Economic Studies  With the nation continuing to face high levels of joblessness and an unsustainable path of government debt, scholars in the Economic Studies program helped shape the national economic debate, crafting pragmatic, innovative policy prescriptions to fuel broadly shared economic growth.

Global Economy and Development  Fragile financial markets and fiscal challenges threatened the global recovery this year. Scholars in the Global Economy and Development program worked closely with some of the world’s leading policymakers to foster international cooperation and craft policy solutions to promote inclusive, sustainable growth.

Foreign Policy  Much of the world was in turmoil, as economic, political and security crises challenged leaders from the Middle East to Latin America to Asia and beyond. U.S. and foreign officials turned to the Foreign Policy program for cutting-edge analysis and strategies to reduce conflict in the emerging global order.

Governance Studies  Polarization and hyper-partisanship gripped Washington, as election-year politics exacerbated divisions in American society. The Governance Studies program helped to devise practical policy reforms that can work across the political spectrum to strengthen leadership and reinvigorate trust in democratic institutions.

Metropolitan Policy  Building the next American economy—one fueled by innovation, powered by low carbon, driven by exports and rich with opportunity—will rely on the economic growth potential of metropolitan areas. Scholars in the Metropolitan Policy Program advanced that vision and helped metropolitan areas leverage their position in the global economy.

Impact: Finding Paths Forward  Across the spectrum of political, economic and security challenges that faced the world, Brookings’s sound, independent public policy research found paths forward. The Institution’s scholars engaged with national and world leaders in crucial dialogue, offered up-to-the-moment and on-the-ground analysis, and developed pragmatic recommendations.

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

Support for Brookings  This year Brookings experts brought thoughtful analysis and reasoned debate to bear on the effort to promote enduring peace and prosperity around the globe. Their contributions were made possible by the philanthropic support of donors who share Brookings’s vision that independent policy research is indispensable to how we, as a nation, govern ourselves.
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uring a time of tumult in the U.S. and around the world, Brookings remains one of the few institutions where civil
public discourse and rigorous, nonpartisan research are the order of the day. Throughout an eventful year, major pub-
lic figures used the podium in our Falk Auditorium to convey messages to—and sometimes from—the White House
and Capitol Hill, as well as to audiences around the globe.

The newly elected president of the World Bank, Jim Yong Kim, gave his first policy speech at Brookings. Within
a single week, Christine Lagarde, managing director of the International Monetary Fund, and Tim Geithner, the U.S.
Treasury secretary, laid out their recommendations for keeping the global economic recovery on track. Two senators, Democrat
Patty Murray of Washington and Republican Pat Toomey of Pennsylvania—both members of the defunct “supercommittee”—
outlined alternative proposals for avoiding a looming “fiscal cliff.” Senator Marco Rubio of Florida used a widely covered, standing-
room-only speech to expand on his foreign policy vision. A speech by Governor Chirs Christie of New Jersey lambasting what he
saw as Washington’s lack of leadership on the budgetary outlook turned out to be a preview of his keynote address at the GOP convention seven weeks later. At a conversation hosted by our Saban Center on Middle East Policy, Shimon Peres, the president of Israel, joined Secretary of State Hillary Clinton in call-
ning on Russia to help end the carnage in Syria. Senior Chinese policy adviser and economist Cheng Siwei explained the priorities and significance of his country’s latest five-year plan, which will have profound implications for the world economy.

Throughout the year, our scholars were repeatedly invited to testify before Congress on a range of issues. Senior Fellow Alice Rivlin appeared twice in one week, first at the request of the Republicans, then at the invitation of the Democrats.

Brookings scholars were once again at the forefront of the nation’s eco-
nomic debate, putting forward proposals to create jobs and restore fiscal sani-
ty, while our annual growth through innovation forum focused on
enhancing American competitiveness. The Global Cities Initiative brought
together metropolitan areas to develop their economies for the twenty-first
century; our World Forum on Governance developed recommendations for
reducing corruption; and the Saban Forum tackled the ongoing transforma-
tions in the Middle East.

Brookings experts led a global network of think tanks in creating ideas for the
G-20 summits in Cannes and Los Cabos and advised the leading international
financial institutions on remedies for the unfolding euro crisis. Meanwhile,
our scholars worked to improve school standards in the U.S. through empirical
research and advised the U.N. secretary-general on his global education agenda.

Worldwide economic and fiscal difficulties pose a challenge to not-for-
profit institutions like ours. Yet this past year we were able to balance our bud-
get while taking on new, mission-critical projects and investing in the latest
communication technology. As the world and America’s role in it become ever
more complex, the demand for Brookings’s work will only grow, which neces-
sitates maintaining our distinctive advantage among think tanks: the depth and
breadth of our expertise. That combination enables us to take the long view of a
wide horizon while also responding at short notice to unforeseen, sometimes


early a hundred years after Mr. Brookings came to Washington, it’s useful to imagine what he might make of today’s
world. Some trends he would find familiar and ominous. For example, Europe—which his generation thought of as
“over there”—is grappling with the danger of backsliding into economic disintegration and resurgent nationalism.

Other developments would come as a shock to Robert S. Brookings. As a public-spirited citizen who moved to
the nation’s capital when the U.S. was beginning to assert itself as global power, he would recall at the widespread
perception, nine decades later, that America is in decline.

As a successful manufacturer whose Woodrow Wilson recruited to apply sound business principles to government, Mr.
Brookings would be anguish at the national deficit and debt and the unfunded obligations of many states.
And as a Republican who served in a Democratic administration, he would be appalled by the extreme partisanship that
has threatened to alienate voters, poison civic discourse and paralyze the democratic process.

It’s worth remembering that Mr. Brookings was both a product of and a participant in the social activism and political reform that flourished during the Progressive Era. In the spirit of the time in which he lived, both major parties, even when vying for power, shared a commitment to the judicious
use of government power in service of the public good. As a result, the 1916 contest for the White House between Wilson and Charles Evans Hughes
was marked by considerable overlap between the Democratic and Republican programs—a far cry from the bruising, bitter and polarizing Obama-Romney
campaign of 2012.

All the more reason that Mr. Brookings would be interested in how the Institution that bears his name has evolved.

“Over there” is now just about everywhere. Hence, it is fitting that the
world’s first national think tank is increasingly international in scope as well as in the composition of its Board of Trustees, its staff and its leadership.

In addition to the Brookings-Timipara Center in Beijing and the Brookings
Doha Center covering the Arab world, we have established partnerships and
programming in Latin America, Europe, Africa and Northeast Asia. In the year
ahead we will be looking to do more work on Southeast Asia, and we hope to
open Brookings India, based in New Delhi. Our newly redesigned website,
which draws more than a million visits per month, allows us to broadcast
events to a global audience and to publish our work in Chinese, Arabic and
Spanish.

Robert Brookings would be gratified to see the impact of our research and
scholarship focused on major issues managing the crisis in the eurozone,
upgrading the utility of the G-20, bending the curve of health care costs, mitigating
climatic change through sustainable energy policies; maximizing the benef-
cis of innovative technology; harnessing entrepreneurial spirit at the level of
metropolitan centers; and repairing the dysfunction of fiscal policy and gov-
ernance at the federal level.

Our scholars are not just informing the public on these and other con-
tentious issues—they are raising the tone of the debate. Wherever Brookings
scholars speak out—whether in our seminar rooms, in our in-house TV studio,
on the web, in our multiple gateways to social networks, in congressional tes-
imony, or at conferences outside the Beltway or on other continents—they
adhere to the ethos personified by our founder and fostered by our institution,
which we strive to make a partnership-free zone.

I’d like to think that Mr. Brookings would be proud that we have remained
true to his values while adapting his vision to challenges that are every bit as
demanding as the ones his generation faced.

John L. Thornton,
Brookings Chairman

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P R E S I D E N T ’ S   M E S S A G E

Strobe Talbott,
Brookings President

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C H A I R M A N ’ S   M E S S A G E
ECONOMIC STUDIES

Innovative Policies to Foster Long-Term Growth

After the congressional supercommittee failed to reach consensus on deficit reduction, Senior Fellow Alice Rivlin and former Senator Pete Domenici outlined their proposal to slow the growth of Medicare spending and put the program on a more sustainable path through premium support.

Karen Dynan, vice president and co-director of Economic Studies, moderates a discussion with Consumer Financial Protection Bureau Director Richard Cordray (right) the day after his controversial recess appointment.

Federal Housing Finance Agency Acting Director Ed DeMarco (right) talks with Ted Yayoe, co-director of Economic Studies, prior to delivering a keynote address on the role of principal reduction in a still-ailing housing market.
ECONOMIC STUDIES

The United States continued to face three critical economic challenges this year: high levels of joblessness, an unsustainable path of government debt and an urgent need for reforms to foster broadly shared economic growth. Economic Studies scholars helped frame the national economic debate, contributing rigorous, independent analyses and innovative policy prescriptions.

“The economic recovery remains vulnerable to risks associated with financial strains in Europe, the confluence of expensive debt and an urgent need for reforms to foster broadly shared economic growth. Economic Studies scholars helped frame the national economic debate, contributing rigorous, independent analyses and innovative policy prescriptions.

“...”

Scholars in Economic Studies continue to introduce new and innovative policy ideas, finding common ground among policymakers. The Urban-Brookings Tax Policy Center, co-directed by Senior Fellow William Gale, the Ajay and Frances Fearing Miller Chair in Federal Economic Policy, analyzed the presidential candidates’ tax proposals and is gearing up to make major postelection contributions on tax reform, a crucial pro-growth policy issue. As issues of poverty, inequality and economic mobility came into sharp focus, the Center on Children and Families, co-led by Haskins and Sawhill, became a staple of political dialogue. During the primaries Republican presidential candidates Mitt Romney and Rick Santorum repeatedly cited research by scholars in Economic Studies.

Haskins and Sawhill on personal responsibility as a means out of poverty. Haskins was also instrumental in developing the Census Bureau’s long-awaited supplemental measure for assessing poverty.

New Investment in the Engelberg Center Supports Novel Approaches to Health Care Reform

Under the leadership of Senior Fellow Mark McClellan, Leonard D. Schaeffer Chair in Health Policy Studies, the Engelberg Center for Health Care Reform from the creation of the Dr. Richard Merkin supported the creation of the Dr. Richard Merkin Fellowship for Public Health Leadership to match new care reform efforts with key goals, such as promoting healthier behaviors and preventing illnesses and disease complications. The Irene Diamond Fund was created and funded by noted philanthropists Irene and Aaron Diamond (both deceased). The fund supports many charitable causes and to date has distributed more than $410 million to advance public health and public policy, including AIDS prevention and research, human rights and the performing arts.

The Irene Diamond Fellowship for Public Health Leadership, in partnership with the New York Times’ columnists Paul Krugman and Mervyn’s Rachel Maddow. A $3 million gift to the Engelberg Center for Health Care Reform from Dr. Richard Merkin supported the creation of the Dr. Richard Merkin Institute in support of new and novel approaches to health care and ways to reduce costs while improving quality of care.

A $10 million gift from the Irene Diamond Fund established the Fund for Health Care Innovation to support new and novel approaches to health care.

As the debt crisis in Europe intensified, fellow Douglas Elliott became a leading voice on its global consequences. He convened key events with senior EU policymakers and testified before Congress on how the crisis could affect the U.S. economy.

Health care reform hung in the balance as the Supreme Court decided the constitutionality of the Affordable Care Act. Senior Fellow Henry Aaron, the Bruce and Virginia MacLaurin Chair, published real-time analyses of the issues and possible outcomes that were cited by New York Times columnist Paul Krugman and MSNBC’s Rachel Maddow. A $3 million gift to the Engelberg Center for Health Care Reform from Dr. Richard Merkin supported the creation of the Dr. Richard Merkin Institute in support of new and novel approaches to health care and ways to reduce costs while improving quality of care.

A $10 million gift from the Irene Diamond Fund established the Fund for Health Care Innovation to support new and novel approaches to health care and ways to reduce costs while improving quality of care.

Under the leadership of Senior Fellow Mark McClellan, Leonard D. Schaeffer Chair in Health Policy Studies, the Engelberg Center for Health Care Reform continued to lead the national debate over health care and ways to reduce costs while improving quality of care.

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Fostering Sustainable Growth Around the World

Former President Bill Clinton talks with Senior Fellow and Director of the Africa Growth Initiative Mwangi Kimenyi (left) and Brookings Managing Director William Antholis (center) before an address at Brookings on the African Growth and Opportunity Act (AGOA), which he signed into law in 2000 to enhance economic ties between the U.S. and Africa.

Ahead of the IMF-World Bank 2012 Spring Meetings, Vice President and Director of the Global Economy and Development program Kemal Dervis (right) and David Ignatius (center), columnist at The Washington Post, discuss how to keep the global economic recovery on track.

Treasury Secretary Timothy Geithner speaks about the U.S. role in strengthening the global economy with Kemal Dervis (right) and David Ignatius (center), columnist at The Washington Post.
The global economic recovery faltered this year as fragile financial markets and fiscal challenges in advanced economies affected the pace of growth in emerging countries. Scholars from the Global Economy and Development program provided world leaders with new thinking on how to improve international cooperation to achieve strong, sustainable and inclusive growth. During his first public speech as World Bank president, which he delivered at Brookings, Jim Yong Kim called the Global program “a showcase for evidence-based policy research, an approach that is critical for the World Bank today.”

“Our team addressed the most pressing challenges facing the global economy—from macroeconomic policy coordination and the eurozone crisis to poverty alleviation and green growth,” said Kemal Dervis, vice president and director of the program and the Edward M. Bernstein Scholar. “Our international reach continues to grow through partnerships with leading think tanks and scholars around the world.”

Amid serious concerns about another global recession, the program provided substantive recommendations on the G-20’s role in restoring confidence in the world economy. Through its Think Tank 20 effort, Global scholars facilitated high-level discussions with thought leaders from G-20 countries, and contributed to the dialogue around the G-20 summit in Mexico.

Senior Fellow Estvar Prasad, the New Century Chair in International Trade and Economics, continued to produce leading research on the role of the renminbi in the global monetary system. His paper received substantial media attention, stimulated discussions in major policy circles in China and resulted in multiple invitations for Prasad to present at conferences throughout Asia. Prasad also developed an interactive and graphic feature on the Financial Times website entitled the “China Currency Tracker,” which explores how China’s exchange rates have fluctuated over time.

Economic tensions in southern Europe reverberated across the globe. With Greece at the heart of the region’s economic woes, Global launched “A Growth Strategy for Greece”—a two-year effort supported by the Stavros Niarchos Foundation to identify and promote concrete policy solutions to reinvigorate economic growth. Dervis and Senior Fellow Domenico Lombardi were leading voices on the global implications of the eurozone crisis and the prospects for a European solution. Dervis coauthored an article with Brookings Distinguished Fellow Javier Sidi, former European Union high representative for common foreign and security policy, on the region’s economic future. In a paper for ForeignPolicy.com, Lombardi proposed coordinated interventions for the IMF to expand its financial firepower against systemic economic crises.

As revolution in the Arab world underscored the need for economic reforms, Global convened leading economists to outline the contours of transition across Arab nations and develop a new agenda. The program subsequently released After the Spring: Economic Transitions in the Arab World, which showcased prescissions for the region’s growth and development.

Concerns over corruption and poor governance grew throughout the year. Senior Fellow Daniel Kaufmann became a key contributor to the Open Government Partnership, a worldwide initiative to promote transparent, effective and accountable governments in advanced and emerging economies. The Latin America Initiative launched a new signature report series that analyzes the macroeconomic outlook for Latin America from a global perspective. The first report, released in October, examined how Latin American countries are responding to the eurozone crisis and the economic slowdown in China. Assessing global poverty continued to be a key priority. The Development Assistance and Governance Initiative launched a new interactive tool featuring data on development, aid, governance, global poverty and middle-class populations.

The tool allows users to explore differences across countries, and among different types of aid, and provides up-to-date numbers on the progress of global development efforts. Senior Fellow and Deputy Director Himanshu Khator also wrote a series of papers that helped shape the agenda of the Busan High Level Forum on Aid Effectiveness.

At the ninth annual Brookings Blum Roundtable on Global Poverty, more than 50 global leaders, entrepreneurs and practitioners came together in Aspen, Colorado, to discuss how technology and innovation can help solve some of the world’s most pressing global development challenges. The Africa Growth Initiative, directed by Senior Fellow M人才ngi Kanyenye, brought leading African voices to the policy debate in Washington through innovative partnerships with leading think tanks across Africa and catalytic discussions with key U.S. policymakers, including U.S. Senator Richard Durbin, Representative Chris Smith and U.S. Trade Representative Ron Kirk. The initiative’s signature report, “Foresee Africa: Top Priorities for the Continent in 2012,” offered a comprehensive look at how to manage Africa’s challenges and leverage opportunities to spur growth. Climate change strained the economies of developing countries. Prior to the Rio+20 Summit, Global scholars launched a major report and series of events on “green growth” models for sustainable development.

Senior Fellow Katherine Sienica’s research on climate finance and the private sector informed significant decisions at the United Nations Climate Change Conference in Durban.

Investing in the Future of the Center for Universal Education The Center for Universal Education, directed by Senior Fellow Rebecca Winthrop, worked closely this year with the UN secretary-general’s global education initiative to provide quality, relevant and transparent education for all children and youth, including those most vulnerable. In addition, the center’s ongoing research on private sector engagement in global education has helped shape the work of the Global Business Coalition on Education. New Brookings Trustee Hanzade Doğan Boyner, a longtime member of the Brookings International Advisory Council, provided additional support for the center that will ensure a permanent base of funding for its vital work.

The Africa Growth Initiative

Globaleconomyanddevelopment

Ilia Jafarov, administrator of the U.S. Agency for International Development, speaks about the Obama administration’s efforts to improve foreign aid and transparency. Fellow and Policy Director of the Foreign Assistance Reform Project Hoan Unger (left) moderates the discussion.

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New Strategies to Strengthen the International Order

U.S. Secretary of State Hillary Clinton and Israeli President Shimon Peres stand with Haim Saban (far right) and Cheryl Saban (far left), founding donors of the Saban Center for Middle East Policy, at an event honoring the Sabans and the tenth anniversary of the center. During the event, Secretary Clinton and President Peres addressed critical issues in the Middle East, including increasing difficulties in Iran and Syria.

European Union High Representative for Foreign Affairs and Security Policy Catherine Ashton bids farewell to Martin Indyk, vice president and director of the Foreign Policy program, after offering her perspectives on the EU’s role in supporting democracy and economic development in the Middle East.

A n economic crisis sweeping across Europe, continuing revolution in the Arab world, leadership changes in China and escalating concern about nuclear programs in Iran and North Korea all contributed to the turmoil that gripped the world this year. The Foreign Policy program provided policymakers and the public with cutting-edge analysis and strategies to strengthen America’s role in shaping the emerging global order.

“Our scholars addressed the world’s most complicated political and security concerns through in-depth research, landmark studies and high-level forums,” said Martin Indyk, vice president and director of Foreign Policy.” With 40 full-time fellows covering key challenges across the globe, from energy security to cybersecurity and from humanitarian affairs to 21st century warfare, our intellectual depth and policy experience made a real difference.”

Amid growing debate about America’s status in the world, Senior Fellow Robert Kagan released his bestselling book, The World America Made. In it, Kagan countered the rising argument that American power is in decline and stressed the need to maintain the United States’ pivotal role in the international order. President Obama credited Kagan’s work for inspiring part of his 2012 State of the Union address. As new uprisings and hotly contested elections took place across the Arab world, the Saban Center for Middle East Policy, under the new leadership of Senior Fellow Tamara Wittes, former deputy assistant secretary of state for near east affairs, led significant international debate. Senior Fellow Daniel Byman, Michael Donnan, Kenneth Pollock and Brooks Doha Center Director Salman Shaikh published a “Middle East Memo” on Syria, drawing attention from the White House and the State Department. During the eighth annual Saham Forum, Secretary of Defense Leon Panetta and Secretary of State Hillary Clinton addressed U.S. Israel security concerns and the threat of Iran’s nuclear program. With a $7.5 million gift of renewed support, Trustee Haim Saban helped ensure the Saban Center will continue its leading role in the policy debate about Iran, turmoil in the Arab world and the Israeli-Palestinian peace process.

The Brookings Doha Center provided on-the-ground analysis of the Arab awakening. Research Director Shadi Hamid gained a devoted following of 31,000 Twitter followers, and his editorial on the crisis in Syria was shared by Senator John McCain with his 1.7 million Twitter followers.

As the euro crisis deepened, new security challenges emerged. Center on the United States and Europe (CUSE) Director Fiona Hill, the Stephens and Barbara Friedman Senior Fellow, hosted German Foreign Minister Guido Westerwelle to examine the crisis. Senior Fellow and CUSE Research Director Justin Vaisey released the “2012 European Foreign Policy Scorecard”—an innovative evaluation of Europe’s performance. The Arms Control Initiative addressed nuclear arms control and missile defense, critical issues during the 2012 NATO Summit in Chicago. Director of the 21st Century Defense Initiative Peter Singer’s book World War for War continued to inform heated debate about armament and inspired new congres- sional legislation.

Kim Jong-il’s death and North Korea’s missile launch intensified concerns about the country’s nuclear program. The Center for Northeast Asian Policy Studies (CNAPS), led by Senior Fellow Richard C. Bush, the Michael H. Armacost Chair, analyzed international options. Following Taiwan’s elections in January, CNAPS convened a pivotal international conference exploring implications for Taiwan-China relations.

A study by Senior Fellow Kenneth G. Lieberthal, director of the John L. Thornton China Center, and renowned Chinese scholar Wang Jisi on the “strategic distrust” permeating U.S.-China relations helped shape May’s Strategic and Economic Dialogue between Secretaries Clinton and Geithner and their counterparts in China. Under the direction of Senior Fellow Wang Feng, the Brookings-Tsinghua Center continued to examine China’s economic expansion and demographic landscape, adding prominent Chinese academics to its economics team. The Latin America Initiative convened former presidents from Latin America for a strategy session with Secretary of State Hillary Clinton and released a comprehensive roadmap for hemispheric cooperation. Ted Piccone, deputy director of the Foreign Policy program, launched a new Cuba initiative.

In collaboration with the Doha Center, the Energy Security Initiative convened the Brookings Doha Energy Forum, a high-level gathering of senior government officials, energy sector leaders and analysts from the Middle East, Asia, Europe and the United States.

Based on Brookings-LSE Project on Internal Displacement guidelines, the state of Chiapas unanimously adopted the first law in Mexico on internal displacement after Co-Director Beth Ferris conducted a workshop for high-level government officials there.

Given India’s emerging role in the global order, Foreign Policy launched the India Project and laid the groundwork for a new center in Delhi to examine issues of common concern to India and the United States.

The Managing Global Order Project advised the Obama administration on resource scarcity issues, and Director Bruce Jones wrote a major paper examining the Arctic’s growing strategic relevance.

Through support from Brookings Trustees David Rubenstein and Ben Jacobs, Foreign Policy launched collaborative work across its five regional centers, six initiatives and two overseas centers. Scholars are now analyzing new domains of international inter- action in the Arctic, cyberspace and the South China Sea.

Philip Knight Chair in Japan Studies

As the United States increases its attention to Asia, understanding the economic, social and security issues facing policymakers in Tokyo and Washington will continue to grow in importance. Recognizing the need for additional capacity for in-depth research and analysis on Japan and U.S.-Japan relations, Brookings Trustee Philip Knight made a $3 million endowment gift to establish the Philip Knight Chair in Japan Studies within the Center for Northeast Asian Policy Studies. In July 2012, Brook- ings appointed Mireya Solís, a noted expert on the political economy of Japan and its foreign economic policies, as the first holder of the Knight Chair at Brookings.
Strategic Reforms to Address Political Dysfunction

Darrell West (right), vice president and director of Governance Studies, moderates a discussion with Acting Secretary of Commerce Rebecca M. Blank on how the United States must advance science, technology, engineering and math—or STEM—education to increase economic competitiveness and spur innovation.

Focusing on the urgent need for job creation, AOL Co-Founder and Revolution LLC CEO Steve Case, Senator Jerry Moran of Kansas and Senator Mark Warner of Virginia (left to right) discuss strategies to boost high-growth entrepreneurship through the Startup Act and private sector investment.

Following President Obama’s State of the Union address, Senior Fellow William Galston and Fellow Elisabeth Joslin discuss the speech in the context of the 2012 election campaign and the president’s relationship with Congress.
With Congress mired in hyperpartisan squabbles and national elections looming, political leaders struggled to find common ground on pressing policy challenges. In at least one case this year, with the help of Governance Studies scholars, they were able to succeed.

In the summer of 2012, both houses of Congress agreed to do something they have done rarely in recent years: send a bill to the President’s desk for signing. The Presidential Appointment Process, a broad policy initiative undertaken by the leadership of the Senate and House, together with the American Enterprise Institute’s Norman Ornstein, convened the inaugural World Forum on Governance in Prague, which brought together representatives from public and private governance communities around the world to discuss reducing corruption globally.

This year demanded solutions that work across the policy spectrum to cut through legislative gridlock and ignite economic growth.

As the politically fraught process of congressional redistricting continued, Nonresident Senior Fellow Michael McDonald and Micah Altman monitored reform initiatives nationwide, and their innovative public mapping software helped local citizens and organizations provide input in the state-level redistricting process.

Anchored in a deep skepticism about the Federal Reserve’s role in the aftermath of the 2008 economic crisis, Senior Fellow Sarah Binder unveiled a new research project examining Congress’ relationship with the central bank, the accuracy of recent charges leveled against it and the need for institutional reform.

The Center for Technology Innovation introduced forward-thinking solutions for a depressed economy. West, the center’s director, identified multiple policy levers—from research and development funding to immigration reform—that can boost long-term prosperity.

The Center for Technology Innovation introduced forward-thinking solutions for a depressed economy. West, the center’s director, identified multiple policy levers—from research and development funding to immigration reform—that can boost long-term prosperity. West testified before Congress on the need for a coherent broadband strategy to enhance private sector growth. A new Mobile Economy Project, supported by a multiyear gift from Qualcomm Inc., examined how mobile technology is creating jobs, increasing political engagement and improving public health.

The A. Alfred Taubman Forum on Public Policy, which brings together leaders from the private, public and nonprofit sectors to identify new solutions to pressing policy issues. The first White Forum was held in July 2012 and focused on innovation and economic growth with AT&T CEO Randall Stephenson (center) and Vice President and Governance Studies Director Darrell West.

At the inaugural World Forum on Governance in Prague, Senior Fellow Thomas Mann (left) explains challenges to the public and private sector in fighting corruption and promoting good governance as Brookings Nonresident Senior Fellow Stephen Davis (center) and Professor Hanyoung Jung of Korea University Business School (right) listen. At the conference, nearly 150 participants from around the world collaborated to write the Prague Declaration on Governance and Anti-Corruption.

Silber Lake co-founder and Vice Chair of the Brookings Board Glenn Lovelace (left) discusses the impact of mobile technology on innovation and economic growth with AT&T CEO Randall Stephenson (center) and Vice President and Governance Studies Director Darrell West.

Senior Fellow Benjamin Wittes (left) moderates a panel on privacy and security implications raised by domestic drones with Nonresident Senior Fellow John Villanowen (right) and Paul Rosenzweig, a visiting fellow at the Heritage Foundation (center).
Bridging Metropolitan Innovation and the Global Economy

The Global Cities Initiative—a joint initiative with JPMorgan Chase—is helping metropolitan areas leverage their position in the global economy. At an Ohio forum, Bruce Katz (left), vice president and founding director of the Metropolitan Policy Program, moderates a discussion with Columbus Mayor Michael B. Coleman (center) and former Chicago Mayor Richard M. Daley (right), who chairs the initiative.

Gavin Newsom, lieutenant governor of California, discusses the need for transformative investments to address the nation’s infrastructure challenges at a major Metro Program forum in Colorado.
Metropolitan Policy

With a stuttering recovery and Washington mired in political polarization, this year saw pragmatic metropolitan leaders across the country work to grow jobs in the short term, and retool their economies for the long term. The Metropolitan Policy Program supported those efforts by advancing a vision for the next American economy—one fueled by innovation, powered by low carbon, driven by exports, rich by innovation, powered by low energy, and linked by high-speed transportation. And in Michigan, Governor Rick Snyder and the state’s legislature used the Metro Program’s research to guide the efforts of a new Office of Urban and Metropolitan Innovation that catalyzed metropolitan growth, spur sustainable economic development and create new and better jobs. In Nevada, Governor Brian Sandoval incorporated the Metro Program’s recommendations into a new statewide economic development strategy building on distinctive industry cluster strengths in Las Vegas and Reno. Bruce Katz, vice president and founding director of the Metro Program and the Adeline M. and Alfred J. Johnson Chair in Urban and Metropolitan Policy, advised Governor Andrew Cuomo on New York’s Regional Economic Development Council Initiative, a $785 million competition to redesign the state’s economic growth strategies, and spearheaded subsequent work to inform the state’s $1 billion investment strategy for the city of Buffalo. And in Michigan, Governor Rick Snyder and the state’s legislature used the Metro Program’s research to guide the efforts of a new Office of Urban and Metropolitan Initiatives on economic development, innovation and industry cluster catalysis. “With gridlock dominating national politics, metro leaders were on the front lines of the economic recovery,” said Katz. “We worked with elected, corporate and civic officials to help them leverage their strengths in the global economy, and brought needed metropolitan innovation back into the national policy dialogue.” To strengthen the fundamental pillars of the next American economy, this year the Metro Program engaged in cutting-edge research, on-the-ground work in states and metro areas, substantive policy development and network building across the country. Early in 2012, the program released two major reports on manufacturing, which experienced a resurgence in the wake of the Great Recession. These reports documented manufacturing’s economic importance in the nation’s 100 largest metropolitan areas, and advanced a first-of-its-kind policy framework for increasing high-wage, export-intensive production in the U.S. “Export Nation 2012” by Assoc., and Senior Fellow Emilia Istrate revealed that metropolitan areas are driving economic recovery by generating the lion’s share of the nation’s exports. At a spearheaded by Co-Director and Senior Fellow Amy Liu. Los Angeles Mayor Antonio Villaraigosa—president of the U.S. Conference of Mayors—called on fellow mayors to adopt similar export plans. Focusing on the growth potential of clean energy, the program introduced “Sizing the Clean Economy,” a path-breaking report, database and interactive web tool that measures the economic influence of “green” jobs in metro areas. Co-authored by Senior Fellow Mark Muro and Associate Fellow Jonathan Rothwell, the report is a go-to resource for policymakers in Washington and in cities and states across the country, and has garnered over 700 media citations since its release. The Metropolitan Infrastructure Initiative, led by Senior Fellow Robert Puentes, convened a major summit with Colorado Governor John Hickenlooper to discuss how advances in transportation, low-carbon energy, and manufacturing could redcape the country’s physical and economic landscape. Testifying before the Joint Economic Committee in November, Puentes argued for needed strategic infrastructure investments. As the nation continued to struggle with high unemployment, the Metro Program explored the key trends that led to the labor market’s uneven recovery. Senior Fellow Alan Berube, the program’s research director, examined the links—between education and employment in metro areas, and Metropolitan Policy

The Metro Program’s Policy Director and Senior Fellow Mark Muro engage in a major Brookings forum on strengthening American manufacturing with Rob Atkinson, president of the Information Technology and Innovation Foundation; Gregory Tassey, senior economist at the National Institute of Standards and Technology; and Anna Louvery, economics reporter at the New York Times (left to right).

Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase

Now that more than half of the world’s population lives in urban areas, global commerce increasingly reflects the energy and innovation of cities and metro areas. In that spirit, the Metro Program launched the Global Cities Initiative: A Joint Project of Brookings and JPMorgan Chase, a pioneering collaboration chaired by former Chicago Mayor Richard M. Daley and directed by Bruce Katz. Established with the support of a $10 million gift from JPMorgan Chase, the Global Cities Initiative is designed to provide U.S. metropolitan leaders with the tools and expertise to forge new trade partnerships and reorient their economies toward world markets. The initiative convened major forums in Los Angeles, Columbus and Miami that highlighted best practices for connecting to demand abroad and attracting global talent and capital at home. The initiative’s first event outside the U.S. will take place in São Paulo, Brazil, in November 2012.
Finding Paths Forward

In 2012, political, economic, and security challenges deepened across the nation and around the world. Millions of Americans struggled to find work as political dysfunction hindered progress on urgent policy challenges. The global economic recovery was threatened by the debt crisis that spread across Europe and the slowing of Asian economies. And dramatic political changes continued to unfold across the Middle East, even as Iran’s nuclear program heightened international concern.

Across the policy horizon, Brookings’s sound, independent public policy research found paths forward. Brookings scholars engaged with national and world leaders in dialogue, offered up-to-the-moment and on-the-ground analysis, and developed pragmatic recommendations. Through writing, convening, and relationships with policymakers and other thought leaders, Brookings research helped to set the agenda, shape the debate and define the policy options on the world’s most pressing matters. As a result of the Institution’s impact in the policy arena and beyond, the University of Pennsylvania’s Think Tanks and Civil Societies Program again ranked Brookings the number one think tank in the world.

“As Brookings approaches its hundredth year, our highest calling remains informing real-world thought and action,” said Brookings President Strobe Talbott. “With scholars testifying 45 times before Congress this year, and advising world leaders at high level summits and private meetings around the world, our experts are shaping solutions that can be implemented now and shaping the policy agenda for the years to come.”

Perhaps no issue symbolizes Brookings’s ability to set the agenda more than understanding the framework for American power. Arguing against those who claim that America’s global power is waning, early in 2012 Senior Fellow Robert Kagan published The World America Made and reshaped the debate about America’s influence in an emerging multi-polar global order. Republican presidential candidate Mitt Romney regularly cited Kagan’s work in his arguments for American exceptionalism. So too did President Obama, who made Kagan’s argument a central theme in his State of the Union address, when he said “anyone who tells you that America is in decline or that our influence has waned doesn’t know what they’re talking about.”

Brookings’s work was at the forefront of the fiscal policy debate, with research by scholars including Steve Rosenthal of the Economic Studies Program cited 14 times in the Economic Report of the President released by the President’s Council of Economic Advisers. Senior Fellow Alice Rivlin continued to drive the conversation about fiscal priorities on Capitol Hill, both in private meetings with lawmakers and in congressional testimony. Richard’s Medicare premium support plan, developed with former Senator Pete Domenici, became the basis for a widely debated proposal introduced by Demo-cratic Senator Ron Wyden and Republican Congressman Paul Ryan—a rare instance of bipartisan cooperation.

As the U.S. economy sputtered, the rise in income inequality came into sharper focus. Senior Fellow Isabel Sawhill and Ron Haskins, who co-direct the Center on Children and Families, developed customized economic development plans for Chicago, including a first-in-the-nation local infrastructure bank. Collaborating closely with metropolitan leaders, Senior Fellows Alan Berube and Mark Mazerik, and Bradley developed customized expert plans for Portland, Los Angeles, Minneapolis–Saint Paul and Syracuse to double regional exports. Through its new Global Cities Initiative, the Metro Program introduced a new strategic vision for helping U.S. cities and metropolitan areas emerge as global leaders in manufacturing and trade.

Ranked this year as the country’s most widely cited think tank by Fairness and Accuracy in Reporting, Brookings reached more audiences than ever before through strategic communications outreach and critical investments in technology. The Office of Communications launched a redesign of Brookings’s award-winning website with enhanced multimedia and social media tools to streamline presentation of key data for policymakers, the press and the public. The Office of Communications also launched a series of on-the-record media roundtables that engaged reporters and editors from the New York Times, the Associated Press, the Los Angeles Times and numerous others. And the communications team Dramatically expanded data visualization to produce interactive graphics that appeared on the websites of major news organizations, from the Wall Street Journal to the Huffington Post.

Delivering his first public address on World Bank president Jim Yong Kim discussed his priorities for supporting international development in a fragile and vulnerable global economy.

Brookings’s sound, independent, and impartial voice on the most pressing matters of our time is critical to our democracy. Day after day, from the White House to the halls of Congress, our experts and regional offices work with government officials and others to produce and disseminate accurate and timely analysis and recommendations. To produce this work, we rely on the generosity of contributors like you who share our commitment to informing real-world thought and action. Please consider increasing your support of Brookings with a gift this year.

Distinguished Fellows Deepen Brookings’s Impact

As part of Brookings’s engagement of outstanding public servants in our mission, the Institution has created a category of Distinguished Fellows. They participate in Brookings events when their travel permits, advise the work of fellow scholars and staff, and serve as ambassadors for the Institution. Brookings now has eight Distinguished Fellows:

Jon Huntsman
Former U.S. Ambassador to China and Governor of Utah; current Chairman of the Huntsman Cancer Institute

Jean-David Levitte
Former French Ambassador to the United States

Saadat Ogura
Former President of the Japan International Cooperation Agency (JICA) and United Nations High Commissioner for Refugees

Thomas Pickering
Former Under Secretary of State for Policy Affairs; Former U.S. Ambassador to the United Nations, the Russian Federation, India, Israel and Jordan

Hamar Tafesse
Former Israeli Ambassador to the United States and Chief Negotiator with Syria; former President of Tal Aviv University

Edward G. Randell
Former Governor of Pennsylvania and Mayor of Philadelphia

Deena Shaista
Former U.S. Secretary of Health and Human Services; current President of the University of Miami

Jaker Selama
Former Secretary-General of the Western European Union and President of the European Union, and the North Atlantic Treaty Organization; former European Union High Representative for Common Foreign and Security Policy
Brookings Priorities

Brookings' impact stems not only from the work of individual scholars, but from collaborative research that engages experts from across the Institution, bridging local, national and global perspectives on the issues. This, along with the ability to convene policymakers, business leaders and non-governmental experts to find solutions, is one of Brookings' distinctive strengths. This year, interdisciplinary teams of scholars came together to craft effective policy strategies on pressing social, economic and environmental challenges, their work focused around Brookings' core set of priorities—growth through innovation, opportunity and well-being, energy and climate, and global change.

‘‘Each of Brookings’ key priorities corresponds to the Institution’s unique strengths—and in each area, we developed creative and workable ideas for policymakers and other world leaders, said Brookings Managing Director William Antholis. This cross-program collaboration results in multifaceted solutions that ultimately deepen their impact.’

With the U.S. economy still struggling in the wake of a deep recession—and enduring the longest uninterrupted period of high joblessness since the Great Depression—scholars in the Metropolitan Policy, Economic Studies and Governance Studies programs worked to find solutions to spur long-term economic prosperity. Early in the year, Brookings convened a major conference on growth through innovation, that brought together government officials and CEOs of leading U.S. firms. A dozen experts discussed ways to strengthen America’s economic competitiveness and new innovations in technology.

During the full-day conference, then-Secretary of Commerce John Bryson delivered a keynote address on the role the federal government must play in spurring innovation and effective economic development. Prominent business leaders—including Andrew Liveris, president and CEO of Dow Chemical Company; John Surna, chairman and CEO of U.S. Steel; and Ted Leonsis, chairman and CEO of the Washington Capitals—came together to craft a deep recession—and endurable turnaround results in multifaceted solutions that ultimately deepen their impact.’

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Vice Chair of the Board David Rubenstein leads a conversation on the role innovation has played as an underlying strength of the U.S. economy with Eric Schmidt, executive chairman of Google, during the joint Board of Trustees–International Advisory Council discussion in New York.

Vice Chair of the Board Suzanne Nora Johnson speaks with Trustee Leonard Schaeffer (center) and Al Engelberg, founder of the Engelberg Center for Health Care Reform.

Trustee Bart Friedman responds to a conversation with the Board on the 2012 U.S. presidential election.

International Advisory Council member Ambinio Lukasik at the group’s seventh annual meeting.


Trustee Andrónico Luksic at the group’s seventh annual meeting.


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Investing in Ideas That Matter
These resources, which include $118 million in new commitments in 2012, donors demonstrated a Platform for Sustained Leadership Gifts Build A<br>country.

Support for Brookings

In 2012, donors demonstrated their confidence in Brookings, with investments of more than $118 million in new commitments, the highest one-year total in the Institution’s history. These resources, which support work in all five research programs and underwrite core operations, provide the solid foundation that enables Brookings to respond to national and global challenges with independent, fact-based research. Major support from Brookings Trustees and other individuals, corporations and foundations advanced research priorities in key areas and helped ensure the long-term financial health of the Institution.

Brookings is grateful to its entire family of supporters—the people and institutions whose financial contributions bring the critical resources that make it possible for Brookings to engage with policymakers and thought leaders around the world. A number of important gifts are highlighted throughout the pages of this report, and these, along with several other major investments, helped ensure that Brookings experts had the tools to bring their intellectual heft and methodological rigor to even the most vexing problems facing the country.

Examples of these critical investments in Brookings include Trustee Vicki Sani’s commitment to Brookings’s general operations and to the Center on Children and Families. The Turkish Industry and Business Association established a new senior fellow position in the Center on the United States and Europe that gives CLUSE enhanced capacity to address the pressing issues in the U.S.-Europe relationship, including work on Turkey.

Brookings also renewed its partnership with the University of Nevada, Las Vegas (UNLV), which includes both the Metro Program’s work on the mountains and the innovative Brookings Mountain West program of scholar residencies, with a four-year, $6 million gift from UNLV.

Even as they tackle the most pressing front-page issues, Brookings experts always have one eye on the challenges looming just over the horizon, so midcareer gifts that enable both sustained attention to ongoing issues and nimble responses to breaking developments are particularly valuable. As Brookings works to meet these challenges, the support and involvement of the Institution’s donors play a vital role in building its capacity to bring innovative solutions and frame the public debate.

L. Thornton China Center, speaking to a capacity crowd in Washington on achieving corporate success in China, and Vice President of Governance Studies Darrell West discussing online privacy and security with Council members in New York and Washington. Brookings President Strobe Talbott gave an overview of America’s challenges to a group in Greenwich, Connecticut, while Senior Fellow Alice Rivlin led a sobering discussion of deficits, debt and the economic future with a very engaged audience in New York.


Senior Fellow E.J. Dionne, Jr. and Council members in Greenwich explored the implications of the possible election outcomes for U.S. foreign policy and its role in the world. Senior Fellows Tom Mann, the W. Averell Harriman Chair in American Governance, and Sarah Binder led a conversation in Washington about the key causes and implications of the dysfunctional state of American politics.

In all of these events, members of the Brookings Council had the opportunity to pose questions to the participating Brookings experts and engage in thoughtful discussions of the pressing issues of the day. Brookings strives to not only bring innovative thinking to the most difficult problems facing the country and the world, but to also draw on the views of Council members, whose experiences on the front lines of the private sector help inform the Institution’s research.

Corporate Donors Make Critical Investments in Brookings

Brookings has long worked closely with the corporate community to maximize the reach and impact of its experts’ policy recommendations. Since the Institution is founding nearly a century ago, private sector leaders who understand the crucial
role of independent research and analysis have made financial and intellectual investments in the Institution’s mission. Their support provides the resources that underwrite Brookings’s research agenda and the communications and outreach tools that are essential to reaching a broad and influential audience.

More than 130 companies joined the Brookings Council in 2012, giving their senior executives frequent, exclusive opportunities to engage with Brookings experts and their work. Brookings values the insights and experience that these corporations bring to a range of public policy issues, as well as the respect these companies hold for the Brookings brand of high-quality, independent research that seeks to make a difference. All of these companies recognize the unique value that the Institution brings to understanding developments in Washington and around the world and the policy responses to urgent and enduring challenges.

State Farm Mutual Automobile Insurance Company made a five-year commitment to support the Brookings Papers on Economic Activity, the nation’s premier macroeconomic journal and conference. Now in its forty-second year, BPEA provides thoughtful, accessible economic analysis that addresses pressing issues with concrete recommendations for effective policymaking. State Farm’s investment helps ensure that co-editors David Romer and Justin Wolfers can continue to attract top economists as paper authors and respondents and maximize the distribution of the journal to important audiences.

Brookings also received multiyear support from Liberty Mutual, whose grants have helped enable experts in the Foreign Policy and Global Economy and Development programs. As a global company competing in a variety of markets, Liberty Mutual’s executive leadership recognized that Brookings’s independent research on global trends—the growth of the middle class worldwide, the rise of emerging markets and democracies, and the evolution of multilateral institutions like the G-20—could help U.S. industry understand important developments. The company’s support for Brookings includes work on the critical countries and regions—China, India, Russia, Latin America, Southeast Asia and Europe—that drive the global economy.

General Electric provided important support through the GE Foundation for the Metropolitan Policy Program’s work on the nation’s economy and strategies that cities and metro areas can employ to take maximum advantage of their growth potential. The Metro Program’s vision for the future economy—one that is export-based, rich with opportunity and low-carbon—holds great promise for sustainable, broadly shared economic growth and prosperity. Forward-looking companies like GE are investing in Brookings to help find long-term solutions to the challenges of breaking out of the anemic economic recovery and levering an increasingly interconnected world.

Foundations Support Important Research Efforts
Private foundations and corporations have been making important investments in Brookings research programs for decades. The resources they provide are vital to ensuring that the Institution’s experts can take on the biggest challenges facing the nation and the world and come up with practical, effective solutions. The Ford Foundation is among Brookings’s most long-standing supporters, with major grants dating back more than half a century. Ford’s support has spanned the entire Institution, with key investments in topics ranging from urban policy to energy policy and across the world, from Latin America to Europe to Asia. In 2012, Ford made grants to Brookings totaling more than $1.5 million, which included a major renewal of its support for the Metropolitan Policy Program’s work on enhancing opportunity in the nation’s economy for low-income workers and families. Ford also invested in an effort in the Governance Studies program, led by Senior Fellow E.J. Dionne, Jr. and William Galston, the Ezra K. Zilkha Chair in Governance Studies, that examines the intersection of faith, religion and public policy. The Annie E. Casey Foundation has generously supported Brookings’s domestic policy work for many years, with strategic investments in the Economic Studies and Metropolitan Policy programs. The Foundation’s more than $300,000 in grants in 2012 includes critical funding for research on supports for low-income families, such as the Earned Income Tax Credit, and a regional study on Baltimore, where the foundation is based. The Casey Foundation also provides important resources for the Center on Children and Families, which is co-led by Senior Fellows Isabel Sawhill, the Cabot Family Chair, and RonHaskins. Its innovative work on the Social Genome Project is building a comprehensive model of social interventions at various stages of life to determine the most effective approaches to help low-income individuals reach “middle class by middle age.”

Private philanthropic foundations also support Brookings’s domestic and international policy work. The Annie E. Casey Foundation gave Brookings a $300,000 grant in 2012, and the Annie E. Casey and Nina Simonds Foundations awarded Brookings more than $1 million in support in 2012. These grants have enabled Brookings to pursue important studies, including the Annie E. Casey Foundation’s support for research on the Earned Income Tax Credit and other related programs.

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Cash Received July 1, 2011–June 30, 2012

$5,000,000 and Above
Irene Diamond Fund, Inc.

$2,500,000–$4,999,999
Bill & Melinda Gates Foundation
The William and Flora Hewlett Foundation
Government of the State of Qatar
John L. Thornton
University of Nevada, Las Vegas

$1,000,000–$2,499,999
Anonymous
Bose, Allen & Hamilton, Inc.
Anne E. Case Foundation
Alfred and Gay Engelberg
The Ford Foundation
Glenn H. Hutchins
JPMorgan Chase & Co.
Liberty Mutual Group
Pinnacle Financial Partners
Silver Lake

$500,000–$999,999
Honorable Dianne Feinstein

$350,000–$499,999
Anonymous (6)

$250,000–$349,999
Anonymous

$200,000–$249,999
Anonymous

$100,000–$199,999
Anonymous

$50,000–$99,999
Anonymous

$50,000

$5,000

$1,000

$500

$100

$50

$25

$10

$5

$2

$1

$0.50

$0.25

$0.10

$0.05

$0.01

$0.0001

$0.00001

$0.000001
STATEMENT OF ACTIVITIES
Years Ended June 30, 2012 and 2011 (in thousands)
Preliminary and Unaudited*

STATEMENT OF FINANCIAL POSITION
As of June 30, 2012 and 2011 (in thousands)
Preliminary and Unaudited*

ASSETS
Cash and cash equivalents $ 36,643 $ 17,555
Grants, Contributions and accounts receivable, net 92,472 69,171
Inventory 355 451
Investments 262,209 275,066
Property and equipment, net 49,249 48,862
Other assets 1,687 1,934
TOTAL ASSETS 438,615 410,039

LIABILITIES AND NET ASSETS
LIABILITIES
Accounts payable and accrued expenses (8,050) (6,963)
Bonds payable and lines of credit (43,540) (44,377)
Accrued compensated leave (1,366) (1,386)
Deferred revenue (2,305) (2,593)
TOTAL LIABILITIES (55,623) (55,596)

NET ASSETS
Unrestricted (173,017) (183,086)
Temporarily restricted (139,269) (111,187)
Permanently restricted (70,706) (58,188)
TOTAL NET ASSETS (382,992) (354,443)
TOTAL LIABILITIES AND NET ASSETS $(438,615) $(410,039)

OPERATING ACTIVITIES
Revenue and Support
Investment return designated for operations $9,943 $2,844 12,787 12,420
Grants, contracts, and contributions 19,100 86,883 10,537 86,935
Metropolitan Policy Program 1,941 1,941 2,226
Net assets released from restrictions— 1,472 2,472 694
Net assets released from restrictions— Satisfaction of program restrictions 58,801 58,801
Total Operating Revenue 92,257 30,926 10,537 133,720 102,275

OPERATING EXPENSES
Program Services
Economic Studies 15,635 15,635 15,883
Foreign Policy 19,157 19,157 17,356
Global Economy and Development 9,317 9,317 8,914
Governance Studies 5,580 5,580 4,290
Metropolitan Policy Program 12,143 12,143 9,404
Other Research 1,850 1,850 2,193
Executive Education 1,085 1,085 1,500
Brookings Press 2,690 2,690 2,681
Communications 2,485 2,485 2,209
Total Program Services 69,942 69,942 64,430

Supporting Services
Management and General 18,643 18,643 19,272
Fundraising 2,591 2,591 3,171
Total Supporting Expenses 91,179 91,179 97,173

Non-Operating Activities
Change in net assets before non-operating activities 1,079 30,926 10,537 42,542 15,402

NON-OPERATING ACTIVITIES
Investment return in excess of amounts designated for operations
Realized gain (loss) on sale of investments 8,464 - - 8,464 7,383
Unrealized gain (loss) from investments (10,263) - - (10,263) 42,370
Interest and dividends, net 305 - - 305 970
Investment return designated for operations (9,943) (2,844) - (12,787) (12,420)
Total investment return (loss) in excess of amounts designated for operations (11,437) (2,844) - (14,281) 38,508

Change in net assets before post-retirement related changes other than net periodic post-retirement benefit cost
Post-retirement related changes other than net periodic post-retirement pension cost 288 - - 288 1,408
CHANGE IN NET ASSETS (10,070) (2,844) - (12,814) 55,113
Net assets, Beginning of year 185,086 111,187 60,170 554,443 299,330
Net assets, End of year $175,016 $135,269 $70,707 $382,992 $354,443

Notes: As a nonprofit and scientific organization, Brookings is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Institution also qualifies as a publicly supported organization under section 170(b)(1)(A)(vi) of the code. The Brookings policy is to make an annual investment spending allocation for the support of operations. This amount is calculated based on 70% of the prior year's spending adjusted for inflation and 30% of 5% of the market value of the investments as of December 31 of the prior fiscal year. Certain reclassifications of prior year balances have been made to conform to the current year presentation.

* A copy of the Institution's audited financial statements is available by request.
In an age when new communications technologies have accelerated the speed of public debate without necessarily improving its content, Brookings remains committed to e-books and the printed word. Book-length treatments of the world’s most pressing issues remain critical tools for setting the agenda and shaping the debate among policymakers, journalists, business executives and other thought leaders.

Deep partisan divides, combined with heated election-year politics, dominated policy discourse and hindered progress on crucial challenges in the United States. Brookings scholars from across the Institution worked to get ahead of the political process by presenting authoritative analyses of the most critical policy tests awaiting November’s winner in Campaign 2012.

Twelve independent ideas for improving American Public Policy. Edited by Senior Fellow Benjamin Winters, this volume is the capstone of the all-Brookings Campaign 2012 project. It offers comprehensive and pragmatic recommendations on issues ranging from fiscal policy and political dysfunction to transforming Middle East and the threat of terrorism. The Brookings Press sped the publication of this and other high-quality manuscripts more quickly than most academic presses, putting them onto bookshelves in time for maximum impact.

Amid debate about whether America is declining as a world power, the Brookings Press released several titles offering new perspectives on the Obama administration’s foreign policy performance. In Renewing History: Barack Obama’s Foreign Policy, part of the Brookings Press FOCUS Series, Vice President and Director of Foreign Policy Martin Indyk and Senior Fellow Kenneth Lieberthal and Michael O’Hanlon argue that President Obama has been a foreign policy pragmatist, tackling issues thoughtfully one at a time, but without strategic coherence to connect serious global challenges.

Jeffrey A. Bader, recently named the John C. Whitehead Senior Fellow in International Diplomacy, examines East Asian policy in Obama and China’s Rise: An Insider’s Account of America’s Asia Strategy. Drawing on Bader’s time as an advisor to President Obama’s first presidential campaign and his subsequent work with the National Security Council, the revealing narrative offers a firsthand look at the administration’s efforts to stabilize relations with China in the face of Beijing’s rising assertiveness.

With revolution still unfolding in the Middle East from Tunisia. In The Arab Awakening: America and the Transformation of the Middle East, Brookings’ Middle East experts explain key aspects of the turmoil—from the role of social media to socioeconomic and demographic conditions to the influence of Islamists. Now the standard reference on the Arab awakening, the volume is used by policymakers and other thought leaders seeking to understand the shifting political order within Arab nations.

Focusing on the need for effective foreign aid in a rapidly changing global environment, Catalyzing Development. A New Vision for Aid outlined game-changing strategies to help fragile countries out of poverty. Edited by Senior Fellow Homi Kharas, the book was instrumental in shaping the agenda and discussions at the Fourth High Level Forum on Aid Effectiveness held in Busan in the fall of 2011. The debt crisis in the eurozone escalated concerns about a double-dip recession in the U.S. and another global economic downturn. Saving Europe: How National Policies Nearly Destroyed the Euro, authored by Visiting Fellow Carlo Bastasin, traces the crisis from the market collapse of 2008. Bastasin, an internationally renowned financial journalist, reveals how the nexus of international economics and national politics has pushed the euro to the brink of extinction.

New volumes focused on America’s ongoing struggle to emerge from the Great Recession and restore fiscal stability. Senior Fellow Barry Bosworth examines why saving rates in the U.S. have fallen drastically, and why that matters, in The Decline in Savings: A Threat to America’s Prosperity? And in No Slack: The Financial Lives of Low-Income Americans, Nonresident Senior Fellow Michael Barr details how the financial system continues to fail the most vulnerable Americans.

Analyzing the impact of groundbreaking new technologies, Senior Fellow Benjamin Winters and Nonresident Senior Fellow Jeffrey Rosen co-edited Constitution 3.0: Freedom and Technological Change—a collection of essays by renowned legal scholars that together offer a roadmap for adapting our nation’s core constitutional principles to future technological developments. Vice President and Director of Governance Studies Darrell West examines how technology can dramatically increase the efficacy of public education in Digital Schools: How Technology Can Transform Education.

The Brookings Press also released new paperback editions of several successful titles, including Senior Fellow Bruce Riedel’s Deadly Embrace: Pakistan, America and the Future of the Global Jihad; William Antholis and Strobe Talbott’s Fast Forward: Ethics and Politics in the Age of Global Warming; and Darrell West’s Brain Gain: Rethinking U.S. Immigration Policy. These books have become required reading among leading policymakers and other thought leaders in their respective fields.