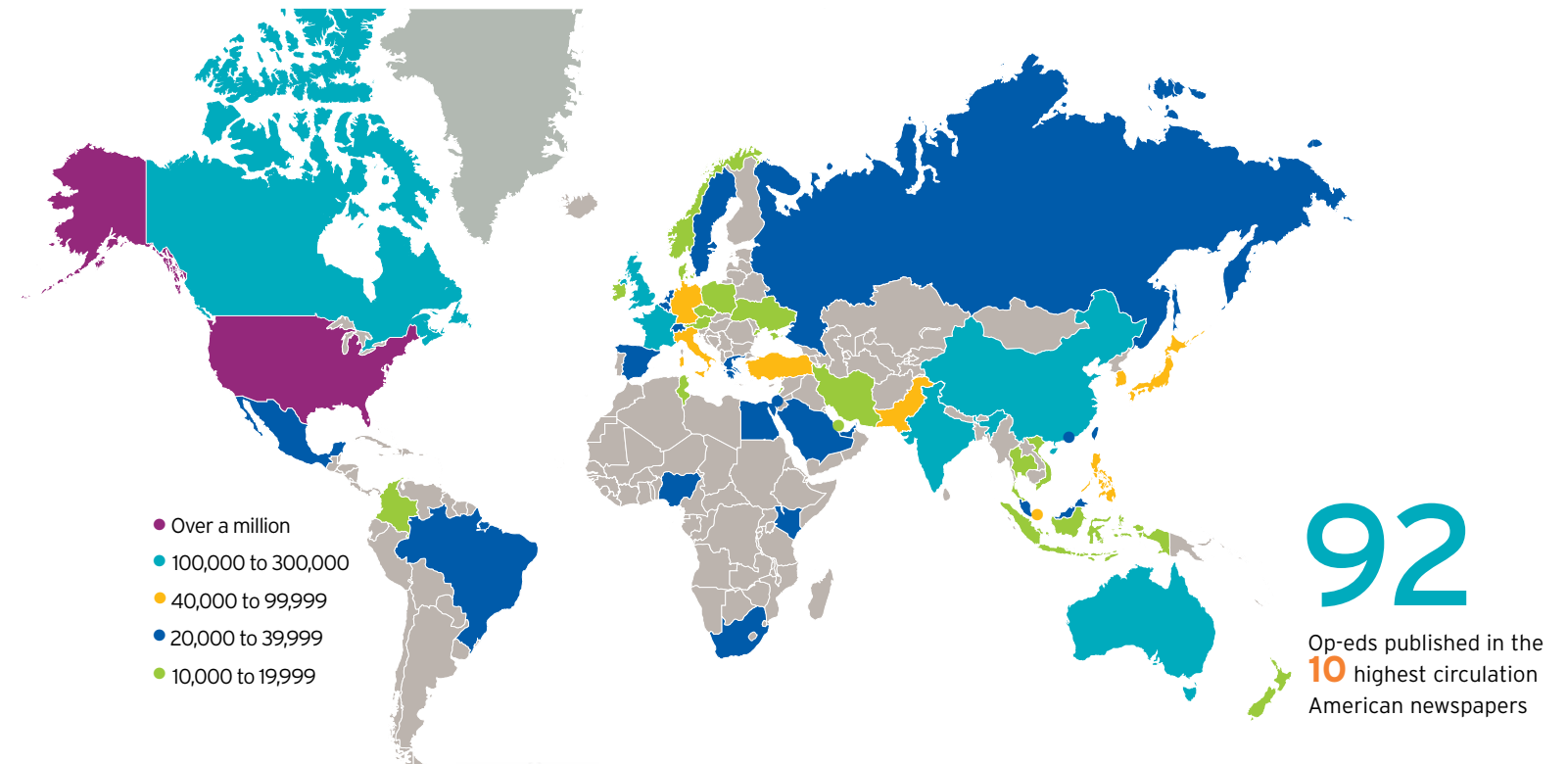
158%

One-year growth in followers of **@BrookingsInst**



225%
One-year growth in **Facebook** fans

Website visits by country of origin



92

Op-eds published in the **10** highest circulation American newspapers

12

Regional and issue-specific **research centers**



145

Congressional and Executive Branch briefings

31

Times Brookings scholars testified before congressional committees

236

Public events

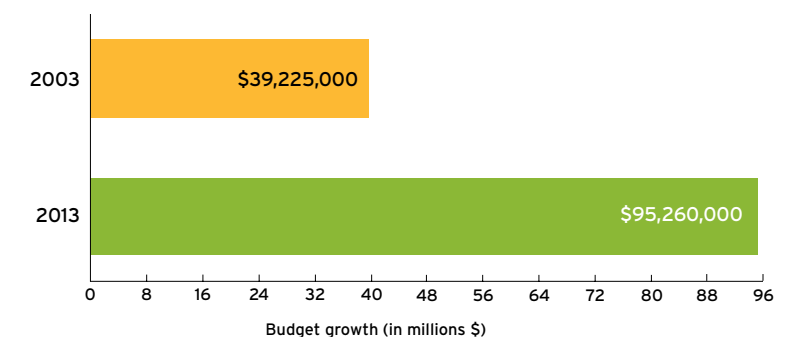
41

Books published by the Brookings Press

Most viewed content

on brookings.edu in 2013: The inaugural **Brookings Essay**

Institutional budget growth



STATEMENT OF ACTIVITIES

Years Ended June 30, 2013 and 2012 (in thousands)
Preliminary and Unaudited*

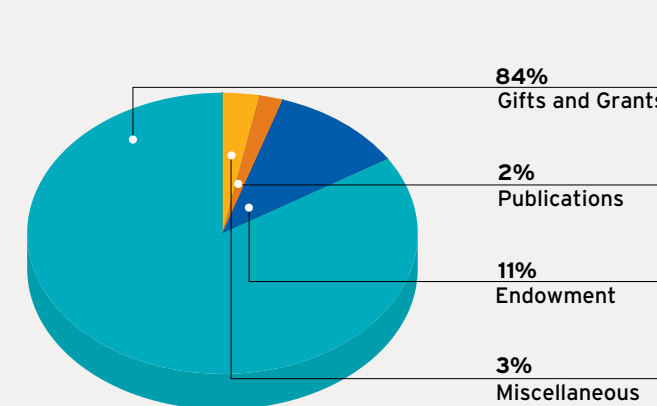
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	FY 2013 TOTAL	FY 2012 TOTAL
OPERATING ACTIVITIES					
Revenue and Support					
Investment return designated for operations	\$ 10,023	\$ 2,973		\$ 12,996	\$ 12,787
Grants, contracts, and contributions	14,682	58,803	\$ 6,791	80,276	114,837
Brookings Press	1,716	–	–	1,716	1,941
Facility and other revenue	2,862	–	–	2,862	2,472
Net assets released from restrictions—Satisfaction of program restrictions	64,793	(64,793)	–	–	–
Total Operating Revenue	94,076	(3,017)	6,791	97,850	132,037
OPERATING EXPENSES					
Program Services					
Economic Studies	14,740	–	–	14,740	15,636
Foreign Policy	19,926	–	–	19,926	19,157
Global Economy and Development	9,587	–	–	9,587	9,317
Governance Studies	6,691	–	–	6,691	6,665
Metropolitan Policy Program	12,513	–	–	12,513	12,143
Other research	535	–	–	535	1,850
Brookings Press	2,775	–	–	2,775	2,690
Communications	2,275	–	–	2,275	2,485
Total Program Services	69,042	–	–	69,042	69,943
Supporting Services					
Management and General	21,861	–	–	21,861	18,642
Fundraising	2,898	–	–	2,898	2,593
Total Operating Expenses	93,801	–	–	93,801	91,178
Net Operating Activities	275	(3,017)	6,791	4,049	40,859
Change in net assets before non-operating activities	275	(3,017)	6,791	4,049	40,859
NON-OPERATING ACTIVITIES					
Investment return in excess of amounts designated for operations					
Realized gain (loss) on sale of investments	10,979	–	–	10,979	8,462
Unrealized gain (loss) from investments	18,927	–	–	18,927	(10,262)
Interest and dividends, net	1,809	–	–	1,809	305
Investment return designated for operations	(10,023)	(2,973)	–	(12,996)	(12,787)
Total investment return (loss) in excess of amounts designated for operations	21,692	(2,973)	–	18,719	(14,282)
Total Non-Operating Activities	21,692	(2,973)	–	18,719	(14,282)
Change in net assets before post-retirement related changes other than net periodic post-retirement benefit cost	21,967	(5,990)	6,791	22,768	26,577
Post-retirement related changes other than net periodic post-retirement pension cost	157	–	–	157	288
CHANGE IN NET ASSETS	22,124	(5,990)	6,791	22,925	26,865
Net assets, Beginning of year	171,192	141,094	69,022	381,308	354,443
Net assets, End of year	\$193,316	\$135,104	\$75,813	\$404,233	\$381,308

STATEMENT OF FINANCIAL POSITION

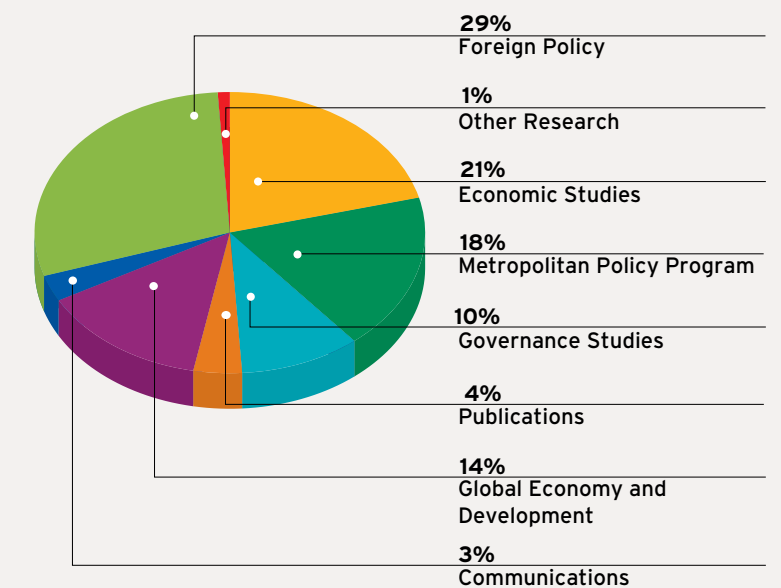
As of June 30, 2013 and 2012 (in thousands)
Preliminary and Unaudited*

	2013 TOTAL	2012 TOTAL
ASSETS		
Cash and cash equivalents	\$ 29,465	\$ 36,643
Grants, contributions and accounts receivable, net	100,679	90,788
Inventory	341	355
Investments	286,997	262,209
Property and equipment, net	43,094	45,249
Other assets	2,067	1,687
TOTAL ASSETS	462,643	436,931
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	(10,323)	(8,050)
Bonds payable and lines of credit	(42,221)	(43,540)
Accrued compensated leave	(1,688)	(1,366)
Accrued post-retirement benefit obligation	(2,148)	(2,305)
Deferred revenue	(2,030)	(362)
TOTAL LIABILITIES	(58,410)	(55,623)
NET ASSETS		
Unrestricted	(193,316)	(171,192)
Temporarily restricted	(135,104)	(141,094)
Permanently restricted	(75,813)	(69,022)
TOTAL NET ASSETS	(404,233)	(381,308)
TOTAL LIABILITIES AND NET ASSETS	\$(462,643)	\$(436,931)

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. 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

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