The background of the entire page is a photograph of the interior of the Lincoln Memorial in Washington, D.C. The image shows a series of tall, fluted columns on the left side, leading towards a large, seated statue of Abraham Lincoln in the center-right. The lighting is warm and golden, highlighting the architectural details and the statue. The floor is polished and reflects the light.

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BROOKINGS

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Annual Report 2010

BROOKINGS

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President's Message

In a year of political tumult and economic anxiety at home and abroad, the 400 professionals who make up the Brookings community found numerous, diverse, and often innovative ways to fulfill our mission of conducting high-quality research that influences policymakers and educates the public. Our scholars lead that effort through their research and outreach. Others support that work and enhance its impact through publications, public events, and increasing use of new media. Or, by helping us raise funds, they shore up our ability to recruit and retain the best talent and maintain our independence.

This year the Institution rose to another challenge as well, one that is at the very heart of who we are, what we do, and how we do it. Picking up on what John says in his letter on the opposite page, I too am struck, every day I come to work, by how our scholars develop, advocate, and debate ideas in a way that upholds the principles of nonpartisanship, fact-based analysis, and civil public discourse—three virtues that have been in jeopardy in the political arena and in the media.

American politics have often been raucous and fractious. What we've come to call partisanship is older than the two major parties themselves. But the phenomenon verged on the pathological this past year, and it's at its worst two miles from Brookings, on Capitol Hill. It's not just one of the most acute problems facing the nation—it's making those problems harder to solve. There is a commitment on the part of all of our scholars to combat poisonous rancor and demagoguery. The best antidote is pragmatism. When Brookings scholars analyze a policy or a piece of legislation, the question they ask is *will it work?*—not *who's for it and who's against it?* The next question they ask is *how can it work better?*

It was in that spirit that Brookings's Engelberg Center for Health Care Reform prepared its report on "Bending the Curve," which was widely credited as being the most constructive contribution to the conversation about how to ensure that reform focused on the long-term financing challenges. Governance Studies' "GovWatch" series offered data on how the public views our political institutions, accompanied by steady commentary about how to rebuild trust in government.

The Metropolitan Policy program's "MetroMonitor" helped track the uneven recovery across the United States. The Global Economy and Development and Foreign Policy programs monitored trends around the world. And much of the data assembled by our scholars have been brought together in the *Brookings Index*, which appears regularly in the *Washington Post*. It measures "How We're Doing" in meeting the goals set by the U.S. Constitution of providing for the common defense, promoting the general welfare, and securing the blessings of liberty.

As we look ahead, the effort to restore effective governance and renew our national and international institutions will be at the heart of our updated strategic plan. Intended to guide us through our centennial in 2016, that effort clusters our work under four overarching categories: climate and energy, growth through innovation, opportunity and well-being, and managing global change. In developing that agenda, we will continue to increase the impact of our work and to reach out to broader audiences—thereby bringing the right messages to the right people with the right tools.

We are confident in our ability to keep that commitment in no small measure because of the advice, encouragement, and financial support that have come from Trustees and the many friends of the Institution. We end the year as we began it, according to a survey of our peers—as the No. 1 think tank in the world. That's a credit to you as well as to my colleagues at Brookings.



Strobe Talbott, Brookings President

John L. Thornton, Brookings Chairman

Chairman's Message

When I traveled to Washington during the past year to participate in Brookings events, I was struck by how vital to the life of the nation's capital our work is—not just in its substance, but in the tone of open-mindedness and rationality that prevails in our cluster of buildings on Massachusetts Avenue.

During the long run-up to the midterm elections, the Falk Auditorium and our other meeting rooms served as common ground for the airing of opposing views on a variety of topics. Administration officials, from President Obama on down, came to Brookings to explain and discuss their policies. So did leading Republicans. In moderating these sessions with visiting speakers, Brookings experts probed for potential consensus and fresh, nonpartisan approaches.

Similarly, in offering a global platform for policy discussions, Brookings used its good offices and intellectual capital to foster progress in areas where governments have been at odds—in the Arab-Israeli conflict, on the thorny issue of how to deal with Iran's nuclear program, in the effort to coordinate Chinese and American clean energy policy, and, crucially, in the predicament facing the international community on both sides of the Khyber Pass.

The presidents of two former Soviet republics that were briefly but dangerously at war in 2008—Dmitry Medvedev of Russia and Mikheil Saakashvili of Georgia—participated in Brookings events during the nuclear safety summit in April. And the prime ministers of Greece and Turkey, as well as the president of Cyprus, addressed Brookings audiences on the disputes that continue to roil the Eastern Mediterranean as well as the broader issues that are testing the European Union.

This past year, Brookings upheld its long tradition of supporting America's role as an architect of the international system. At the United Nations General Assembly, at the World Bank/IMF meetings and at the G-20 summit, Brookings scholars were at work behind the scenes, helping diplomats improve the efficacy of international institutions.

Brookings stepped up its work on the global threats facing humanity, particularly poverty, nuclear proliferation, and climate change. One of the leading spokesmen on environmental issues—His All Holiness Bartholomew, Archbishop of Constantinople, New Rome, and Ecumenical Patriarch of the Orthodox Christian Church—addressed a capacity crowd in Falk on the responsibility of all religious communities to educate their followers on what it means to be good "stewards of creation." Strobe and Bill Antholis contributed to public understanding of this issue with their book *Fast Forward: Ethics and Politics in the Age of Global Warming*, the inaugural volume in the new Focus series of the Brookings Institution Press.

I'm pleased to report that this year saw further engagement of our Trustees in the life of the Institution—and in the political life of the nation. My colleagues on the Board had input into President Obama's Jobs and Economic Growth Forum at the White House. And our own work helped spur the creation of a Center for Technology Innovation.

Trustee Ann Fudge, along with Senior Fellow Alice Rivlin, is a member of the National Committee on Fiscal Responsibility and Reform. Three other Trustees—Dominic Barton, Steve Denning and Glenn Hutchins—have worked with our research programs to suggest how American firms can better compete in world markets. Dan Yergin and Shirley Jackson participated in the public event *Back to the Future: The Prospects for Climate and Energy in 2010*.

Beyond the Board of Trustees, many of our other supporters found ways to take an active role in the Institution's work. Thanks to all of you for being part of this effort.

Economic Studies

Innovative thinking for long-term prosperity



PHOTO BY PAUL MORSE

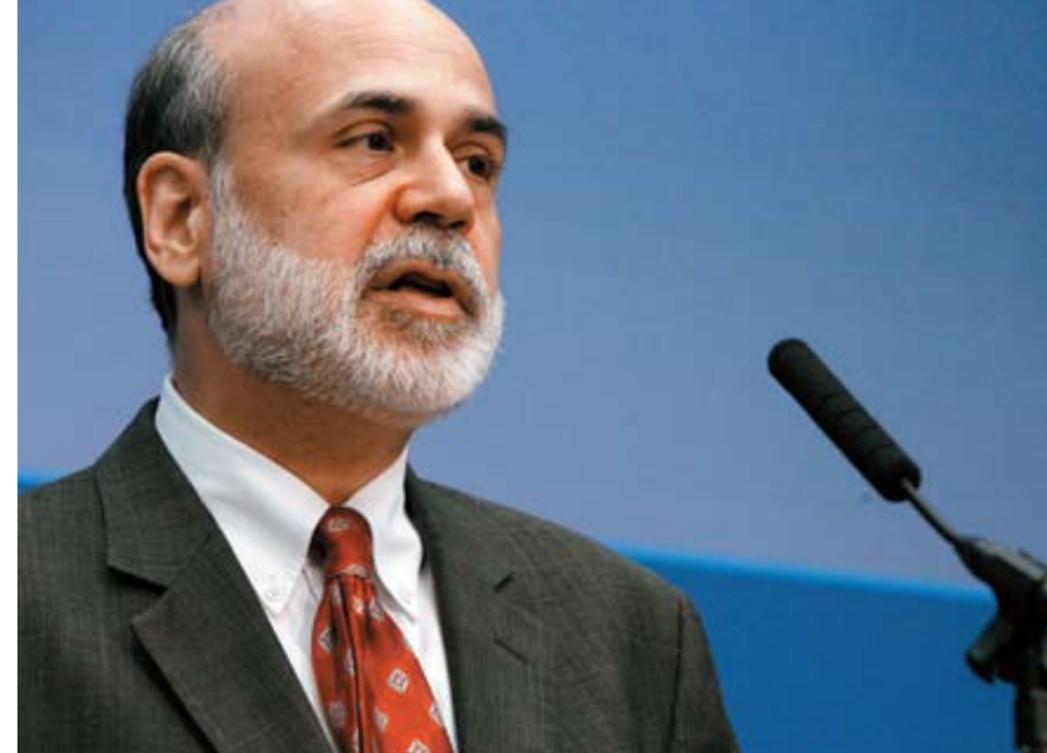


PHOTO BY SHARON FARMER

After a year in turmoil, on September 15, 2009, Federal Reserve Chairman Ben Bernanke gives a keynote address at Brookings on the status of financial markets and the regulatory reforms needed to prevent the next financial crisis.

➤ **Economic Studies Co-Director Ted Gayer** (right) moderates a lunch discussion with Douglas Elmendorf, director of the Congressional Budget Office, on U.S. domestic action to reduce carbon emissions.



PHOTO BY PAUL MORSE

➤ **Karen Dynan, vice president and co-director of Economic Studies,** leads a discussion on innovative ideas in the Hamilton tradition with Senior Fellow Michael Greenstone, the new Hamilton Project director, at a forum that featured Vice President Joe Biden.

With economic indicators showing a slow and halting recovery in the aftermath of the worst downturn since the Great Depression, scholars in the Economic Studies program continued to help shape the national debate with testimony, papers and events geared to bolstering the recovery and promoting conditions for long-term economic growth.

“It may be half a dozen years or more before the economy returns to full employment,” said Karen Dynan, who became vice president and co-director of Economic Studies in September 2009. “Our goal is to conduct the kinds of research that point toward sound policies for putting the nation back on track—and then to communicate our insights to policymakers as well as to the broader public,” added Dynan, also the Robert S. Kerr Senior Fellow.

“Given the immense strains on the economy at this time, our program has been focused on analysis of current and proposed policy responses, as well as on recruiting outstanding experts to research key national policy questions,” said Ted Gayer, co-director of the program and the Joseph A. Pechman Senior Fellow.

In their joint leadership role, Dynan and Gayer concentrated this year on issues critical to the nation’s long-term stability: Dynan on household consumption and savings, as well as on the need for better data for our evolving economic and financial system; Gayer on the housing market—foreclosure prevention programs and the first-time homebuyer’s tax credit—and the

merits of a carbon tax.

One of the major debates that shaped up over the year was how to balance the potential need for new stimulus spending with concerns about deficit and debt.

Widely cited new estimates on the mid- and long-term budget outlook by Senior Fellow William G. Gale, the Arjay and Frances Fearing Miller Chair in Federal Economic Policy, and Alan Auerbach of the University of California, Berkeley concluded that in 2020, the deficit is projected to be between 5 and 7 percent of gross domestic product and the debt/GDP ratio is projected to exceed 90 percent.

Senior Fellow Alice Rivlin was asked to co-lead the newly launched Bipartisan Policy Center’s Debt Reduction Task Force with former Senator Pete Domenici. She was also appointed by President Obama to the Bipartisan National Commission on Fiscal Responsibility and Reform; Trustee Ann M. Fudge also serves on the president’s commission.

At the *Brookings Papers on Economic Activity* spring 2010 conference, former Federal Reserve Chairman Alan Greenspan presented a paper on the causes of the financial crisis that was immediately picked up by the *Wall Street Journal*, plus over 100 other media outlets.

During a year that heralded landmark health care reform legislation, the Engelberg Center for Health Care Reform stood out as a leading source of analysis for transforming the way we deliver and pay for medical services. Led by Senior Fellow Mark McClellan, the Leonard D. Schaeffer Chair in Health Policy Studies, the center released a report that drew consensus from a wide spectrum of experts on steps to “bend the cost



President Barack Obama lays out his plan for jobs and economic growth on December 11 at Brookings.

curve” in health care spending while also improving quality. Some of the report’s principles became enshrined in the new health care law and others remain high on the policy agenda.

Health experts at Brookings also contributed advice and leadership to First Lady Michelle Obama’s childhood obesity campaign, particularly Lawrence Kocot, a visiting fellow and deputy director of the Engelberg Center, who serves on an advisory board for the First Lady’s initiative. Senior Fellow Ross Hammond published a critical study on how to use dynamic modeling to combat the trend toward excessive and unhealthy weight. Hammond replaced Joshua Epstein as director of the newly renamed Center on Social Dynamics and Policy.

Financial regulatory reform faced a rough ride through Congress this year before securing final passage in July. Offering some of the most influential analysis on how the proposed rules might prevent future crises without curbing growth, the Initiative on Business and Public Policy,

led by Senior Fellow Martin Baily, the Bernard L. Schwartz Chair in Economic Policy Development—with Senior Fellow Robert Litan and Fellow Douglas Elliott—wrote extensively on the legislation and held timely forums and private briefings.

Senior Fellows Ron Haskins and Isabel V. Sawhill, the Cabot Family Chair, released their book, *Creating an Opportunity Society* (Brookings Institution Press, 2009) to wide praise. It was named as a finalist in the *ForeWord* Book of the Year awards.

Donald Kohn, former Federal Reserve Vice Chairman, joined the program as a senior fellow. And Economic Studies now houses the Climate and Energy Economics project, co-directed by Nonresident Senior Fellows Warwick McKibbin and Pete Wilcoxon, with Fellow Adele Morris as policy director. Michael Greenstone, 3M professor of economics at MIT, became a senior fellow and the new director of the Hamilton Project. Adam Looney also joined as a senior fellow and policy director for the Hamilton Project. ■



Discussing the burden of debt, Rep. Paul Ryan of Wisconsin outlines an action plan to lead the United States to a more certain economic future. Senior Fellow Ron Haskins led the discussion, which was sponsored by the program’s Budgeting for National Priorities project.

FDA Commissioner Margaret Hamburg offers keynote remarks on the agency’s active medical product surveillance activities at a public workshop hosted by the Engelberg Center for Health Care Reform in January.



House Majority Leader Steny Hoyer of Maryland greets former colleague Rep. William Frenzel, now a guest scholar at Brookings, as Senior Fellow Alice Rivlin watches. At a Budgeting for National Priorities event on fiscal responsibility in March, Hoyer said that “never in my decades in Congress have I seen a public so outraged by deficits and debt.”



Global Economy and Development

Achieving equitable growth in all communities



PHOTO BY SHARON FARMER



PHOTO BY PAUL MORICI

< **World Bank President Robert Zoellick** joins Senior Fellow Homi Kharas on stage at a November event on the global food crisis. Zoellick addressed the need for increased investment in agriculture to prevent further food shortages.

✓ **Prime Minister of Greece George Papandreou** spoke at Brookings on Greece's fiscal challenges and their potential impact on other European and world economies. Vice President and Director of the Global Economy and Development program Kemal Derviş (left) moderated the discussion; Brookings President Strobe Talbott (center) introduced the prime minister.

< **Following a talk on jobs and the economy at Brookings**, President Barack Obama greets Vice President and Director of the Global Economy and Development program Kemal Derviş as (from left) Brookings Managing Director William Antholis, Brookings Trustee Daniel Yergin and Brookings Trustee James D. Wolfensohn look on.



PHOTO BY RALPH ALSWANG

Global Economy and Development

The framework for global economic and development cooperation came under pressure this year as countries grappled with the impacts of the world financial crisis and the ongoing recovery. Vital to the discussions, Global Economy and Development scholars provided new and innovative thinking for achieving equitable, sustainable growth for the global community.

“With top international talent at the core of our program, now in its fifth year, we can fully scale the range of global issues that confront international forums and institutions,” said Kemal Derviş, vice president and director of the program. “Those include macroeconomic policy coordination, trade regimes, financial regulation, foreign development assistance and climate change,” added Derviş, also the Edward M. Bernstein Scholar.

The emergence of the G-20 as the “premier forum for international economic cooperation” was an important focus this year and several scholars provided recommendations on how the G-20 could overcome current global governance and economic challenges. Nonresident Senior Fellow Domenico Lombardi discussed what the G-20 could, and could not, do to help Europe. Nonresident Senior Fellows Colin Bradford and Johannes Linn continued to promote the evolving replacement of the G-7 by the G-20 to include a more diverse group of countries.

Ahead of this year’s G-20 summits in Toronto and South Korea, the program hosted a high-level conference with the Korea Development Institute and Canada’s Centre for International Governance and Innovation on the emerging role of the G-20 in

global economic decision-making and policy coordination.

Senior Fellow Eswar Prasad, the New Century Chair in International Trade and Economics, led the program’s efforts to track the economic recovery in advanced and emerging market economies. In collaboration with the *Financial Times*, Prasad produced the Tracking Indexes for the Global Economic Recovery (TIGER) interactive online feature, which shows how growth in trade and industrial production are recovering more strongly than employment and gross domestic product.

Cases of corruption and poor governance in both developing and developed countries were also a dominant theme this year. Senior Fellow Daniel Kaufmann assessed global trends in development performance, aid flows to developing countries, political funding and lobbying, regulatory and state capture of institutions, conflicts of interest, and “legal corruption.” Several of his policy recommendations were adopted by Transparency International, his work informed the Chilean government in Chile’s accession to the OECD, and his research on governance and public debt garnered considerable media attention in relation to the Greek crisis.

Global’s research on international trade policy included the release of three books: Nonresident Fellow Paul Blustein’s *Misadventures of the Most Favored Nations: Clashing Egos, Inflated Ambitions, and the Great Shambles of the World Trade System* (Public Affairs, 2009); Nonresident Fellow Chad P. Bown’s *Self-Enforcing Trade: Developing Countries and WTO Dispute Settlement* (Brookings Institution Press, 2009), and Global’s former director Lael Brainard’s edited volume, *Climate Change, Trade, and Competitive-*



PHOTO BY ALEX IRVIN

At the seventh annual Brookings Blum Roundtable in Aspen, Colorado, Trustee Richard C. Blum speaks with Helen Clark, administrator of the United Nations Development Programme and former prime minister of New Zealand.

ness (Brookings Institution Press, 2009).

Exploring regional impacts, the Latin America Initiative, led by Senior Fellow and Director Mauricio Cárdenas, engaged leading policymakers in Latin America and the United States. The Africa Growth Initiative, under the leadership of founding director and Senior Fellow Ernest Aryeetey—and now Senior Fellow Mwangi Kimenyi—established new partnerships with six African think tanks to build leading research capacity and impact in the continent. The Middle East Youth Initiative contributed groundbreaking research on social entrepreneurship that was recognized by Secretary of State Hillary Clinton at the U.S. Presidential Entrepreneurship Summit in April.

International action on climate change continued to be a critical issue this year and Global’s experts were part of the dialogue. In the spring, the program published a report on tackling climate change against the backdrop of the global economic crisis. And Global

brought on Katherine Sierra, a leading expert on climate change, energy and international development, as a senior fellow.

Global also reached out to key stakeholders to recommend policy reforms and responses needed to bring the world’s poorest out of poverty and instability. Senior Fellow and Director of the Center for Universal Education Rebecca Winthrop and Fellow Corinne Graff authored a report assessing the links between Pakistan’s education sector and growing militancy in the country. The report helped inform USAID on its education programs in Pakistan.

At the seventh annual Brookings Blum Roundtable in August, over 40 leading experts met to consider the changing shape of the global development agenda over the next decade. Ongoing work by Senior Fellow Homi Kharas, deputy director of the program, on how to achieve aid effectiveness in a landscape with a rapidly growing number of international development actors helped to frame the discussions. ■

PHOTO BY RALPH ALSWANG



Brookings Senior Fellow and Africa Growth Initiative Director Mwangi Kimenyi discusses how to sustain growth in sub-Saharan Africa at an event highlighting the need for African nations to restore the kind of growth they experienced prior to the global financial crisis.

Efforts to rebuild Chile in the aftermath of the earthquake engage Sebastián Piñera (right), the newly elected president, and Mauricio Cárdenas, Senior Fellow and Director of the Latin America Initiative, in a lively question-and-answer session with a Brookings audience. At the April event, President Piñera also discussed his future economic plans for Chile.

PHOTO BY RALPH ALSWANG



Education can help mitigate violence, especially in countries like Pakistan. Senior Fellow Rebecca Winthrop, director of the Center for Universal Education, talks about the report on the links between Pakistan’s education system and the rising militancy across the country.



SCREEN SHOT BY GEORGE BURROUGHS

Rebecca Winthrop
Director,
Center for Universal Education

Foreign Policy

Research that world leaders heed



Martin Indyk listens as former UN Ambassador Richard Holbrooke, President Obama's Special Representative to both Afghanistan and Pakistan, speaks about the current situation in the two countries. Indyk (right), vice president and director of the Foreign Policy program, sits next to Senior Fellow Bruce Riedel; Stephen Cohen, also a senior fellow, is at the far left.

PHOTO BY RALPH ALSWANG

Russian Federation President Dmitry Medvedev speaks at Brookings shortly after the signing of the New START Treaty. The Center on the United States and Europe hosted the event.



PHOTO BY RALPH ALSWANG



In Doha to address the U.S.-Islamic World Forum, an annual meeting organized by Brookings and the government of Qatar, U.S. Secretary of State Hillary Clinton is accompanied by the Emir of Qatar, His Highness Sheikh Hamad bin Khalifa Al Thani, and Brookings President Strobe Talbott (right). President Obama addressed the forum in a videotaped message.

PHOTO BY RALPH ALSWANG

President Obama's second year in office was marked by difficult foreign policy dilemmas—whether to send more troops to Afghanistan, how to curb Iran's nuclear program, how to build new partnerships with Russia and China, how to make peace in the Middle East, and how to shape an emerging multipolar world order. Across the spectrum of these global challenges, Foreign Policy at Brookings played a prominent role in the policy debate, with its diverse array of distinguished researchers generating and deploying ideas that helped improve policy.

"This was a year when our in-depth research—a dozen books, over 100 articles and papers, and 250 opinion pieces—factored into every major foreign policy debate," said Martin Indyk, vice president and director of Foreign Policy. "It was also a year marked by many important conversations with major world leaders convened by Brookings."

Soon after signing the New START Treaty, which cut U.S. and Russian strategic offensive forces, Russian President Dmitry Medvedev gave a lively speech to a capacity crowd at Brookings. Senior Fellow Steven Pifer wrote in the Brookings Up Front Blog: "There's an image in the West—perhaps a bit of a stereotype—that speeches by Russian officials to foreign audiences will be stiff, staid and long-winded affairs. Medvedev shattered that mold."

As director of the Arms Control Initiative, Pifer was a main driver in the debate about the Obama administration's "reset" of relations with Moscow. In Beijing in October 2009,

the John L. Thornton China Center and the China Institute of Strategy and Management co-hosted the Strategic Forum for U.S.-China Clean Energy Cooperation. Former U.S. Vice President Al Gore and Chinese Vice Premier Li Keqiang, together with Obama administration officials, addressed the forum.

In May, the Center for Northeast Asian Policy Studies and the China Center organized a conference to discuss the growing prominence of global issues in the U.S.-China bilateral relationship, featuring a keynote address by Deputy Secretary of State and former Brookings vice president James B. Steinberg. Led by Senior Fellow Richard C. Bush, the Michael H. Armacost Chair, the Center for Northeast Asian Policy Studies also hosted six visiting fellows from the region who collaborated on research focused on alternative sources of energy.

The Saban Center for Middle East Policy convened top Israeli and American policymakers in Jerusalem for the sixth annual Saban forum, which included a session in Ramallah hosted by Palestinian Prime Minister Salam Fayyad. Among those who delivered remarks at the forum were Israeli Prime Minister Benjamin Netanyahu, former U.S. President Bill Clinton, Israeli Defense Minister Ehud Barak, and U.S. Senators Joseph Lieberman and Lindsey Graham.

Led by Senior Fellow Kenneth Pollack, the Saban Center also hosted a widely reported crisis simulation focusing on the diplomatic and military ramifications of an Israeli military strike against the Iranian nuclear program, and organized a conference on Iran's future featuring



PHOTO BY PAUL MORIGI

Improving the U.S. Response to Internal Displacement, an event moderated by Senior Fellow Elizabeth Ferris (right), co-director of the Brookings-Bern Project on Internal Displacement, also includes Deputy Assistant Secretary of State Kelly T. Clements.

an address by General David Petraeus.

The 21st Century Defense Initiative continued to serve as a hub for research and discussion of emerging defense policy issues. The initiative organized more than 40 events, ranging from public speeches by all the military service chiefs to private sessions with civilian aid experts returning from Afghanistan. The initiative's director, Senior Fellow Peter W. Singer, was named one of the Top 100 Thinkers in the world by *Foreign Policy* magazine after he published his best-selling book, *Wired for War: The Robotics Revolution and Conflict in the 21st Century* (Penguin Press, 2009).

Michael O'Hanlon, director of research for the Foreign Policy program and the Sydney Stein, Jr. Chair in International Security, released another important book on Afghanistan, co-authored with Hassina Sherjan, an Afghan American businesswoman and educator living in Kabul. (See Press, page 40.)

Within days of the devastating earthquake in Haiti, the Brookings-Bern Project on Internal Displacement examined the response. Latin America Initiative director Mauricio Cárdenas wrote about the need to rebuild the capacity of its government, as well as Haiti's infrastructure.

The devastating oil spill in the Gulf of Mexico once again raised concerns about our energy future. Led by Senior Fellow Charles Ebinger, the Energy Security Initiative published reports on the changing responsibilities of the nuclear industry, intellectual property and clean technology, and an assessment of the Arctic melt, among other topics.

Best-selling author and columnist Robert Kagan joined Foreign Policy as a senior fellow in September. Kagan will work on U.S. foreign policy in the Center on the U.S. and Europe. Abroad, the Brookings Doha Center and the Brookings-Tsinghua Center for Public Policy in Beijing both continued to expand their reach and activities. ■

> **Marking a new strategic partnership**, Indian Foreign Secretary Nirupama Rau and U.S. Undersecretary of State Bill Burns were among the policy experts convened by Brookings and the Federation of Indian Chambers of Commerce and Industry on the day after the governments of the United States and India held their first strategic dialogue on the official level.

> **Javier Solana, former European Union High Representative for Foreign and Security Policy**, takes notes while U.S. Secretary of State Hillary Clinton lays out the administration's National Security Strategy at Brookings in May. Solana joined Foreign Policy this year as a distinguished senior fellow. The event was hosted by the Managing Global Insecurity project.



PHOTO BY RALPH ALSWANG



PHOTO BY RALPH ALSWANG



PHOTO BY PAUL MORIGI

Fiona Hill, director of the Center for the United States and Europe, joins Philip Gordon, assistant secretary of state for European Affairs and former director of Brookings's Center on the U.S. and Europe, at the annual Sakip Sabanci Lecture that addressed the growing importance of Turkey in the Eastern European region.

Governance Studies

A century of political judgment



PHOTO BY STEVE PURCELL



PHOTO BY SHARON FARMER

His All Holiness Bartholomew (left), Archbishop of Constantinople, New Rome, and Ecumenical Patriarch of the Orthodox Christian Church, addresses how global environmental challenges relate to the role of faith and religious freedom in public life at a Brookings convocation. His Eminence Archbishop Demetrios of America is second to left.

➤ **Faith and the role of religion** in politics, immigration policy, and even money spurred columnist and Senior Fellow E.J. Dionne Jr. to moderate a wide range of conversations at Brookings this year, which included disparate speakers such as Sojourners President and CEO Jim Wallis and HSBC Chairman Stephen Green.

➤ **White House Senior Advisor Valerie B. Jarrett** offers concluding remarks at the Brookings Forum on Growth through Innovation in November 2009 as Brookings Chairman of the Board John L. Thornton (middle) and Darrell West, vice president and director of Governance Studies, listen.



PHOTO BY PAUL MORSE

The Obama administration shifted into its second year with the country still facing economic and foreign policy crises, political sparring, and an unfinished legislative agenda. If that were not enough, debates began on judicial nominations, immigration, education policy, and more. As they have through every major political test of the last century, Governance Studies scholars took on those challenges directly, offering a combination of public policy and institutional reform recommendations.

"Solutions to complex issues from technology and health care to intergovernmental relations and constitutional rights require proven ideas from experienced people," said Darrell West, vice president and director of Governance Studies. "We provided opportunities for those ideas to surface by bringing government officials together with experts at major events, releasing well-timed reports and, perhaps most important, gauging the challenges ahead."

Amid troubling signs of a downward trend in American innovation, the program convened the inaugural A. Alfred Taubman Forum in June with three White House technology officials, Brown University President Ruth Simmons, House Committee on Science and Technology Chairman Bart Gordon of Tennessee, and others. Later that month, West became founding director of the Center for Technology Innovation at Brookings.

With the Federal Communications Commission charged with developing a national broadband policy by early 2010, Governance Studies hosted FCC Chairman

Julius Genachowski twice: in September 2009, as he delivered remarks on preserving the openness and freedom of the Internet; and again in March, when the chairman discussed the FCC survey of consumer attitudes on broadband.

Cloud computing services emerged as a potential spur to government efficiency. West detailed his findings in a paper that analyzed the governmental cost-saving potential. Similarly, he explored technological advances in health care by outlining a vision for a new system based on mobile health, remote monitors, electronic medical records, social networking sites, video conferencing and Internet-based recordkeeping.

Arizona's controversial new immigration law underscored the need for federal action. In October 2009, the Brookings-Duke Immigration Policy Roundtable released six policy changes to break the immigration stalemate. Senior Fellow William A. Galston, the Ezra K. Zilkha Chair in Governance Studies, a co-convenor and one of the authors of the report, led a public discussion among roundtable members.

Galston joined Senior Fellow E.J. Dionne Jr. in June to co-moderate a discussion that examined the policy implications of a new phenomenon: religious leaders demonstrating a remarkable degree of unity across theology, denominational and ideological lines for comprehensive immigration reform.

Continuing its role as a convenor of religion and politics issues, Governance Studies hosted a public session with Joshua DuBois, director of the White House Office of Faith-based and Neighborhoods Partnerships. In early January, a diverse working group of religious and secular leaders



PHOTO BY PAUL MORIGI

At Brookings's public assessment of the stimulus at six months, Grover J. "Russ" Whitehurst, senior fellow and director of the Brown Center on Education Policy, tells *New York Times* national correspondent Jackie Calmes that only 13 percent of the education money has been sent to states.

unveiled a joint statement about current U.S. laws on religious expression.

As the landmark No Child Left Behind law awaited reauthorization, Brown Center on Education Policy Director Grover "Russ" Whitehurst, who also holds the Herman and George R. Brown Chair in Education Studies, argued in a series of policy proposals that parents be afforded the maximum degree of choice in elementary and secondary education and that an "America's Teacher Corps" be created.

Despite the importance of media coverage for public understanding of education, two new reports this year by Whitehurst, West and Dionne found scant news reporting on schools. Since there is virtually no national coverage of education, they wrote, the public cannot easily follow the issues at stake in education debates nor understand how to improve school performance.

With the Guantánamo detention facility still open, and inaction by the White House and Congress, judges were tasked with writing the rules governing military detention of terrorist suspects. Senior Fellow Benjamin Wittes and Nonresident Senior Fellow Robert M. Chesney

mapped the emerging contours of the nascent law on military detention by analyzing the courts' work.

Senior Fellow Sarah Binder and her colleague from George Washington University, Forrest Maltzman, highlighted in *The Struggle to Shape the Federal Judiciary* (Brookings Institution Press, 2010) a process beset by deepening partisan polarization, obstructionism, and deterioration of the practice of advice and consent.

Further illustrating the reach of the high court, Senior Fellow Thomas Mann, the W. Averell Harriman Chair in American Governance, expressed his dismay in January at the outcome of the case *Citizens United v. Federal Election Commission*, calling the decision "an egregious exercise of judicial activism."

In a number of research reports and opinion articles, Senior Fellows Pietro Nivola, who holds the Douglas Dillion Chair in Governmental Studies, Galston and Mann continued their work on the impact of political polarization on modern-day governance. And the program continued "GovWatch," which monitors and analyzes key economic indicators, public opinion polls and legislation to gauge progress in meeting various public policy challenges. ■



PHOTO BY RALPH ALSWANG

Senator Ron Wyden of Oregon (center) speaks with Brookings's Darrell West, Sarah Binder, and Thomas Mann as well as American Enterprise Institute Scholar Norman Ornstein (far left) and Steven Smith of the Washington University in St. Louis (right) prior to an event on the state of the Senate, which focused on both the filibuster and the emergence of the 60-vote majority.



PHOTO BY RALPH ALSWANG

Intel President and CEO Paul S. Otellini (left) and Federal Communications Chairman Julius Genachowski (right) share a moment of levity with Darrell West, who hosted separate public discussions with both men that day at Brookings in February.



PHOTO BY PAUL MORIGI

White House technology officials Aneesh Chopra (left), Vivek Kundra and Phil Weiser outline the administration's vision for spurring health care innovations, smart grid implementation, and the national broadband plan.

Metropolitan Policy

Ideas into action
for the next economy



Bruce Katz, vice president and founding director of Metropolitan Policy, welcomes hundreds of participants to a gathering on the future of auto-based communities and their transition to the next economy. He describes an economy “where we export more, waste less, innovate in what matters, produce and deploy more of what we invent and finally that works for working families.”

PHOTO BY PAUL MORIGI



PHOTO BY PAUL MORIGI

On the status of the recovery plan, Vice President Joe Biden says in September 2009 that “we’re not there yet, but we are trying.” Brookings President Strobe Talbott moderates as Trustee Antoine van Agtmael, chairman of the International Advisory Council (left), Trustees Daniel Yergin and William Coleman, and Metropolitan Policy Deputy Director Amy Liu (front row) participate in the discussion.

Welcoming U.S. Homeland Security Secretary Janet Napolitano and Mexico’s Secretary of the Interior, Fernando Gómez-Mont, to Brookings, Senior Fellow Audrey Singer says that the debate over immigration raises important questions, from how we control our borders to how we define ourselves as a nation.



PHOTO BY PAUL MORIGI

Ohio, New Orleans, the Great Lakes, the Intermountain West, and other regions coping with economic setbacks and slow recovery told their stories this year through high-level convenings, in-depth reports and key news stories. The Metropolitan Policy Program's successful presentations of a demographically changing nation advanced signature projects and informed federal initiatives and investments.

"We saw a lot of our ideas transformed into action this year," said Bruce Katz, vice president and founding director of the Metro program and the Adeline M. and Alfred I. Johnson Chair in Urban and Metropolitan Policy. "Many of our metropolitan partners helped make these reforms possible by articulating their on-the-ground experience when participating in discussions with White House and agency leaders."

The Metro voice was critical in the development of the new White House Office of Urban Affairs, especially as the office established its general principles, goals, and policy options. Likewise, Metro matters found receptive audiences at various federal policy roundtables on topics that included neighborhoods of opportunity, sustainable communities, post-disaster recovery policies, and economic and physical transformation in auto-dependent communities.

Metro's research and "Clusters and Competitiveness" report became the economic framework for a wide range of programs at the Department of Energy, the Commerce Department and the Small Business Administration.

The 2010 reauthorization of the America COMPETES Act includes both of the program's recommendations for regional innovation clusters and energy hubs, the latter of which has already been embraced by the Department of Energy in its 2010 budget.

Providing an early glimpse of the 2010 Census in May, Metro released "The State of Metropolitan America," the program's inaugural biannual report that comprehensively documents the changing nature of American society through the lens of the nation's 100 largest metropolitan areas. The report, a launch event and an interactive indicator map generated significant attention that included a David Broder column in the *Washington Post* and a POLITICO opinion piece by Katz and Rockefeller Foundation President Judith Rodin.

Led by Senior Fellow Alan Berube, the program's research director, Metro's major demographic analysis revealed that our nation now faces a series of "new realities" about who we are, where and with whom we live and how we provide for our own welfare, as well as that of our families and communities.

Senior Fellows William Frey and Audrey Singer contributed to the report and were often cited in the media throughout the year for their insights on key population trends.

Released to coincide with the 2010 Census count, Andrew Reamer's "Counting for Dollars" explained how the decennial Census affects the distribution of nearly \$500 billion in federal funding to states and localities, providing a first-of-its-kind spending breakdown for the 50 states, the 100 largest metropolitan areas, and the 200 largest counties.



PHOTO BY PAUL MORIGI

World Habitat Day 2009 put cities in the spotlight. UN-Habitat Executive Director Anna Tibaijuka tells a Brookings audience that, while we are discussing housing here, "a house is an empty shell if you don't have food. People move away from houses if there is no food ... You will find that, with environmental deterioration, we are now confronted with the challenge of rapid and chaotic urbanization."

Metro also launched the Metropolitan Opportunity Series this year to offer a geographic view of American poverty. Berube and Elizabeth Kneebone found that unemployment rose equally in both the cities and suburbs during the recession. By 2008, in fact, suburbs had become home to the largest and fastest-growing poor population in the country. Metro's analysis on these trends received attention from the *New York Times*, *Wall Street Journal*, C-SPAN, and ABC News.

Senior Fellow Robert Puentes, with Adie Tomer and Emilia Istrate, explored innovative policy solutions on such pressing transportation and infrastructure challenges as the smart grid, future investments, and broadband. Highlights included "Expect Delays," an examination of U.S. air travel trends and another report, released at an event featuring U.S. Transportation Secretary Ray LaHood, that explored investment ideas such

as capital budgeting and the National Infrastructure Bank. As outlined by Metro experts, the 2010 budget proposed \$5 billion for innovative infrastructure projects.

MetroMonitor—a signature piece of work on the next American economy—continued this year as a quarterly barometer of the health of metropolitan economies. With five reports published to date, along with Great Lakes and Intermountain West versions, the Metro program established the benchmarks on regional recovery.

Testing the next economy framework with corporate audiences, a February event in Palo Alto, Calif., with Lazard, convened high-level CEOs with California Governor Arnold Schwarzenegger, Pennsylvania Governor Edward Rendell, and others to generate ideas on building an economy that is export-oriented, low-carbon, innovation-fueled and opportunity-rich. ■



PHOTO BY PAUL MORIGI

PHOTO BY PAUL MORIGI



Former Talking Heads musician and longtime cycling advocate David Byrne offers his thoughts on politics, history and the urban landscape at a Brookings event to launch Cities for Cycling, a National Association of City Transportation Officials project to break down barriers to bicycle-friendly street design in U.S. municipalities.

A Partnerships in Innovation forum in May, co-sponsored by the Metropolitan Policy Program, featured U.S. Labor Secretary Hilda Solis (center) and (from left) Sen. Carl Levin (D-Mich.), Rep. Sandy Levin (D-Mich.), Michigan Governor Jennifer Granholm, United Auto Workers President Ronald Gettelfinger, and Chairman and CEO of Cascade Engineering Fred Keller.

Rockefeller Foundation President Judith Rodin engages Michael Nutter, the mayor of Philadelphia, in a light moment after the unveiling of "State of Metropolitan America," a landmark report that documents a decade of dynamic economic and social change.



PHOTO BY PAUL MORIGI

Impact and Strategy

Brookings's tenth decade embraces governance and renewal

This year the Board of Trustees and the Brookings community spent time answering perhaps the largest question in our history: After a confidence-shattering global economic crisis, how can Brookings help create a better, more prosperous world in the years leading up to the Institution's 100th anniversary?

"Looking ahead, we are well aware that the troubles of the last two years could escalate," said Strobe Talbott, president of Brookings. "So we have re-committed ourselves to the goal Robert Brookings and other supporters laid out in 1916: Improving the institutions and practices necessary to govern ourselves."

That focus was evident this year in everything from private meetings to public events to new forms of communication. And it was rewarded by recognition from professionals at other think tanks and the media, who rated Brookings as the No. 1 think tank in the United States and the world.

President Barack Obama presented his plan for creating jobs and spurring economic growth at Brookings in December 2009—a plan influenced by the thinking of the Institution's scholars and an influential group of private-sector leaders brought together by Board Chairman John L. Thornton. And a series of events

and publications examined the key question on everyone's mind: When economic spending should stop and deficit reduction begin.

"Brookings became the most trusted and influential think tank in the world by offering good advice for 94 years, and we intend to redouble our efforts over the next six," notes Thornton. "To shape our goals, the Institution's leadership and its Board of Trustees this year developed the second phase of the Brookings Strategic Plan to capitalize on Brookings's heritage and affirm the core values of quality, independence, and impact."

In addition to identifying four key areas of "all-Brookings" research, the strategic plan encompasses blueprints from the five research programs that identify specific research agendas, priorities, and long-term investment opportunities.

For example, Governance Studies will tackle questions of public-sector innovation, revolving in part around a new Center for Technology Innovation established this year. Looking beyond business-cycle concerns, Economic Studies will explore economic policies aimed at supporting growth and economic security over the longer run with a focus on how to reform regulatory policy to remedy market failures without crimping productive behavior among firms and households.

Global scholars will analyze the policy implications of issues

such as global financial imbalances, the rise of new economic powers, and global financial regulation. Metropolitan Policy experts are looking at ways to affirmatively build the post-recession economy. To do that, the program will examine the key elements of the "next economy"; deliver a policy playbook for federal, state and metro leaders to help create jobs in the short term while restructuring the economy for the long haul; and seek to identify and inform a network of pragmatic leaders who can help transform the economy.

Foreign Policy's research agenda will target war and peace, shifting templates, and transnational issues and global governance. With the United States engaged in two counter-insurgency wars in a bid to defeat al Qaeda-related terrorism, a renewed effort to resolve the Arab-Israeli conflict, and a multilateral attempt to curb the nuclear programs of Iran and North Korea, security issues lie at the crux of the program's agenda.

As part of the broader strategic plan, "all-Brookings" work achieved considerable success last year with the quarterly publication of the composite "How We're Doing" Index on the Sunday opinion page of the *Washington Post*. Martin Indyk, vice president and director of Foreign Policy, weighed in on the key domestic and global indicators to gauge the shifting position of

the United States with co-author Carol Graham. Three months later, as the gross domestic product fell, Economic Studies co-directors Karen Dynan and Ted Gayer monitored the fallout from the European debt crisis on U.S. credit markets.

All of these activities have consciously focused on outreach and impact, notes Managing Director William Antholis.

"Impact has several dimensions, from setting national and international agendas, to shaping how particular policy issues are framed, to designing very specific policies," he said. "Its also means making optimal use of our publications and convening power, our access to policymakers and opinion leaders, and our use of the latest communications technologies."

To broaden and deepen relationships with an increasingly global audience for Brookings's work, the Institution made a number of new investments this year, from new content in Spanish, Arabic and Chinese to new mobile "apps" for the iPhone, BlackBerry and Android devices. Partnering with the popular news outlet POLITICO, Brookings scholars were featured live in interactive web chats on topics ranging from the conundrum of Tax Day on April 15 to the economic ramifications of the Gulf oil spill. And new audio and video podcasts showcased experts' analysis and recommendations on the most pressing policy issues of the day. ■



Continuing to expand Brookings's reach outside the Washington Beltway, Brookings this year launched Brookings Mountain West—a platform to advance the full range of Brookings research programs and priorities to the fast-growing Intermountain West region. Managing Director William Antholis speaks at the University of Nevada, Las Vegas, where the office is located.



Madeleine Albright, former U.S. Secretary of State, discusses the NATO Strategic Concept's Group of Experts and its recommendations for the future at a Brookings meeting.

Palestinian Authority President Mahmoud Abbas displays a copy of the Arab Peace Initiative, an agreement he was instrumental in negotiating. Speaking at a Saban Center for Middle East Policy event shortly after the flotilla crisis off the coast of Gaza in June, Abbas stressed the importance of a dialogue between Israel and Palestine.

Outgoing White House Office of Management and Budget Director Peter Orszag gave his final public speech at Brookings in July, noting the important work ahead for the National Commission on Fiscal Responsibility and Reform. That commission includes Trustee Ann Fudge as well as Senior Fellow Alice Rivlin—like Orszag, a Brookings scholar who went on to run both the Congressional Budget Office and the Office of Management and Budget.



One Brookings, Four Priorities

Under the broad call for governance and renewal, the next phase of the Brookings strategic plan lays out four substantive Institution-wide priorities: growth through innovation, opportunity and well-being, sound energy and climate policy, and managing global change. Large strides were taken this year to develop and promote recommendations in these priority areas.

Examining **growth through innovation**, Brookings convened 30 scholars and business leaders for a two-day conference in November under the co-chairmanship of four Brookings Trustees—John L. Thornton, Chair of the Board; Dominic Barton, managing director of McKinsey & Company; Steven A. Denning, chairman of General Atlantic LLC; and Glenn Hutchins, co-founder and co-CEO of Silver Lake. Recommendations from that meeting, shared with top policymakers, led to President Obama's speech at Brookings in December on the economy.

New growth strategies are needed, the executives concluded, if the United States is going to return to a period of innovation-driven productivity that creates good jobs, pays off our debt, raises living standards, and enables us to enter into a period of sustained and shared prosperity.

More broadly, a national



At an all-Brookings "Back to the Future" forum on energy and climate change, a panel of experts discusses science, policy and regulation. They include, from left, Jonathan Epstein, counsel to Senator Jeff Bingaman of New Mexico; Senior Fellow Mark Muro; Senior Fellow Charles K. Ebinger; Nonresident Senior Fellow Barry Rabe; and Trustee Shirley Jackson, president of Rensselaer Polytechnic Institute.

growth strategy needs to go from the global to the national to the local—and back again.

In June, Brookings revisited the growth through innovation concept during a two-day event on building a long-term national strategic plan. Discussions centered on small business finance, energy innovation, improving governance, and spurring innovations through education—each of which generated Brookings policy papers that were widely disseminated on the Brookings web site and to the media.

The **opportunity and well-**

being "all-Brookings" priority looks at social and economic issues through a different lens: How do individuals and families continue to find and create opportunities for advancement? The pursuit of happiness—that is, opportunity and well-being—is a common feature of all communities within the United States and abroad. Not surprisingly, all five Brookings research programs have perspectives to share. These issues are particularly relevant given the current range of economic challenges, as communities around the world struggle to

recover from the Great Recession of 2008–2009.

Sound energy and climate policies have long been a priority at Brookings—and this year featured extensive work and a robust public debate on energy issues. A full-day Brookings forum in May that tackled the prospects for climate and energy in 2010 coincided with the introduction of new climate change legislation in the Senate and heated hearings on the Gulf oil spill. As the national debate sharpened, Strobe Talbott and William Antholis published *Fast Forward*:

Ethics and Politics in the Age of Global Warming, which urges an approach to international action on global warming that would put the United States and other key nations at the forefront of bending the curve on carbon emissions. (See Press, page 40.)

Over 350 participants in the Brookings "Back to the Future" forum on energy and climate change generated more discourse at this crucial time. "It was an ideal platform to showcase the breadth and depth of our own research capabilities as well as our capacity to bring together high-level experts, including two of our own Trustees, in the field of climate policy," said Antholis, Brookings's managing director.

At the forum, Todd Stern, U.S. Special Climate Envoy at the Department of State, responded to the question of international governance and laid out a new paradigm for climate diplomacy. Douglas Elmendorf, director of the Congressional Budget Office and former Brookings senior fellow, explained the most cost-efficient mechanisms for reducing greenhouse gas emissions. Brookings Trustee Shirley Ann Jackson, president of Rensselaer Polytechnic Institute, led a panel that explored technology innovations and another Trustee, Daniel Yergin, Chairman of Cambridge Energy Research Associates, offered his perspective.

How to **manage global change**? On the fourth priority, scholars from across Brookings are rethinking some of the newest trends in global politics, including both the rise of emerging powers and the drivers of global conflict that emerge below national governments. Based on those trends, scholars worked together on how to develop more realistic approaches and more effective means of ending intractable old conflicts and to prevent new ones. Terrorists and illicit traffickers, not to mention nuclear weapons, continued to dominate the policy agenda.



White House National Economic Council's Diana Farrell expounds on growth through innovation with Martin Neil Baily (center), director of the Initiative on Business and Public Policy, and Trustee Edgar Rios.



Beyond these research priorities, the strategic plan reiterates the Institution's commitment to quality, independence, and impact—the core values that are Brookings's hallmark, both among scholars and policymakers.

"These policy questions pose new opportunities and obligations for the Institution's brand of agenda-shaping research; for our efforts to develop imaginative, practical recommendations for policymakers; for our commitment to communicating broadly and clearly; and for our emphasis on fostering informed and civil public debate," noted Board Chair Thornton. ■

Trustee Glenn Hutchins, co-founder and co-CEO of Silver Lake, examines research findings on small business policy at a growth through innovation event in June.

Executive Education

In its first year of collaboration, Brookings and Washington University in St. Louis brought Brookings Executive Education full circle to one of the Institution's original educational missions—developing government leaders.

Senior Fellow Sarah Binder, who served as Brookings liaison to the Executive Education program, applauded the new partnership with Washington University as a solid academic merger. "In the coming year we will be looking to find new ways of incorporating Brookings scholars into its programming," she said. "Building bridges between the research and educational communities at Brookings is the goal."

Jackson A. Nickerson, the Frahm Family Professor of Organization and Strategy at the Olin Business School and a nonresident senior fellow at Brookings, continued as director of the new executive education initiative. Brookings President Strobe Talbott and Senior Fellows Martin Indyk and Ken Pollack are among those who offered instruction last year in the executive education classrooms.

Starting July 1, Washington University's Olin Business School began offering a Master of Science in Leadership (MSL) through Brookings Executive Education. This new degree is designed to develop leaders for service as senior federal executives and to improve the capacity of incumbent members of the Senior Executive Service.

In addition, BEE offered over 30 courses in five locations, as well as the Legis Congressional Fellowship, the women's leadership program, and custom classes created by Brookings and Washington University for both public- and private-sector organizations.

The custom courses allow organizations to provide employees with the benefits of instruction specifically tailored to their goals. For example, the National Institutes of Health turned to Brookings Executive Education for their Executive Leadership Program. ■

Support for Brookings Donors

provide essential resources to
sustain excellence



PHOTO BY PAUL MORIGI



General David Petraeus joins the International Advisory Council and Board of Trustees for an in-depth conversation on the conflicts in Afghanistan and Pakistan in May. IAC Member Rahul Bajaj, chairman of Bajaj Auto Limited in India, listens.

PHOTO BY PAUL MORIGI

> **Trustee Crandall C. Bowles**, chairman of Springs Industries, Inc., offers her thoughts at a forum on building a long-term national strategic plan for growth through innovation with Brookings Honorary Trustee James D. Robinson III.

< **The inaugural A. Alfred Taubman Forum** in June convened leaders from government, higher education, and business to confront troubling signs of a downward trend in American innovation. Darrell West (second from left), vice president and director of Governance Studies, sits between Brown University President Ruth Simmons (left) and Judy Taubman. Al Taubman is at the far right.

PHOTO BY PAUL MORIGI



Even in the midst of economic setbacks, unsettled national security, and public disapproval of all three branches of U.S. government, Brookings's supporters clearly see the way forward, not just for economic recovery, but for global transformation. Productive themes of governance and renewal drove conversation at this year's gatherings of the Institution's core backers.

Thanks to the support of its donors, both financial and intellectual, Brookings has expanded its impact beyond the Beltway, created a Center for Technology Innovation, had a stronger voice in nuclear arms control, and much more.

Active exchanges at Brookings forums allowed questions to be framed and challenges presented. At the Board of Trustees meeting in November, Brookings President Strobe Talbott presented the second phase of the strategic plan to take the Institution through its centenary in 2016. He explained how cross-program research takes distinctive advantage of Brookings's depth and breadth, which is especially suited to tackle the multidimensional issues of our time. (See *Impact and Strategy*, page 24.)

"There is an overarching question that Brookings has sought to answer from its founding," Talbott said. "How do we improve the institutions and practices necessary to govern ourselves?"

Responding, members of the Board overwhelmingly approved the plan's carefully constructed strategies. Other sessions in November provided Trustees with outside perspectives. At a reception and dinner, Deputy U.S. Secretary of State Jim Steinberg

looked ahead to how U.S. foreign policy should seek to manage global change. The next day, at lunch, *New York Times* columnist David Brooks discussed what the Obama administration would face in its second year.

At the Board of Trustees meeting in March, shortly after a special election in Massachusetts put Republican Scott Brown in the U.S. Senate seat long held by the Kennedy family, Brookings vice presidents Darrell West and Bruce Katz interpreted what Massachusetts foretold for the mid-term elections.

At a joint meeting of the International Advisory Council and the Board of Trustees in May, briefings with both Admiral Michael G. Mullen and General David Petraeus elucidated growing concerns on global security challenges and the conflicts in Afghanistan and Pakistan. At a lunch with former U.S. Secretary of the Treasury Henry Paulson, the talk revolved around the people and politics that influenced the financial crisis. Former U.S. Secretary of State Madeleine Albright discussed the NATO Strategic Concept's Group of Experts and its recommendations for the future. As it was only weeks after the oil spill in the Gulf region, Brookings Trustee Dan Yergin joined Thomas

Michaels, chief energy advisor to Senator Mary Landrieu of Louisiana, and Amy Liu, deputy director of Metropolitan Policy, for a conversation on the spill's impact on the region and on the politics of energy policy.

Foundation Support

As part of Brookings's efforts to spread its impact beyond the Beltway, the Institution established a partnership with the University of Nevada, Las Vegas to

create Brookings Mountain West. With the support and encouragement of Trustee Brian Greenspun and a generous grant of \$3 million from the Lincy Foundation, scholars across Brookings's five research programs are spending time in residence at UNLV, conducting research and giving lectures to students and others in the community. Brookings Mountain West also serves as a regional platform for the Metropolitan Policy Program's Intermountain West Initiative and its "Mountain Megas" report, which focuses on the challenges and opportunities facing the rapidly growing metropolitan areas of Arizona, Colorado, Utah, Nevada, and New Mexico.

With the Nuclear Security Summit in Washington renewing attention to the role of nuclear weapons in national defense, the Brookings Arms Control Initiative—led by Talbott and Senior Fellow Steven Pifer—received important seed funding from the Ploughshares Fund and the John D. and Catherine T. MacArthur Foundation. The gifts allow the Initiative to undertake

an expansive program of research, writing and events to examine the critical issues in arms control and non-proliferation.

The Foreign Policy program received a generous grant of \$500,000 from the ACE Charitable Foundation to help support the work of the John L. Thornton China Center and the Brookings-Tsinghua Center for Public Policy in Beijing, which have continued their high-impact work in that country. Under the leadership of Senior Fellow Ken Lieberthal, the Thornton China Center convened a number of high profile events in China and the United States featuring senior government and private sector leaders discussing issues ranging from clean energy to China's economy to education.

Brookings Corporate Council

In the difficult economy that has persisted since the financial crisis of 2008, companies know the importance of investing in Brookings. The Brookings Corporate Council offers leaders opportunities to interact with Brookings experts on a wide

range of subjects. Brookings was pleased to welcome many new and returning companies to the Council in 2010, a testament to the value that Brookings brings to decision-makers.

Northern Trust Corporation, Siemens, and Pioneer Natural Resources USA became new members of the Council, while industry leaders such as R.R. Donnelley & Sons Company, Dow Corning Corporation, Glaxo-SmithKline, Hewlett-Packard Company, NTT Corp. Inc., Sun-Trust Banks, Inc., Vale, and Verizon Communications re-joined the Council to support Brookings experts and their innovative research.

As a longtime supporter of Brookings, Microsoft Corporation deepened its engagement this year in all five of Brookings's research programs. Microsoft executives are playing an active role in the Institution, participating in the program leadership committees that provide guidance on research agendas and engaging in substantive dialogue with leading experts. At a Governance Studies event in January, Microsoft Senior Vice President and General Counsel Brad Smith delivered a keynote address on the role of the government and private sector in developing and promoting cloud computing.

Alcoa Foundation has been a longstanding supporter of the Institution and recently increased its involvement with Brookings. The foundation has provided critical resources to the Brookings Center for Northeast Asian Policy Studies for many years, helping establish the center as Washington's premier source of policy analysis and information about the region. The Foundation has also made generous grants to the Global Economy and Devel-



(from left) Trustee Steven A. Denning, International Advisory Council Member Roger Agnelli, and Honorary Trustee Charles W. Robinson review documents during the spring meetings.



Microsoft Senior Vice President and General Counsel Brad Smith discusses the role of government and corporations in developing and promoting cloud computing at a Brookings forum.



As the 2010 mid-term elections approach, Trustees Alan M. Dachs (left) and Suzanne Nora Johnson listen as Senior Fellow E.J. Dionne Jr. (right) questions Rep. Chris Van Hollen of Maryland, chairman of the Democratic Congressional Campaign Committee.

Brookings in November 2009 and June 2010.

The Metropolitan Policy Program engages deeply with business leaders throughout the country as part of its efforts to improve the health and prosper-

ity of cities and metropolitan areas. In February, Metro joined with Lazard to convene a conference in Palo Alto, Calif., to examine the energy and infrastructure investments that are needed to usher in

the next American economy—one that is export-oriented, low-carbon, innovation-fueled and opportunity-rich. Senior executives from the energy, infrastructure, finance and venture capital communities joined with public sector leaders for a series of in-depth conversations focused on innovative policy and business practices. Governors Arnold Schwarzenegger of California and Edward Rendell of Pennsylvania both addressed the conference, along with Representative Ed Markey of

Massachusetts. Opening remarks for the dinner were provided by Brookings Trustee Vernon Jordan and welcoming remarks the next day were provided by Metropolitan Leadership Council member George Bilicic.

Individuals Play a Vital Role

Several individual donors stepped up in 2010 with major gifts that enabled Brookings to undertake new projects and deepen the bench of outstanding experts on staff. Howard Cox's contribution of \$200,000 to the President's Special Initiatives Fund enabled Brookings to bring on Javier Solana, former European Union High Representative for the Common Foreign and Security Policy and NATO Secretary General, as a distinguished senior fellow in Foreign Policy. His gift also supported the work of the Africa Growth Initiative, which Brookings launched in 2009 to provide a forum for African economists and policy experts to focus on attaining sustainable economic development and prosperity in Africa.

A major commitment to Governance Studies from Al Taubman established the annual A. Alfred Taubman Forum. The inaugural Taubman Forum in June focused on science and technology innovation, with remarks from U.S. Chief Technology Officer Aneesh Chopra and U.S. Chief Information Officer Vivek Kundra. Brown University President Ruth Simmons and Eva Feldman, Director of the A. Alfred Taubman Medical Research Institute at the University of Michigan, also spoke. Chairman of the House Committee on Science and Technology Bart Gordon of Tennessee provided the keynote address.



PHOTO BY PAUL MORIGI

Fiat Chairman John Elkann discusses economic growth as Trustees Glenn Hutchins (left) and Ezra K. Zilkha listen.

James and Elaine Wolfensohn and the Wolfensohn family also provided generous support. Wolfensohn was first elected to the Brookings Board of Trustees in 1983 and has served as an Honorary Trustee since 1990, providing strategic guidance and support for the Institution. In 2006, a generous contribution from the Wolfensohn family launched the Wolfensohn Center for Development, which has supported the critical and timely research and dialogue of the Middle East Youth Initiative, the Early Child Development Initiative and other projects—all of which have followed Brookings's tradition of significant impact with policymakers, academics, business leaders, NGOs, and other stakeholders from around the world.

The generosity of Brookings's Trustees underpins much of the work of the Institution's experts. In particular, Glenn Hutchins made an extraordinary pledge of support in 2010—\$5 million over five years to a variety of programs, including the growth through innovation all-Brookings priority—that will help establish a

strong foundation for Brookings's future.

Hutchins' gift, along with support from Trustee Antoine van Agtmael, directly funded impact activities such as public events and the creation of Brookings applications for smartphones to reach busy policymakers on the go.

IAC Plans for a Post-Crisis World

Two years into a period of crisis management as intense as any in the two decades since the end of the Cold War, the Brookings International Advisory Council met in May in Washington with senior U.S. policymakers for status briefings. Most members were struck by the deep persistence of economic and political challenges and how economic stress can threaten social harmony, political comity, the efficacy of the institutions of governance, and national security.

IAC Chairman Antoine van Agtmael framed the agenda for the meeting by suggesting three ways in which the world had changed since the IAC last met: the epicenter of the



PHOTO BY PAUL MORIGI

At the spring meeting, Trustee Benjamin R. Jacobs (left) welcomes Trustee Jamie Rubin to the Brookings board.



PHOTO BY PAUL MORIGI

Honorary Trustee John C. Whitehead at the winter meeting.

global economic earthquake has shifted from the United States to Europe; the world is moving from a paradigm dominated by the G-8 to one now represented by the G-20, with new actors playing an increasingly important role on the world stage; and "Obamamania" has given way to a sense—both in the United States and elsewhere—of a promise at risk.

America's growing debt also dominated discussion. Admiral Mullen said debt is not merely an economic issue—it is the biggest national security challenge confronting the United States. U.S. Secretary of State Hillary Clinton echoed that view in her remarks at a public event at Brookings later in the week.

Some participants expressed concerns about the viability of the euro as a common currency and the durability of the European Union as a governing structure. Yet others, including Javier Solana, voiced optimism that the "European structures" could even be strengthened in the face of the crisis.

As challenges were articulated, some IAC members felt

that there was a lack of political will to implement unpopular solutions. More specifically, they expressed concern that what Brookings Senior Fellow Ben Wittes called "the irredeemable polarization" of U.S. politics has taken on a new and worrisome character. Wittes pointed to the failed bombing of an airliner approaching Detroit as a case in point. In the past, such a threat to the nation would probably have seen Americans close ranks and shown "politics at its most consensus-oriented." Instead, he said, the close call on Christmas Day elicited "blame-storming" and demagoguery.

Several Brookings scholars at the meeting made the connection between the principal challenges facing the world and the Institution's strategic plan. While individual research programs and policy centers will continue pursuing their own agendas, their work will be unified by four main priorities: achieving growth through innovation; advancing opportunity and well-being; promoting energy and climate policy; and managing global change. ■

Welcoming New Trustees

During the 2009-2010 year, Brookings elected six new Trustees to the Board, where they joined a distinguished group of the nation's leading 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 is proud to welcome its newest members to the Board of Trustees:

- **Crandall Bowles**
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Springs Industries, Inc.
- **Paul L. Cejas**
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PLC Investment, Inc.
- **Klaus Kleinfeld**
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STATEMENT OF ACTIVITIES

Years Ended June 30, 2010 and 2009 (in thousands)
Preliminary and Unaudited*

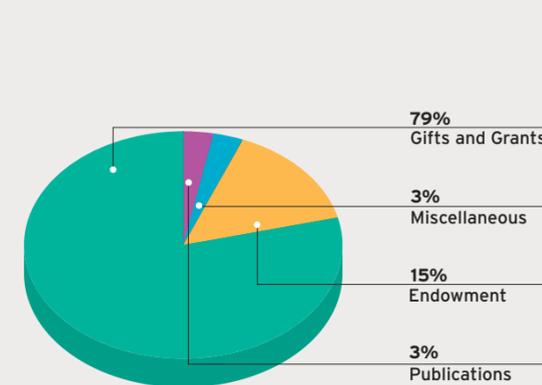
	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	FY 2010 TOTAL	FY 2009 TOTAL
OPERATING ACTIVITIES					
Revenue and Support					
Investment return designated for operations	\$ 11,734	\$ 2,532		\$ 14,266	\$ 13,235
Grants, contracts, and contributions	13,174	37,026		50,200	59,262
Conferences	557			557	4,270
Brookings Press	2,328			2,328	2,694
Facility and other revenue	1,652			1,652	1,457
Net Assets released from restrictions—					
Satisfaction of program restrictions	46,691	(46,691)			
Total Operating Revenue	76,136	(7,133)		69,003	80,918
OPERATING EXPENSES					
Program Services					
Economic Studies	14,547			14,547	15,167
Foreign Policy	15,654			15,654	19,052
Global Economy and Development	8,460			8,460	7,781
Governance Studies	3,604			3,604	3,526
Metropolitan Policy Program	7,905			7,905	7,687
Other Research	352			352	543
Executive Education	1,307			1,307	3,385
Brookings Press	2,638			2,638	3,079
Communications	2,176			2,176	1,785
Total Program Services	56,643			56,643	62,005
Supporting Services					
Management and General	19,481			19,481	17,387
Fundraising	2,745			2,745	2,939
Total Operating Expenses	78,869			78,869	82,331
Net Operating Activity	(2,733)	(7,133)		(9,866)	(1,413)
Write-off Impaired asset					(3,834)
Change in net assets before non-operating activities	(2,733)	(7,133)		(9,866)	(5,247)
NON-OPERATING ACTIVITIES					
Investment return in excess of amounts designated for operations					
Realized gain (loss) on sale of investments	3,370			3,370	5,613
Unrealized gain (loss) from investments	30,765			30,765	(43,861)
Interest and dividends, net	(95)			(95)	138
Investment return designated for operations	(14,265)			(14,265)	(13,235)
Total investment return (loss) in excess of amounts designated for operations	19,775			19,775	(51,345)
Loss on uncollectible contribution					(1,570)
Contributions for endowment	(11)		2,412	2,401	(676)
Total Non-Operating Activities	19,764		2,412	22,176	(53,591)
Post-retirement related changes other than net periodic post-retirement pension cost					106
CHANGE IN NET ASSETS	17,031		2,412	12,310	(58,732)
Net assets, Beginning of year	146,460	91,956	57,610	296,026	354,758
Net assets, End of year	\$163,491	\$91,956	\$60,022	\$308,336	\$296,026

STATEMENT OF FINANCIAL POSITION

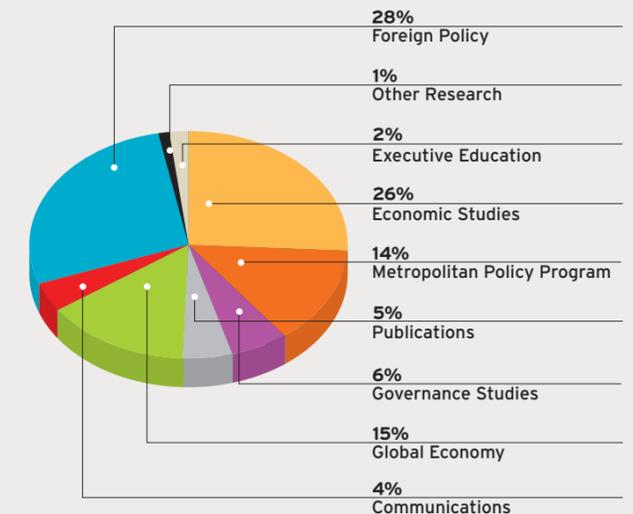
As of June 30, 2010 and 2009 (in thousands)
Preliminary and Unaudited*

	2010 TOTAL	2009 TOTAL
ASSETS		
Cash and cash equivalents	\$ 11,164	\$ 7,627
Grants, Contributions and accounts receivable, net	58,959	78,548
Inventory	548	546
Investments	243,262	219,691
Property and equipment, net	52,499	46,859
Other assets	1,648	1,540
TOTAL ASSETS	368,080	354,811
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	(7,587)	(7,300)
Bonds payable and lines of credit	(46,868)	(44,359)
Accrued compensated leave	(1,747)	(2,730)
Accrued post-retirement benefit obligation	(3,679)	(3,400)
Deferred revenue	(536)	(996)
TOTAL LIABILITIES	(60,417)	(58,785)
NET ASSETS		
Unrestricted	(163,539)	(146,460)
Temporarily restricted	(84,798)	(91,956)
Permanently restricted	(60,022)	(57,610)
TOTAL NET ASSETS	(308,359)	(296,026)
TOTAL LIABILITIES AND NET ASSETS	(368,776)	(354,811)

Operating Revenues



Program Services Expenses



Notes:

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

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

Brookings Press

The Brookings Institution Press found a new niche this year in concise, accessible, and timely assessments of pressing policy issues. Days after the oil spill in the Gulf of Mexico heightened the energy debate and in the same week that Congress weighed new policy options, *Fast Forward: Ethics and Politics in the Age of Global Warming* offered both a history lesson and an analytical argument for urgent action.

Written by Brookings Managing Director William Antholis and President Strobe Talbott, the 150-page *Fast Forward* takes readers behind the scenes in climate policy negotiations, including President Obama's spontaneous "drop-by" meeting with the leaders of China, India, Brazil, and South Africa in Copenhagen, helping to break a logjam that nearly rendered the conference a waste of time.

As the first authors in a new series—Brookings FOCUS Books—Antholis and Talbott set the tone for pithy yet compelling books written for a broad audience and spelling out recommendations on policies in motion. The timeliness of the book, accompanied by a major publicity campaign, positioned both authors as commentators on the unfolding climate change debate.

Darrell M. West, vice president and director of Governance Studies, supplied the second FOCUS book. *Brain Gain: Rethinking U.S. Immigration Policy* arrived just as the strict new Arizona law on illegal residents raised the stakes on national inaction. West argues for a new "Einstein Principle," claiming

that, rather than deterring immigration, the United States should seek to attract more individuals with the potential to enhance American innovation and competitiveness, thus increasing the odds for economic prosperity down the road.

The Brookings Press also announced a new series on Innovations in Leadership—a collaboration with the Olin Business School at Washington University edited by Olin professor and Brookings

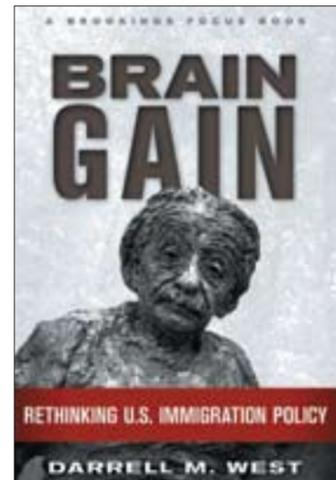


Nonresident Senior Fellow Jackson Nickerson, director of Brookings Executive Education. The new series will use the concise format to focus on current leadership challenges. Nickerson is author of the first book in the series: *Leading Change in a Web 2.1 World*, slated for publication early in the fall of 2010.

Is Afghanistan another Vietnam or a crucial war that can be won? Senior Fellow Michael E. O'Hanlon co-authored *Toughing It Out in Afghanistan* with Kabul-based Hassina Sherjan, president of Aid

Afghanistan for Education. Drawing on personal experience, eyewitness accounts, and the Brookings Afghanistan Index, O'Hanlon and Sherjan depict the lay of the land and suggest how strategy can be improved on both the civilian and military sides.

Three years after the acclaimed publication of *Journey into Islam: The Crisis of Globalization*, Akbar Ahmed, a nonresident senior fellow at Brookings and the Ibn Khaldun



Chair of Islamic Studies at American University, followed up that classic analysis with *Journey into America: The Challenge of Islam*. Ahmed had led a group of U.S. university students on a listening tour of the Islamic world in the first book. *Journey into America* offers an equally fascinating travelogue that examines the Muslim experience in America, placing it within the context of U.S. history and the American sense of identity.

Fellow Vanda Felbab-Brown's *Shooting Up: Counter-insurgency and the War on Drugs* vividly details

how powerful guerrilla and terrorist organizations—including Peru's Shining Path, the FARC and the paramilitaries in Colombia, and the Taliban in Afghanistan—have learned to exploit illicit markets to support their activities.

The fight against global poverty brought together some of the world's most respected economic development analysts on the vexing issue of *What Works in Development? Thinking Big and Thinking Small*. Edited by Nonresident Senior Fellow William Easterly, a former World Bank economist, and Jessica Cohen, a nonresident fellow, contributors to the book examined whether a big-picture or grassroots approach is more effective.

In *After the Crash: The Future of Finance*, noted economists Yasuyuki Fuchita, Richard Herring, and Senior Fellow Robert E. Litan bring together distinguished perspectives on how the financial industry and some of its practices are likely to change in the years ahead.

ForeWord Reviews awarded *Power & Responsibility: Building International Order in an Era of Transnational Threats* its 2009 Gold Award for best book in political science. Written by Bruce Jones of New York University and Brookings, U.S. Ambassador to Mexico (and former vice president and director of Foreign Policy) Carlos Pascual, and Stanford University's Stephen John Stedman, the book describes how American leadership can rebuild international order.

The Limits of Influence: America's Role in Kashmir by Howard B. Schaffer won the Douglas Dillon Book Award for Distinguished Writing on American Diplomacy. ■

